

CYPRESS CHASE CONDOMINIUM ASSOCIATION "D", INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022



CYPRESS CHASE CONDOMINIUM ASSOCIATION "D", INC.
BALANCE SHEET
DECEMBER 31, 2022

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 9,478	\$ 185,019	\$ 194,497
Assessments receivable, net	70,228	-	70,228
Prepaid expenses	304,425	-	304,425
Interfund advances	<u>(82,055)</u>	<u>82,055</u>	<u>-</u>
	<u>\$ 302,076</u>	<u>\$ 267,074</u>	<u>\$ 569,150</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Accounts payable and accrued expenses	\$ 27,952	\$ -	\$ 27,952
Insurance financing payable	276,538	-	276,538
Prepaid assessments	21,379	-	21,379
Note payable - 7111	888,933	-	888,933
Note payable - 0244	198,249	-	198,249
Security deposits	950	-	950
Deferred cable contract income	13,520	-	13,520
Contract liabilities (reserve assessments received in advance)	<u>-</u>	<u>256,324</u>	<u>256,324</u>
	1,427,521	256,324	1,683,845
Fund balances (deficit)	<u>(1,125,445)</u>	<u>10,750</u>	<u>(1,114,695)</u>
	<u>\$ 302,076</u>	<u>\$ 267,074</u>	<u>\$ 569,150</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CYPRESS CHASE CONDOMINIUM ASSOCIATION "D", INC.
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (DEFICIT)
 FOR THE YEAR ENDED DECEMBER 31, 2022

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUES:			
Maintenance assessments	\$ 875,188	\$ -	\$ 875,188
Rent	11,000	-	11,000
Laundry	14,467	-	14,467
Bad debt recovery	40,998	-	40,998
	<u>941,653</u>	<u>-</u>	<u>941,653</u>
Interest income	108	809	917
Other income	10,064	-	10,064
	<u>951,825</u>	<u>809</u>	<u>952,634</u>
EXPENSES:			
Cable television	129,709	-	129,709
Electricity	31,656	-	31,656
Elevator	17,560	-	17,560
Fire protection service	5,472	-	5,472
Insurance	197,754	-	197,754
Janitorial	86,664	-	86,664
Lawn maintenance	21,447	-	21,447
Licenses and taxes	3,128	-	3,128
Loan interest	48,390	-	48,390
Management	11,000	-	11,000
Office expenses	9,619	-	9,619
Pest control	4,620	-	4,620
Pool	6,097	-	6,097
Professional fees	41,499	-	41,499
Repairs and maintenance	68,786	-	68,786
Security	7,430	-	7,430
Telephone	554	-	554
Trash removal	46,819	-	46,819
Tree trimming	13,000	-	13,000
10/40/50 year inspections	69,966	-	69,966
Water and sewer	127,953	-	127,953
	<u>949,123</u>	<u>-</u>	<u>949,123</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	2,702	809	3,511
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>(1,128,147)</u>	<u>9,941</u>	<u>(1,118,206)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (1,125,445)</u>	<u>\$ 10,750</u>	<u>\$ (1,114,695)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CYPRESS CHASE CONDOMINIUM ASSOCIATION "D", INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE A - ORGANIZATION

Cypress Chase Condominium Association "D", Inc. is a statutory condominium association incorporated in the State of Florida on December 7, 1973. The Association is responsible for the operation and maintenance of the common property of the condominium comprising Cypress Chase B Condominium consisting of 208 residential units located in Lauderdale Lakes, Florida.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Multi Condominium Statutory Reporting

Rule 61B-22.006(4) of the Florida Administrative Code requires multi condominium associations to present revenues, expenses and changes in fund balance for each condominium. The Association presents these items as combined only.

Fund Accounting

The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the Board of Directors and property manager. Disbursements from the replacement and special assessment funds generally may be made only for designated purposes.

Interest Earned

The Board's policy is to allocate to the applicable fund interest earned on cash accounts. Interest is allocated to the components of the replacement fund based on their respective ending balances.

Income Taxes

In 2022, the Association elected to file as a homeowners' association in accordance with Internal Revenue Service Code section 528. Under that section, the Association excludes from taxation exempt function income, which generally consists of revenue from assessments to owners. The Association's investment income and other nonexempt income are subject to tax, net of any applicable expenses.

CYPRESS CHASE CONDOMINIUM ASSOCIATION "B," INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses 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. 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 unit owners whose assessments are thirty days or more delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. It is the opinion of the Board of Directors that the Association will not ultimately prevail against all homeowners with delinquent assessments and, accordingly, an allowance for uncollectible accounts in the amount of \$9,000 is deemed necessary.

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 balance of assessments receivable as of the end of the year are approximately \$80,000.

Contract Liabilities (Assessments received in advance)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to reserve and special assessments. The balances of contract liabilities (reserve assessments received in advance) as of the beginning and end of the year are \$190,940 and \$256,324, respectively.

NOTE C – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents and Florida Statutes require that funds be accumulated for future major repairs and replacements of the common elements for the condominiums. Accumulated funds are to be held in separate accounts and are generally not available for expenditures for normal operations.

CYPRESS CHASE CONDOMINIUM ASSOCIATION "D", INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

An independent study to determine the adequacy of the current funding program for the replacement of Association common elements has not been conducted. Actual expenditures may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, approve special assessments, or delay major repairs and replacements until funds are available.

NOTE D – NOTE PAYABLE

In August 2020, the Association secured a loan in the principal sum of \$1,000,000. Interest shall accrue on the outstanding principal balance of this note at a fixed rate of 4.00% per annum. One hundred twenty equal monthly payments of principal and interest are due. The Note is payable in full on August 21, 2031, or sooner. Collateral is the assignment of rights to collect assessments.

Principal and interest payments are as follows:

Year ended December 31,	
2023	\$ 86,267
2024	89,717
2025	93,306
2026	97,038
2027	100,920
Thereafter	<u>421,685</u>
	<u>\$888,933</u>

NOTE E – LINE OF CREDIT

In May 2021, the Association obtained a line of credit which converts to a term loan with a bank in the amount of \$200,000. Interest shall be calculated from the date of each advance until repayment of each advance at a variable rate. The line matures in September 2023. The balance as of December 31, 2022 was \$198,249.

CYPRESS CHASE CONDOMINIUM ASSOCIATION "D", INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property, if any, 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.

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.

Cash and Cash Equivalents

For purposes of these financial statements, the Association considers demand deposit accounts, savings accounts and certificate of deposits to be cash equivalents.

Comprehensive Income

ASC 220 (formerly SFAS No. 130) requires "a full set of general-purpose financial statements to be expanded to include the reporting of comprehensive income." Comprehensive income is comprised of two components, net income and other comprehensive income. For the year ended December 31, 2022, there were no items that qualify as comprehensive income.

Fair Value of Financial Instruments

The carrying amounts of the Association's financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and long-term debt, approximate their fair values due to their short-term maturities.

Accounting for Uncertainty in Income Taxes

A loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized.

CYPRISS CHASE CONDOMINIUM ASSOCIATION "D", INC.
 SCHEDULE OF REPLACEMENT FUND ACTIVITY
 FOR THE YEAR ENDED DECEMBER 31, 2022

	BOOP	PAINTING	PAVEMENT	ELEVATOR	CLUB HOUSE AC	POOL	CLUB HOUSE ROOF	CLUB HOUSE PAINT	DEFERRED MAINTENANCE	INTEREST	TOTAL
ADDITORS Unit Owners' Amortization Interest	\$ 10,646	\$ 25,877	\$ -	\$ 14,739	\$ 1,996	\$ 2,895	\$ 9,000	\$ 340	\$ -	\$ -	\$ 65,284
EXPENSES	10,646	25,877	-	14,739	1,996	2,895	9,000	340	-	889	66,799
RESERVE ACCOUNTS - BEGINNING OF YEAR	85,459	412	2,835	75,732	4,690	8,674	26,148	5,335	6,546	9,841	200,881
RESERVE ACCOUNTS - END OF YEAR	\$ 96,054	\$ 10,492	\$ 2,835	\$ 87,471	\$ 6,586	\$ 11,569	\$ 31,148	\$ 3,585	\$ 6,546	\$ 10,730	\$ 217,874

As presented on the balance sheet.

Contract Identifiable Fund Balance	\$ 256,214
	19,730
	\$ 275,944

THIS ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**CYPRESS CHASE CONDOMINIUM ASSOCIATION "D", INC.
 SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
 REPAIRS AND REPLACEMENTS UNAUDITED
 DECEMBER 31, 2022**

The Board of Directors and management have estimated the remaining useful lives and the replacement costs of the components of common property.

The following table is based on these estimates and presents significant information about the components of common property.

	Estimated Remaining Useful Life (in years)	Estimated Replacement Cost	Reserve Balances - 12/31/22	2023 Full Funding
Roof	19	\$ 300,000	\$ 96,054	\$ 10,734
Painting	4	150,000	30,492	29,877
Pavement	24	125,000	2,930	5,086
Elevator	17	300,000	67,432	13,680
Pool	8	35,000	11,569	2,929
Clubhouse roof	13	29,000	31,140	(165)
Clubhouse A/C	7	18,000	6,566	1,633
Clubhouse paint	4	5,000	3,595	351
Deferred maintenance	1	6,546	6,546	-
Interest	N/A	-	10,750	-
		<u>\$ 968,546</u>	<u>\$ 267,074</u>	<u>\$ 64,127</u>