

Sea Monarch Condominium, Inc.
Financial Statements
Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors
Sea Monarch Condominium, Inc.

Opinion

We have audited the accompanying financial statements of Sea Monarch Condominium, Inc., which comprise the balance sheet as of December 31, 2023, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sea Monarch Condominium, Inc. as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sea Monarch Condominium, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sea Monarch Condominium, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sea Monarch Condominium, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sea Monarch Condominium, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Operating Fund Revenues & Expenses Actual Vs Budget on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Supplementary Information on Future Major Repairs and Replacements on page 11-13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Hinkle, Richter & Rhine, LLP

Hinkle, Richter & Rhine, LLP
Pompano Beach, Florida
February 29, 2024

Sea Monarch Condominium, Inc.
Balance Sheet
December 31, 2023

	Assets		
	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Current assets			
Cash	\$ 35,407	\$ 450,765	\$ 486,172
Restricted cash - special assessment	2,214		2,214
Restricted cash - rent deposits	13,024		13,024
Certificates of deposit	102,286	17,047	119,333
Certificates of deposit - special assessment	890,972		890,972
Assessments receivable	611,072		611,072
Allowance for doubtful accounts	(20,926)		(20,926)
Intrafund borrowings	(744,600)	744,600	-
Prepaid expense - special assessment 2024	30,000		30,000
Prepaid insurance	373,725		373,725
Total current assets	<u>1,293,174</u>	<u>1,212,412</u>	<u>2,505,586</u>
Other assets			
Loan funds available (escrow)	3,844,095		3,844,095
Deposits	260		260
Total other assets	<u>3,844,355</u>	<u>-</u>	<u>3,844,355</u>
Total assets	<u>\$ 5,137,529</u>	<u>\$ 1,212,412</u>	<u>\$ 6,349,941</u>
Liabilities and Fund Balance (Deficit)			
Current liabilities			
Insurance loan payable	\$ 276,073		276,073
Accrued expenses	45,978		45,978
Prepaid assessments	186,258		186,258
Rent deposits	13,362		13,362
Loan payable (current portion)	379,727		379,727
Total current liabilities	<u>901,398</u>	<u>-</u>	<u>901,398</u>
Long-term liabilities			
Line of Credit - Loan payable	3,996,175		3,996,175
Deferred special assessment - 2023	1,024,529		1,024,529
Contract liabilities - assessments received in advance - Replacement Fund		1,212,412	1,212,412
Total long-term liabilities	<u>5,020,704</u>	<u>1,212,412</u>	<u>6,233,116</u>
Total liabilities	<u>5,922,102</u>	<u>1,212,412</u>	<u>7,134,514</u>
Fund balance (deficit)	<u>(784,573)</u>	<u>-</u>	<u>(784,573)</u>
Total liabilities and fund balance (deficit)	<u>\$ 5,137,529</u>	<u>\$ 1,212,412</u>	<u>\$ 6,349,941</u>

See accompanying notes to financial statements

Sea Monarch Condominium, Inc.
Statement of Revenues, Expenses and Changes in Fund Balance
For the Year Ended December 31, 2023

	Operating Fund	Replacement Fund	Total
Revenues			
Maintenance assessments	\$ 2,290,979	\$ 294,865	\$ 2,585,844
Cable television	332,030		332,030
Special assessment 2023 insurance/reserves	128,065		128,065
Special assessment 2023 fire safety	621,491		621,491
Locker, parking, and apartment rent	13,200		13,200
Interest income	4,744	8,732	13,476
Other income	13,983		13,983
Total revenues	3,404,492	303,597	3,708,089
Expenses			
Accounting	24,073		24,073
Air conditioning and plumbing maintenance	1,280		1,280
Bad debts (recovery)	(11,488)		(11,488)
Cable television	329,865		329,865
Electric	146,224		146,224
Elevator service	13,819		13,819
Employee health insurance	27,127		27,127
Federal income tax	3,594		3,594
Gas	3,248		3,248
General repairs and maintenance	507,224		507,224
Replacement fund		303,597	303,597
Insurance	984,283		984,283
Interest	84,670		84,670
Janitor service	147,650		147,650
Legal	37,489		37,489
Miscellaneous	176		176
Office expense	45,677		45,677
Payroll processing fees	5,211		5,211
Trash removal	28,971		28,971
Salaries & wages	225,451		225,451
Security service	255,353		255,353
Special maintenance	123,970		123,970
Special assessment 2023 fire safety	621,491		621,491
Taxes - payroll	16,898		16,898
Telephone	12,430		12,430
Water and sewer	159,784		159,784
Total expenses	3,794,470	303,597	4,098,067
Excess (deficit) of revenues over expenses	(389,978)	-	(389,978)
Fund balance (deficit) - beginning of year	(394,595)	-	(394,595)
Fund balance (deficit) - end of year	\$ (784,573)	\$ -	\$ (784,573)

See accompanying notes to financial statements

Sea Monarch Condominium, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2023

	Operating Fund	Replacement Fund	Total
Cash flows provided by operating activities:			
Member assessments collected	\$ 2,185,261	\$ 294,865	\$ 2,480,126
Cable TV assessments collected	332,030		332,030
Special assessment - 2023	1,720,000		1,720,000
Interest received	4,744	8,732	13,476
Apartment, parking and other rental income	13,200		13,200
Other income received	13,983		13,983
Cash paid for operating activities	(2,286,374)	-	(2,286,374)
Special assessment expenditures	(621,491)		(621,491)
Salaries & wages paid	(225,451)		(225,451)
Cash paid for insurance	(984,283)		(984,283)
Intrafund borrowings	255,731	(255,731)	-
Cash paid for income taxes	(455)		(455)
Net cash provided by operating activities	406,895	47,866	454,761
Cash flows used in investing activities			
Purchase of certificate of deposit	(886,041)	(17,047)	(903,088)
Redemption of certificate of deposit	-	-	-
Net cash provided by (used in) investing activities	(886,041)	(17,047)	(903,088)
Cash flows used in financing activities			
Loan draws	396,509		396,509
Loan principal payments	(124,099)		(124,099)
Net cash provided by financing activities	272,410	0	272,410
Net increase (decrease) in cash and cash equivalents	(206,736)	30,819	(175,917)
Cash and cash equivalents - beginning of year	257,381	419,946	677,327
Cash and cash equivalents - end of year	\$ 50,645	\$ 450,765	\$ 501,410
Cash paid for interest in 2023:			\$ 84,670
Reconciliation of cash accounts:			
Cash - operating			\$ 35,407
Restricted cash - rent deposits			13,024
Restricted cash - special assessments			2,214
Restricted cash - partial reserves			450,765
			\$ 501,410

See accompanying notes to financial statements

Sea Monarch Condominium, Inc.
Statement of Cash Flows - continued
For the Year Ended December 31, 2023

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Reconciliation of excess (deficit) of revenues over expenses to net cash provided (used) by operating activities:			
Cash flows provided (used) by operating activities			
Excess (deficit) of revenues over expenses	\$ (389,978)	\$ -	\$ (389,978)
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided (used) by operating activities:			
Intrafund borrowings	255,731	(255,731)	-
(Increase) Decrease in:			
Receivables - assessments	(465,376)		(465,376)
Prepaid expense	(105,718)		(105,718)
Prepaid expense 2024 special assessment	(30,000)		(30,000)
Increase (Decrease) in:			
Insurance payable	94,956		94,956
Accrued expenses	(517)		(517)
Prepaid assessments	20,268		20,268
Rent deposits	3,000		3,000
Deferred special assessment	1,024,529		1,024,529
Contract liabilities - assessments received in advance - Replacement Fund		303,597	303,597
Total adjustments	796,873	47,866	844,739
Net cash provided (used) by operating activities	<u>\$ 406,895</u>	<u>\$ 47,866</u>	<u>\$ 454,761</u>

Disclosure of accounting policy:

For the purposes of the Statement of Cash Flows, the Association considers all deposits with a maturity of less than sixty days to be cash.

See accompanying notes to financial statements

Sea Monarch Condominium, Inc.
Notes to Financial Statements

Note 1 - Nature of Organization

Sea Monarch Condominium, Inc. (Sea Monarch) was formed as a condominium association in the State of Florida. The association is responsible for the operation and maintenance of the common property of Sea Monarch. The Sea Monarch condominium consists of 238 residential units located in Pompano Beach, Florida. The association was formed in 1966.

Note 2 - Summary of Significant Accounting Policies

Fund Accounting

The Association's governing documents provide certain guidelines for governing 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 the general operations of the Association.

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

Member Assessments

Association members are subject to quarterly assessments to provide funds for the Association's operating expenses of common, limited common areas and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.

Effective January 1, 2023, the Association adopted ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Association adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Association that are subject to ASU 2016-13 include trade accounts receivable. The adoption of this ASU did not have a material impact on the Association's financial statements but did change how the allowance for credit losses is determined.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are thirty days or more delinquent. An allowance for uncollectible accounts of \$020,926 was established as of year-end. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The balances of assessments receivable as of the beginning and end of the year are \$145,696 and \$611,072 respectively.

Sea Monarch Condominium, Inc.
Notes to Financial Statements

Cash

Cash and reserved cash on the balance sheet consists of checking accounts, money market accounts, and certificates of deposit at various financial institutions.

Property and Equipment

Real property acquired from the developer and any 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. The association capitalizes personal property at cost and depreciates it using the straight-line method over the estimated useful lives of the respective assets which ranges from 5 to 7 years.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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 expenses during the reporting period. Actual results could differ from those estimates.

Contract Liabilities (Assessments received in advance-replacement fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The balances of contract liabilities (assessments received in advance-replacement fund) as of the beginning and end of the year are \$908,815 and \$1,212,412, respectively.

Compensated Absences

Management has not accrued compensated absences because the amount cannot be reasonably determined and management has considered the amount to be immaterial.

Note 3 -

Income Taxes

The association has elected to file as a homeowners' association in accordance with Internal Revenue Code Section 528. Under that Section, the association excludes from taxation its "exempt function income" which generally consists of revenues from its members related to assessments and similar membership income. The association's investment income and any other non-exempt income is subject to income tax. No state income taxes are due to the State of Florida because a state income tax return is not required. Income tax expense for 2023 was approximately \$3,594. The income tax returns for the years 2020, 2021 and 2022 remain open to audit by the Internal Revenue Service. However, no notice has been received that these returns will be selected for audit as of the date of these financial statements.

Note 4 -

Replacement Fund (Reserves)

Florida Statutes require that the condominium association budget include reserves for capital expenditures, future major repairs and replacements, and deferred maintenance. These reserves shall include, but are not limited to, roof replacement, building painting

Sea Monarch Condominium, Inc.
Notes to Financial Statements

and pavement resurfacing and any other item for which the replacement cost exceeds \$10,000. The Board of Governors annually reviews the reserves. In 2018, the Board of Governors commissioned a formal reserve study to be prepared for the association. The results of this reserve study are included in the supplementary information on pages 10-12. The amounts necessary to partially and fully fund the reserves for 2023 were presented to unit owners at a meeting in 2023. At that meeting, the Board of Governors voted to partially fund the reserves for \$294,865 (10% of the total budget) in the annual budget for 2023.

Because actual expenditures may vary from estimated future expenditures and the variations may be material, amounts accumulated in the replacement fund may not be adequate to meet all future needs for capital expenditures, future major repairs and replacements, and deferred maintenance. When funds are needed for these purposes, the association has the right, subject to membership approval where applicable, to increase the regular assessments, pass special assessments, borrow the necessary funds, or delay expenditures until funds are available.

The estimated replacement costs in the supplementary information shown on pages 10-12 are estimated current average costs. The reserve study also reflects the estimated future average costs based on an economic assumption of a 3% annual inflation rate. The estimated future average costs represent the estimated amount that will be necessary when the respective reserve component item is expected to need replacement. The estimated future average costs are presented in the supplementary information in a separate column but are not used to calculate the estimated underfunded amount. The underfunded amount calculation uses estimated current average costs.

As of the end of 2023, if the Board of Governors were to vote to fully fund reserves by way of a special assessment, each unit owner's assessment would range from approximately \$9,500 to \$19,000 depending on the unit type owned for a total assessment of approximately \$3,280,960.

Below is a summary of the replacement fund for 2023:

Beginning contract liabilities - Replacement Fund	\$ 908,815
2023 Assessment allocation	294,865
2023 interest earned	8,732
Ending contract liabilities - Replacement Fund	<u><u>\$1,212,412</u></u>

In 2022, the Florida Legislature amended the statutes such that condominium associations must have a structural integrity reserve study completed by December 31, 2024. Effective December 31, 2024, members of the Association may not vote to provide no reserves or less than required by their study nor vote to use reserve funds for other than their intended purpose.

Note 5 - Insurance Payable

The Association financed its insurance policies that renewed in April of 2023. Financed insurance premiums, associated fees and interest totaled \$854,652 payable over ten months. Installment payments of \$85,465 including 6.3% annual interest began May 30, 2023 and are for 10 months from that date. The balance due to the insurance finance company as of December 31, 2023 was \$276,073.

Sea Monarch Condominium, Inc.
Notes to Financial Statements

Note 6 - Contingent Liability

Windstorm Deductible - The association purchased (along with other insurance) property, liability and windstorm insurance for its commonly owned property during 2023. At December 31, 2023, the policy limit of insurance for insured buildings was \$63,623,400 and the annual windstorm deductible was \$3,231,195, which was 5% of the property limits. The Association also purchased a policy to cover the first \$500,000 of the wind deductible; therefore, reducing the wind disaster deductible to \$2,731,195. The wind policies expire April 30, 2024 and are subject to change. In the event of windstorm damage, which includes hurricanes, the unit owners would be responsible for and could be collectively assessed for an amount up to the deductible plus any damages in excess of policy limits and coverage.

FDIC Limits – The association has on deposit approximately \$1,522,002 in various banks at December 31, 2023. The Federal Deposit Insurance Corporation insures the total account balances at each bank up to \$250,000 per depositor. The Association mitigates this risk by purchasing certificates of deposits at multiple banks via the CDARS program. At December 31, 2023, approximately \$247,704 was in excess of the FDIC insured limits for the respective banks in total. This amount is subject to a credit loss if the respective bank(s) should fail.

Note 7 - Fair Value of Accounts

As of the end of the year, all accounts presented on the association's balance sheet approximate the fair value of the respective assets and liabilities due to their relatively short-term maturities.

Note 8 - Concentrations

The association had \$611,072 in assessments receivable as of the end of 2023. If all of these receivables were uncollectable, the association would be at risk for the entire amount of these receivables.

Note 9 - 2021 Line of Credit/Promissory Note

In August 2021, the Association entered into a \$4,500,000 line of credit/promissory note with one of its banking institutions. The line of credit period commenced on September 19, 2021 and continued to August 19, 2023. During the line of credit period, the Association will make interest only payments on any outstanding balance at 3.85% per annum. Beginning August 19, 2023, the unpaid principal and accrued interest converted to a 120-month promissory note at 3.85% interest per annum with a maturity date of August 19, 2033.

This line of credit was converted into a standard promissory note and the Association agreed to convert the entire amount of the line of credit at the conversion date of August 19, 2023 to preserve the 3.85% interest rate. The Association has funds available to draw on December 31, 2023 in the amount of \$3,844,095. The amount due on the loan on December 31, 2023 was \$4,375,902. 120 monthly principal and interest payments of \$45,354 began in September 2023 and continue to August 2033.

Future scheduled principal payments on this loan are as follows:

Sea Monarch Condominium, Inc.
Notes to Financial Statements

2024	\$ 379,727
2025	395,293
2026	411,002
2027	427,336
2028	444,023
After	2,318,521
	<u>\$ 4,375,902</u>

The 2023 interest paid on the line of credit and loan was approximately \$84,670.

Note 10 - Special Assessment 2023

In May 2023, the Board of Directors approved a special assessment of \$1,720,000 for the explicit purpose of updating the fire safety systems in the building (\$1,591,135), repayment of reserve cash borrowed (\$84,835), and insurance overages (\$43,230). Unit owners had the option of 60 or 120 equal monthly installment payments commencing on September 15, 2023. The total interest expected to be collected from unit owners on this Special Assessment is approximately \$54,084 over the life of the finance payments. Expenditures of the special assessment as of December 31, 2023 totaled \$749,556 cumulatively. The amount remaining to be disbursed is approximately \$1,024,529 and is represented on the accompanying balance sheet under the caption "Deferred special assessment – 2023".

The following represents a summary of the cumulative activity of this Special Assessment:

Special Assessment	\$ 1,720,000
Interest added	<u>54,085</u>
Adjusted special assessment	1,774,085
Expenditures:	
Insurance	(43,230)
Due to reserves	(84,835)
Life safety project	<u>(621,491)</u>
Deferred Special Assessment	<u>1,024,529</u>

Note 11 - Subsequent Events - Special Assessment 2024

In January 2024, the Board of Directors approved a special assessment of \$3,356,500 for the explicit purpose of concrete restoration and associated painting and waterproofing. Unit owners have the option to make 3, 60 or 108 monthly payments beginning March 15, 2024. Approximately \$30,000 of the funds have been disbursed prior to December 31, 2023, which are reflected on the accompanying balance sheet under the caption "Prepaid expense – 2024 special assessment".

Note 12 - Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 29, 2024, the date that the financial statements were available to be issued.

Sea Monarch Condominium, Inc.
Schedule of Operating Fund Revenues and Expenses - Actual Vs Budget
For the Year Ended December 31, 2023

	Operating Fund	Budget (unaudited)	Difference
Revenues			
Maintenance assessments	\$ 2,290,979	\$ 2,292,554	\$ 1,575
Cable television	332,030	331,337	(693)
Special assessment 2023 insurance/reserves	128,065		(128,065)
Special assessment 2023 fire safety	621,491		(621,491)
Association Rental Income	13,200	20,895	7,695
Interest income	4,744		(4,744)
Other income	13,983	9,000	(4,983)
Total revenues	3,404,492	2,653,786	(750,706)
Expenses			
Accounting	24,073	12,000	(12,073)
Air conditioning	1,280	28,000	26,720
Bad debts	(11,488)	50,000	61,488
Cable television	329,865	331,337	1,472
Depreciation	-	6,000	6,000
Electric	146,224	150,000	3,776
Elevator service	13,819	32,000	18,181
Employee health insurance	27,127	12,500	(14,627)
Federal income tax	3,594	2,000	(1,594)
Gas	3,248	3,500	252
General repairs and maintenance	507,224	235,000	(272,224)
Insurance	984,283	944,899	(39,384)
Interest	84,670		(84,670)
Janitor service	147,650	125,000	(22,650)
Legal	37,489	20,000	(17,489)
Miscellaneous & bank fees	176	4,000	3,824
Office expense	45,677	28,000	(17,677)
Payroll processing fees	5,211	3,400	(1,811)
Trash removal	28,971	30,000	1,029
Salaries & wages	225,451	190,800	(34,651)
Security service	255,353	196,650	(58,703)
Special maintenance	123,970	75,000	(48,970)
Special assessment 2023	621,491		(621,491)
State condominium fees	-	1,000	1,000
Taxes - payroll	16,898	16,200	(698)
Telephone	12,430	6,500	(5,930)
Water and sewer	159,784	150,000	(9,784)
Total expenses	3,794,470	2,653,786	(1,140,684)
Excess (deficit) of revenues over expenses	(389,978)	-	389,978
Fund balance (deficit) - beginning of year	(394,595)	-	(394,595)
Fund balance (deficit) - end of year	\$ (784,573)	\$ -	\$ (4,617)

See Independent Accountant's Audit Report and the accompanying notes to financial statements

Sea Monarch Condominium, Inc.
Supplementary Information on Future Major Repairs and Replacements
December 31, 2023

The Board of Governors approves a budget annually that includes assessments for Future Major Repairs and Replacements. The membership has voted for partial reserve funding as discussed in Note 4.

Starting in 2014, The Association did engage a professional reserve study specialist to provide a thirty-year reserve study plan which was dated September 4, 2014. The study was updated September 4, 2018. The results of the reserve study are included in this supplementary information.

	UNAUDITED										
	Estimated Life	Estimated Remaining Life	Estimated Replacement Cost-Current	Annual Reserve Requirement	Reserve Required for Full Funding	Estimated Replacement Cost - Future	Contract Liabilities Replacement Fund at 12/31/22	2023 Funding	2023 Interest Income	2023 Expenditures & Adjustments	Contract Liabilities Replacement Fund 12/31/23
Reserve Account	12/31/23	12/31/23									
Breezeways	4	0	\$ 17,550	\$ 4,388	\$ 17,550	\$ 21,900	\$ -	\$ -	\$ -	\$ -	\$ -
Paver Deck-Resurface	20	5	1,200,500	60,025	900,375	1,333,900	727,232	294,865	8,732	-	1,030,829
Site Fencing-Metal-Replace	20	0	12,750	638	12,750	14,200	-	-	-	-	-
Garage Gate-Replace	20	15	9,900	495	2,475	10,900	-	-	-	-	-
Concrete Carports-Paint/Repair	7	6	18,250	2,607	2,607	20,800	-	-	-	-	-
Site Pole Lights	20	8	14,200	710	8,520	15,500	-	-	-	-	-
Exterior Lights, Signs-Replace	20	8	25,850	1,293	15,510	28,000	-	-	-	-	-
Balcony Decks-Repair/Re-coat	4	0	85,150	21,288	85,150	102,200	-	-	-	-	-
Balcony Rails-Replace	20	12	824,000	41,200	329,600	906,400	-	-	-	-	-
Walkway Decks-Repair/Re-coat	4	0	44,050	11,013	44,050	55,200	-	-	-	-	-
Walkway Deck Railing-Replace	20	4	244,600	12,230	195,680	271,900	-	-	-	-	-
Building Exterior -Restoration	7	2	122,700	17,529	87,643	147,300	-	-	-	-	-
Building Exterior - Seal/Paint	7	2	397,600	56,800	284,000	437,800	80,000	-	-	-	80,000
Common Windows and Doors	30	20	213,750	7,125	71,250	249,300	-	-	-	-	-
Low Slope Roof - Replace	20	5	663,300	33,165	497,475	729,200	80,000	-	-	-	80,000

Continued

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UNAUDITED

Reserve Account	Estimated Life 12/31/23	Estimated Remaining Life 12/31/23	Estimated Replacement Cost-Current	Annual Reserve Requirement	Reserve Required for Full Funding	Estimated Replacement Cost - Future	Replacement Fund Balance at 12/31/22	2023 Funding	2023 Interest Income	2023 Expenditures & Adjustments	Contract Liabilities Replacement Fund 12/31/23
Automatic Door - Replace	15	3	12,350	823	9,880	14,400	-	-	-	-	-
Gate Operator - Replace	10	0	3,100	310	3,100	3,300	-	-	-	-	-
Traction Elevators - Modernize	25	12	566,500	22,660	294,580	618,000	-	-	-	-	-
Elevator Cabs - Remodel	25	12	38,650	1,546	20,098	46,400	-	-	-	-	-
HVAC - Elevator Room	10	0	4,000	400	4,000	4,300	-	-	-	-	-
HVAC - Ground Floor	5	0	6,150	1,230	6,150	8,200	-	-	-	-	-
HVAC - Hallways	15	0	82,400	5,493	82,400	92,700	-	-	-	-	-
Boiler - Replace	20	12	29,650	1,483	11,860	33,500	-	-	-	-	-
Heat Exchanger - Replace	15	1	4,100	273	3,827	4,600	-	-	-	-	-
Garage Exhaust Fan Replace	20	5	51,550	2,578	38,663	56,700	-	-	-	-	-
Cooling Tower - Replace	20	19	195,700	9,785	9,785	215,300	21,583	-	-	-	21,583
Cooling Tower - Pump	10	0	13,400	1,340	13,400	15,500	-	-	-	-	-
Trash Compactor - Replace	15	0	16,200	1,080	16,200	18,000	-	-	-	-	-
Trash Chute - Replace	40	33	8,000	200	1,400	8,240	-	-	-	-	-
Security Camera System	10	1	11,600	1,160	10,440	12,900	-	-	-	-	-
Generator - Replace	30	21	154,550	5,152	46,365	180,300	-	-	-	-	-
Fire Alarm System	20	0	47,000	2,350	47,000	51,700	-	-	-	-	-
Fire Pump/Controls	50	49	43,800	876	876	51,500	-	-	-	-	-
Dom. Water Pumps	20	1	18,050	903	17,148	20,600	-	-	-	-	-
Interior Surfaces - Repaint	10	0	50,250	5,025	50,250	60,300	-	-	-	-	-
Interior Lights - Replace	20	0	19,500	975	19,500	21,900	-	-	-	-	-
Tile Flooring Hallways	20	0	121,050	6,053	121,050	132,900	-	-	-	-	-
Carpeting - Replace	10	0	75,850	7,585	75,850	88,500	-	-	-	-	-

Continued

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Reserve Account	Estimated Life 12/31/23	Estimated Remaining Life 12/31/23	Estimated Replacement Cost-Current	Annual Reserve Requirement	Reserve Required for Full Funding	Estimated Replacement Cost - Future	Contract Liabilities Replacement Fund Balance at 12/31/22	2023 Funding	2023 Interest Income	2023 Expenditures & Adjustments	Contract Liabilities Replacement Fund 12/31/23
Fitness Rooms - Remodel	15	6	6,950	463	4,170	7,600	-	-	-	-	-
Fitness Equipment - Replace	15	5	28,650	1,910	19,100	31,500	-	-	-	-	-
1st Floor Bathrooms	15	5	4,150	277	2,767	5,200	-	-	-	-	-
Fitness Area Bathrooms	15	5	5,150	343	3,433	6,200	-	-	-	-	-
Pool Area Bathrooms	15	5	6,450	430	4,300	7,700	-	-	-	-	-
Amenity Rooms	5	0	9,000	1,800	9,000	10,300	-	-	-	-	-
Lobby - Remodel	15	5	25,750	1,717	17,167	30,900	-	-	-	-	-
Pool Deck Furniture	10	5	15,650	1,565	7,825	17,200	-	-	-	-	-
Pool Fence - Replace	20	5	14,050	703	10,538	15,800	-	-	-	-	-
Pool - Resurface	10	1	19,900	1,990	17,910	21,900	-	-	-	-	-
Pool Heaters - Replace	15	15	27,800	1,853	-	27,800	-	-	-	-	-
Total			\$ 5,631,050	\$ 362,833	\$ 3,554,665	\$ 6,286,340	\$ 908,815	\$ 294,865	\$ 8,732	\$ -	\$ 1,212,412

As of the end of 2023, if the Board were to vote to fully fund reserves by way of a special assessment, each unit owner's assessment would range from approximately \$10,400 to \$19,600 depending on the unit type owned for a total assessment of approximately \$3,280,965.

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