

**SEA PALMS CONDOMINIUM ASSOCIATION, INC.**

**NORTH HUTCHINSON ISLAND, FLORIDA**

**FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITOR'S REPORT**

**For Year Ended September 30, 2021**

# Gerald Jackson, Jr.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members  
Sea Palms Condominium Association, Inc.

### **Report on the Financial Statements**

I have audited the accompanying financial statements of Sea Palms Condominium Association, Inc. which comprise the balance sheet as of September 30, 2021, and the related statements of revenues and expenses and changes in fund balance, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion:**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sea Palms Condominium Association, Inc. as of September 30, 2021, and the results of its operation and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information:**

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Comparison of Actual Versus Budgeted Operating Expenses and the Statement of Operating Assessments, Revenues and Expenses which is the responsibility of the Association's management, is presented for the purposes of analysis, and is not a required part of the financial statements. Such information, except for that portion marked "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

**Disclaimer of Opinion on Required Supplementary Information:**

Accounting principles generally accepted in the United States of America require that the Supplementary Information on Future Major Repairs and Replacements be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing that information for consistency with their responses to my inquiries, the basic financial statements, and other knowledge obtained during the audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance

**Report on Summarized Comparative Information:**

I have previously audited Sea Palms Condominium Association, Inc.'s financial statements for the year ended September 30, 2020 and I expressed an unmodified opinion on those financial statements in my report dated November 1, 2020. In my opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Gerald Jackson Jr.*

Gerald Jackson Jr., CPA  
Port St. Lucie, FL 34986  
November 1, 2021

**SEA PALMS CONDOMINIUM ASSOCIATION, INC.**

**Balance Sheet**

**September 30, 2021**

	September 30, 2021			09/30/20
	Operating Fund	Replacement Fund	Total Funds	Total Funds
<b><u>ASSETS</u></b>				
CASH, INCLUDING INTEREST BEARING ACCOUNTS	\$ 341,537	\$ 190,621	\$ 532,158	\$ 326,305
ASSESSMENTS RECEIVABLE	4,489	0	4,489	1,053
RECEIVABLES-UNIT OWNERS PROJECT	71,260	0	71,260	0
PREPAID INSURANCE	62,632	0	62,632	57,912
OTHER PREPAID EXPENSES	4,406	0	4,406	8,322
DUE FROM OTHER FUND	0	0	0	7,472
<b>TOTAL ASSETS</b>	<b>\$ 484,324</b>	<b>\$ 190,621</b>	<b>\$ 674,945</b>	<b>\$ 401,064</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
ACCOUNTS PAYABLE	\$ 2,549	\$ 0	\$ 2,549	\$ 14,755
DEFERRED BALCONY/WINDOWS/STUCCO (Note 5)	277,821	0	277,821	17,125
ASSESSMENTS PAID IN ADVANCE	50,839	0	50,839	50,526
DUE TO OTHER FUND	0	0	0	7,472
<b>TOTAL LIABILITIES</b>	<b>331,209</b>	<b>0</b>	<b>331,209</b>	<b>89,878</b>
<b>FUND BALANCES</b>	<b>153,115</b>	<b>190,621</b>	<b>343,736</b>	<b>311,186</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 484,324</b>	<b>\$ 190,621</b>	<b>\$ 674,945</b>	<b>\$ 401,064</b>

Read the Accompanying Notes to Financial Statements.

**SEA PALMS CONDOMINIUM ASSOCIATION, INC.**  
**Statement of Revenues, Expenses and Changes in Fund Balance**  
**For Year Ended September 30, 2021**

	2020 - 21			2019 - 20
	Operating Fund	Replacement Fund	Total Funds	Total Funds
<b>REVENUES</b>				
MAINTENANCE FEES	\$ 578,788	\$ 53,500	\$ 632,288	\$ 617,974
INTEREST	484	241	725	1,658
INTEREST PENALTY - OWNERS	279	0	279	258
MISCELLANEOUS INCOME	862	0	862	622
<b>TOTAL REVENUES</b>	<b>580,413</b>	<b>53,741</b>	<b>634,154</b>	<b>620,512</b>
<b>EXPENSES</b>				
ADMINISTRATION	\$ 232,718	\$ 0	\$ 232,718	\$ 222,036
UTILITIES	231,821	0	231,821	221,893
BUILDING & EQUIPMENT MAINTENANCE	70,733	0	70,733	102,612
GROUNDS MAINTENANCE	40,917	0	40,917	36,357
POOL & RECREATION	5,591	0	5,591	3,207
CONTRACT SERVICES & MISC.	8,574	0	8,574	8,368
MAJOR REPAIRS - RESERVES	0	11,250	11,250	33,535
<b>TOTAL EXPENSES</b>	<b>590,354</b>	<b>11,250</b>	<b>601,604</b>	<b>628,008</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<b>(9,941)</b>	<b>42,491</b>	<b>32,550</b>	<b>(7,496)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>163,056</b>	<b>148,130</b>	<b>311,186</b>	<b>318,682</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 153,115</b>	<b>\$ 190,621</b>	<b>\$ 343,736</b>	<b>\$ 311,186</b>

Read the Accompanying Notes to Financial Statements.

**SEA PALMS CONDOMINIUM ASSOCIATION, INC.**  
**Statement of Cash Flows**  
**For Year Ended September 30,2021**

<u>INCREASE(DECREASE) IN CASH</u>	<u>Year Ending Sept. 30, 2021</u>			<u>9/30/20</u>
	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Cash Receipts From Assessments	\$ 575,665	53,500	629,165	\$ 642,895
Net -Special Unit Owners Projects	189,436	0	189,436	0
Interest Income Received	484	241	725	1,658
Other Income Received	1,141	0	1,141	880
Cash Payments to Vendors and Suppliers	(603,364)	(11,250)	(614,614)	(648,404)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>163,362</u>	<u>42,491</u>	<u>205,853</u>	<u>(2,971)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Change in Interfund Borrowing	7,472	(7,472)	0	0
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>7,472</u>	<u>(7,472)</u>	<u>0</u>	<u>0</u>
<b>NET INCREASE (DECREASE) IN CASH FOR CURRENT YEAR</b>	170,834	35,019	205,853	(2,971)
<b>CASH AT BEGINNING OF YEAR</b>	170,703	155,602	326,305	329,276
<b>CASH AT END OF YEAR</b>	\$ <u>341,537</u>	<u>190,621</u>	<u>532,158</u>	\$ <u>326,305</u>

**RECONCILIATION OF EXCESS OF ASSESSMENTS AND REVENUES OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

**CASH FLOWS FROM OPERATING ACTIVITIES**

<i>Excess (deficit) of revenues over expenses</i>	\$ (9,941)	42,491	32,550	\$ (7,496)
<i>Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided by operating activities:</i>				
<i>(Increase) Decrease In:</i>				
Assessments Receivable	(3,436)	0	(3,436)	(1,052)
Receivables-Special Unit Owner Projects	(71,260)	0	(71,260)	0
Prepaid Expenses	(804)	0	(804)	(14,359)
<i>Increase (Decrease) In:</i>				
Accounts Payable	(12,206)	0	(12,206)	10,983
Deferred Balcony/Windows/Stucco	260,696	0	260,696	17,125
Assessments Received in Advance	313	0	313	(8,152)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	\$ <u>163,362</u>	<u>42,491</u>	<u>205,853</u>	\$ <u>(2,951)</u>

Read the Accompanying Notes to Financial Statements.

**SEA PALMS CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - ORGANIZATION AND PURPOSE**

Sea Palms Condominium Association, Inc. was organized as a Florida not-for-profit corporation on December 22, 1977. The Association has been organized for the purpose of operating and maintaining the common property of the Association; to enforce the covenants, conditions, restrictions, and other provisions pursuant to Chapter 718 of the Florida Statutes, and as set forth in Declaration of Condominium, the Articles of Incorporation, the By-Laws, and rules and regulations of the Association.

The Association operates as a 116 unit oceanfront residential condominium association located on North Hutchinson Island, Florida. The Associations common property consists of oceanfront land, the exterior of a twelve-story (12) building, walkways, unassigned parking spaces and pavement, a swimming pool and related equipment, landscaping, two (2) tennis courts, a shuffleboard court, dune walk generator, electrical panel, water pumps and elevators. The Associations limited common property, which is Association property that is available for the exclusive use of the individual unit owner, consists of the balconies, terraces and patios adjacent to the individual units, assigned parking spaces and storage bins.

All policy decisions are formed by the Board of Directors. Major decisions as defined in the Association's By-Laws, are referred to the general Association membership for approval before action is taken.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fund Accounting**

The financial statements have been prepared pursuant to Section 718 of the Florida Statutes. The Association's governing documents provide certain guidelines for conducting its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

**Operating Fund**

This fund is used to account for financial resources available for general operations of the Association.

**Replacement Fund**

This fund is used to accumulate financial resources designated for future major repairs and replacements.

**Property and Equipment**

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association. Minor amounts of personal property and equipment acquired by the Association are recorded as operating fund expenses in the year incurred.

**SEA PALMS CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Member Assessments:**

Association members are subject to quarterly assessments in advance, to provide funds for the Association's operating expenses and a reserve for major repairs and replacements. The annual budget and member assessments are determined and approved by the Board of Directors. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose assessments are in arrears.

**Interest Earned:**

The Board's policy is to allocate interest earned on replacement fund investments to the replacement fund.

**Income Taxes:**

Condominium associations may elect to be taxed either as regular corporations or as homeowners association. For the year ended September 30, 2021, the Association has elected to be taxed as a homeowners association. The association is taxed on its nonexempt function income, such as net investment earnings net of directly related expenses. Exempt function income, which consists primarily of member assessments, is not taxable.

In June 2006, the Financial Accounting Standards Board prescribed a comprehensive model for how a company should measure, recognize, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return. The opinion was amended in 2009 to more accurately reflect the applicability to Not-For-Profit entities such as Associations. The Association has adopted this pronouncement as amended as of January 1, 2009.

Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2018, 2019, and 2020 returns. However, the Association is not currently under audit and has not been contacted that a possible audit may be initiated. Also, there are no uncertain tax positions.

**Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

Management evaluated the existence of any subsequent events through November 1, 2021, the date the financial statements were available to be issued and no material items existed.

**SEA PALMS CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Fair Value Measurement**

Under FASB ASC 820, *Fair Value Measurements and Disclosures (SFAS No. 157)*, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal of most advantageous market for the asset or liability is an orderly transaction between market participants on the measurement date.

The Association has determined that there was no material difference between the carrying value and fair value of its financial assets and liabilities at September 30, 2021; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at September 30, 2021.

**NOTE 3 - FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association is required by Section 718 of the Florida Statutes to fund future major repairs and replacements. The Association's governing documents require funds be accumulated for future major repairs and replacements.

The Board is funding for such major repairs and replacements over the estimated useful lives of the components based on the Board of Directors update of current replacement costs, considering amount previously accumulated in the replacement fund.

Funds are being accumulated in the replacement fund based on the estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs for major repairs and replacement. If additional funds are needed, however, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Effective October 1, 2005, the Association membership approved the pooling method of funding and accounting for reserves.

**SEA PALMS CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

The following table reflects the replacement fund assessments, interest income and expenditures during the current fiscal year, along with the beginning and closing balances:

<u>RESERVES</u>	<u>Beginning Balance</u>	<u>Funding</u>	<u>Current Year</u>		<u>Ending Balance</u>
			<u>Interest</u>	<u>Expended</u>	
Roof	0	0	0	0	-
Painting	0	0	0	0	-
Paving / Resurfacing	0	0	0	0	-
Elevator / Mechanical	0	0	0	(11,250)	-
Machinery / Equipment	0	0	0	0	-
Pool Resurfacing	0	0	0	0	-
Generator	0	0	0	0	-
Plant Maint., Equipment	0	0	0	0	-
Water and Sewer Lines	0	0	0	0	-
Fire Sprinklers and System	0	0	0	0	-
Fire System	0	0	0	0	-
Tennis Court	0	0	0	0	-
Dunewalk	0	0	0	0	-
Building Structure	0	0	0	0	-
Furniture	0	0	0	0	-
Landscaping/Pest Control	0	0	0	0	-
Pooling Method Funding	-	53,500	241	0	-
<b>Totals-Pooled Reserves</b>	<b>148,130</b>	<b>53,500</b>	<b>241</b>	<b>(11,250)</b>	<b>190,621</b>

**NOTE 4 – COMMITMENTS**

The Association has various contracted services to maintain the common property including cable television service, common area landscaping, trash service, and elevator service. These contracts have different expiration dates and renewal terms.

**NOTE 5 – BALCONY/WINDOW/STUCCO WORK**

For the year ended September 30, 2021 certain unit owners were individually billed for unit related costs of balcony/window/stucco items. A contractor completed some of this work and the remaining balance available of \$277,821 has been deferred and is available for the upcoming year when more work is expected.

**NOTE 6 – BANK BALANCES**

As of September 30, 2021, the Association had more than the federally insured limit of \$250,000 on deposit at one financial institution. The uninsured total was \$126,316.

**SEA PALMS CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - ASC 606**

It has been determined that ASC 606 – Revenue Recognition (also referred to as "Contracts with Customers") does not apply to condominium associations since association unit owners are not customers (as defined by ASC 606-10-15-3) and therefore ASC 606 has not been implemented.

The Financial Accounting Standards Board (FASB) Supervisor of Revenue Recognition has stated that there is no industry guidance related to ASC 606 and the determination of whether ASC 606 applies is based on the five steps defined in ASU No. 2014-19 (aka ASC 606). A review of the five steps has determined that no customer relationship exists and therefore no "Contract with Customer" exists.

**SUPPLEMENTARY INFORMATION**

**SEA PALMS CONDOMINIUM ASSOCIATION, INC.**  
**Comparison of Actual vs. Budget-Operating**  
**For Year Ended September 30, 2021**

	2019-2020	2020-2021			
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u> (Unaudited)	<u>\$</u> <u>Variance</u>	<u>%</u> <u>Variance</u>
<b><u>REVENUES</u></b>					
Maintenance Fees	565,974	578,788	578,768	20	0.0%
Interest	1,072	484	0	484	0.0%
Interest Penalty - Owners	258	279	0	279	0.0%
Miscellaneous Income	622	862	0	862	0.0%
<b>TOTAL REVENUES</b>	<b>567,926</b>	<b>580,413</b>	<b>578,768</b>	<b>1,645</b>	<b>0.3%</b>
<b><u>EXPENSES:</u></b>					
<b>ADMINISTRATION</b>					
Management Fee/Bookkeeping	25,750	25,750	25,750	0	0.0%
Maintenance Salary	60,730	63,374	62,600	(774)	-1.2%
Cleaning	21,525	22,230	21,060	(1,170)	-5.6%
Legal & Professional	9,202	3,701	3,000	(701)	-23.4%
Audit and Tax Preparation	3,750	3,750	3,750	0	0.0%
Health Care	3,101	3,100	3,096	(4)	-0.1%
Insurance	92,012	105,891	102,476	(3,415)	-3.3%
Fees to Division	464	464	464	0	0.0%
Permits & Fees	407	905	400	(505)	-126.3%
Office Supplies	4,257	2,346	2,000	(346)	-17.3%
Postage / Mailings	838	1,207	2,000	793	39.7%
<b>Total · ADMINISTRATION</b>	<b>222,036</b>	<b>232,718</b>	<b>226,596</b>	<b>(6,122)</b>	<b>-2.7%</b>
<b>UTILITY EXPENSES</b>					
Electric	19,856	19,240	20,500	1,260	6.1%
Water & Sewer	91,448	96,131	90,000	(6,131)	-6.8%
Telephone	3,819	4,972	3,200	(1,772)	-55.4%
Cable Television	106,770	111,478	111,072	(406)	-0.4%
<b>Total · UTILITIES</b>	<b>221,893</b>	<b>231,821</b>	<b>224,772</b>	<b>(7,049)</b>	<b>-3.1%</b>

See Independent Auditor's Report on Supplementary Information.

**SEA PALMS CONDOMINIUM ASSOCIATION, INC.**  
**Comparison of Actual vs. Budget-Operating**  
**For Year Ended September 30,2021**

	2019-2020		2020-2021		
	Actual	Actual	Budget	\$ Variance	% Variance
<b><u>EXPENSES: (continued)</u></b>					
<b>BUILDING &amp; EQUIPMENT MAINTENANCE</b>					
Building Maintenance	16,622	12,346	16,000	3,654	22.8%
Cleaning Supplies	3,505	1,997	2,000	3	0.2%
Contractor Repairs	27,999	37,130	26,000	(11,130)	-42.8%
Generator Maintenance and Repairs	3,797	2,193	2,000	(193)	-9.7%
Roof Maintenance and Repairs	9,052	0	2,000	2,000	100.0%
Elevator Service Contract & Maintenance	13,864	2,345	14,000	11,655	83.3%
Washer/Dryer Replacement/Repairs	10,443	2,391	6,000	3,609	60.2%
Safety & Fire Monitoring	17,330	12,331	8,500	(3,831)	-45.1%
<b>Total · BUILDING &amp; EQUIPMENT MAINTENANCE</b>	<b>102,612</b>	<b>70,733</b>	<b>76,500</b>	<b>5,767</b>	<b>7.5%</b>
<b>GROUNDS MAINTENANCE</b>					
Lawn Maintenance	14,400	14,400	14,400	0	0.0%
Fertilizer/Pest Control	11,031	12,138	6,800	(5,338)	-78.5%
Well Pump/Sprinkler System	0	184	500	316	63.2%
Tree Trimming	2,300	3,540	1,900	(1,640)	-86.3%
Landscape Replacement/Flowers	546	1,666	7,000	5,334	76.2%
Mulch	2,867	3,784	3,300	(484)	-14.7%
Dunes Trimming	5,213	5,205	5,500	295	5.4%
<b>Total · GROUNDS MAINTENANCE</b>	<b>36,357</b>	<b>40,917</b>	<b>39,400</b>	<b>(1,517)</b>	<b>-3.9%</b>
<b>POOL &amp; RECREATION</b>					
Pool Maintenance/Supplies/Repairs	3,207	5,591	4,000	(1,591)	-39.8%
<b>Total · POOL &amp; RECREATION</b>	<b>3,207</b>	<b>5,591</b>	<b>4,000</b>	<b>(1,591)</b>	<b>-39.8%</b>
<b>CONTRACT SERVICES &amp; MISCELLANEOUS</b>					
Trash Removal	8,368	8,574	7,500	(1,074)	-14.3%
<b>Total · CONTRACT SERVICES &amp; MISCELLANEOUS</b>	<b>8,368</b>	<b>8,574</b>	<b>7,500</b>	<b>(1,074)</b>	<b>-14.3%</b>
<b>TOTAL EXPENSES</b>	<b>594,473</b>	<b>590,354</b>	<b>578,768</b>	<b>(11,586)</b>	<b>-2.0%</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>(26,547)</b>	<b>(9,941)</b>	<b>0</b>	<b>(9,941)</b>	

See Independent Auditor's Report on Supplementary Information.

**SEA PALMS CONDOMINIUM ASSOCIATION, INC.**  
**SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS**  
**September 30, 2021**

The Board of Directors annually reviews its study to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates are obtained from various sources; such as licensed contractors who inspected the property, invoices from the recent acquisition of replacement of certain common property, and telephone inquiries of licensed contractors for estimated costs to replace.

The Association uses the pooling method to fund reserves.

<u>Component</u>	<u>Estimated Useful Life</u>  <u>Remaining Years</u>	<u>Estimated Current Replacement Cost</u>	<u>Budgeted 2021 - 22 Full Funding</u>	<u>Pooled Replacement Fund Balance At 9/30/2021</u>
<b><u>STATUTORY POOLED RESERVE ITEMS:</u></b>				
ROOF REPLACEMENT	24	\$ 350,000		
BUILDING PAINTING	5	120,000		
PAVEMENT RESURFACING	2	17,500		
ELEVATOR	15	275,000		
PLANT AND EQUIPMENT	VARIOUS	100,000		
POOL RESURFACING	1	25,000		
GENERATOR	2	150,000		
WATER & SEWER LINES	27	115,000		
TENNIS COURT	4	12,000		
BUILDING MAINTENANCE	VARIOUS	100,000		
<b>Total Pooled Items</b>		<b>\$ 1,264,500</b>	<b>\$ 56,000</b>	<b>\$ 190,621</b>

Read the Accompanying Notes to Financial Statements.