Country Club Tower of Coral Springs Association, Inc.

Financial Statements

December 31, 2022 & December 31, 2021

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MICHAEL B. MOSKOWITZ C.P.A.

▪ **Accounting & Tax Services** ▪

Independent Auditor's Report

Board of Directors
Country Club Tower of Coral Springs Association, Inc.
10777 W. Sample Road
Coral Springs, FL 33065

Dear Board of Directors:

Opinion

I have audited the financial statements of Country Club Tower of Coral Springs Association, Inc. ("Country Club Tower") which comprise the Balance Sheet as of December 31, 2022, and December 31, 2021, and the related Statement of Revenues, Expenses, and Changes in Fund Balance (Deficit), and Statement of Cash Flows for the years then ended, and the related Notes to the Financial Statements. In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Country Club Tower as of December 31, 2022, and December 31, 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (US-GAAP).

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). I am required to be independent of Country Club Tower and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 US-GAAP, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high

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level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

<u>In performing an audit in accordance with GAAS, I</u>:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Country Club Tower's internal control. Accordingly, no such opinion is expressed.
- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluated the overall presentation of the financial statements.
- Concluded whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Country Club Tower's ability to continue as a going concern for a reasonable period of time.

I am 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.

Michael Moskowitz CPA

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Fort Lauderdale, FL
September 25, 2023

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Country Club Tower of Coral Springs Association, Inc.
Balance Sheet - Operating Fund
December 31, 2022 & December 31, 2021

	12/31/2022	12/31/2021
ASSETS		
Assets:		
Cash - Operating	$ 48,393	$ 142,298
Cash - Lease Deposits	70,017	56,844
Cash - Special Assessment	10,298	-
Accounts Receivable	1,209	2,350
Prepaid Expenses	1,298	-
Employee Loan Receivable	1,500	950
Due from Valley Bank	9,620	-
Due from Replacement Fund	6,200	-
Total Assets	$ 148,535	$ 202,442
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities:		
Accounts Payable	$ 6,778	$ 3,024
SBA Hurricane Loan Payable	352,059	352,059
Tenant Security Deposits Held	66,484	56,817
Advances from Unit Owners	75,340	65,729
Deferred Income - Cable Contract	2,000	3,000
Total Liabilities	$ 502,660	$ 480,629
Fund Balance (Deficit):	$ (354,125)	$ (278,187)
Total Liabilities and Fund Balance (Deficit)	$ 148,535	$ 202,442

Country Club Tower of Coral Springs Association, Inc.
Statement of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Operating Fund
For the Years Ended 2022 & 2021

	2022	2021
Revenues:		
Maintenance Assessments	$ 932,026	$ 890,819
Bulk Cable TV Income	169,459	155,549
Antenna Rental Income	5,648	9,165
Work Orders	5,960	5,687
Laundry Income	22,305	26,733
Late Fees	4,612	2,490
Sales & Lease Fees	10,100	15,647
Miscellaneous Income	2,377	4,691
Interest Income	14	437
Total Revenues	1,152,500	1,111,218
Expenses:		
Accounting Expenses	$ 7,650	$ 9,659
Application Expenses	3,580	3,500
Bank Charges	115	94
Bulk Cable TV Expense	156,635	123,200
Cooling Tower Services	6,410	6,490
Elevator Maintenance Expenses	15,367	12,907
Fire Testing & Monitoring Expenses	8,734	3,827
Insurance Expenses	175,856	159,910
Interest Expense	21,744	2,416
Lawncare Expenses	17,253	18,194
Legal Expenses	13,087	11,624
Licenses & Permits Expenses	3,475	3,304
Miscellaneous Expenses	1,039	3,561
Office Expenses	8,353	6,741
Payroll Expenses	425,802	376,529
Pest Control Expenses	3,312	5,632
Refuse Collection	10,395	10,115
Repairs & Maintenance Expenses	32,397	28,770
Security Expenses	-	9,136
Supplies Expenses	31,539	25,605
Telephone & Internet Expenses	9,185	10,964
Utilities Expense	232,174	209,862
Total Expenses	1,184,100	1,042,040
Net Operating Income or (Net Loss)	$ (31,599)	$ 69,178
Special Assessment Revenue	175,011	-

Special Assessment Expenses		162,733		-
Transfers		56,616		261,173
Net Income or (Net Loss)	$	(75,938)	$	(191,995)
Fund Balance (Deficit) - Beginning of Year		(278,187)		(86,192)
Fund Balance (Deficit) - End of Year	$	(354,125)	$	(278,187)

Country Club Tower of Coral Springs Association, Inc.
Statement of Cash Flows - Operating Fund
2022 & 2021

	2022	2021
Cash Flows from Operating Activities:		
Net Income or (Net Loss)	$ (75,938)	$ 69,178
Adjustments to Reconcile Net Income or (Net Loss) to Net Cash (Used In) Provided By Operating Activities:		
(Increase) / Decrease in Accounts Receivable	1,141	258,839
(Increase) / Decrease in Prepaid Expenses	(1,298)	-
(Increase) / Decrease in Employee Loan Receivable	(550)	(950)
(Increase) / Decrease in Due from	(15,820)	-
Increase / (Decrease) in Accounts Payable	3,754	(40,696)
Increase / (Decrease) in Deferred Cable Contract Income	(1,000)	(1,000)
Increase / (Decrease) in Advances from Members	9,611	65,729
Net Cash (Used In) / Provided By Operating Activities	$ (80,100)	$ 351,100
Cash Flows from Financing Activities:		
Increase / (Decrease) in SBA Hurricane Loan	-	-
Increase / (Decrease) in Tenant Security Deposits Held	9,667	3,577
Increase / (Decrease) in Interfund Transfers	-	(261,173)
Net Cash (Used In) / Provided By Financing Activities	$ 9,667	$ (257,596)
Net Increase / (Decrease) in Cash	(70,433)	93,504
Cash - Beginning of Year	199,142	105,638
Cash - End of Year	$ 128,709	$ 199,142
Supplemental disclosure of cash flow information:		
Interest paid	$ 21,744	$ 2,416
Income taxes paid	$ -	$ -

Country Club Tower of Coral Springs Association, Inc.
Balance Sheet - Replacement Fund
December 31, 2022 & December 31, 2021

	12/31/2022	12/31/2021
ASSETS		
Assets:		
Cash	$ 292,742	$ 341,574
Cash - Certificates of Deposit (CDs)	85,941	85,915
Total Assets	$ 378,683	$ 427,489
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities:		
Total Liabilities	$ -	$ -
Fund Balance (Deficit):	$ 378,683	$ 427,489
Total Liabilities and Fund Balance (Deficit)	$ 378,683	$ 427,489

Country Club Tower of Coral Springs Association, Inc.
Statement of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Replacement Fund
For the Years Ended 2022 & 2021

	2022	2021
Revenues:		
Maintenance Assessments	$ 52,000	$ 52,000
Interest Income	597	3,344
Other Income	-	-
Total Revenues	52,597	55,344
Expenses:		
Reserve Expenditures	$ 86,543	$ 91,280
Total Expenses	86,543	91,280
Net Income or (Net Loss)	$ (33,946)	$ (35,936)
Fund Balance (Deficit) - Beginning of Year	427,489	453,071
Transfers	(14,858)	10,356
Fund Balance (Deficit) - End of Year	$ 378,683	$ 427,489

Country Club Tower of Coral Springs Association, Inc.
Statement of Cash Flows - Replacement Fund
2022 & 2021

	2022	2021
Cash Flows from Operating Activities:		
Net Income or (Net Loss)	$ (33,946)	$ (35,936)
Net Cash (Used In) / Provided By Operating Activities	$ (33,946)	$ (35,936)
Cash Flows from Investing Activities		
Maturity of Certificates of Deposit	-	-
Net Cash (Used In) / Provided By Investing Activities	$ -	$ -
Cash Flows from Financing Activities:		
Increase / (Decrease) in Interfund Transfers	(14,858)	10,356
Net Cash (Used In) / Provided By Financing Activities	$ (14,858)	$ 10,356
Net Increase / (Decrease) in Cash	(48,804)	(25,580)
Cash - Beginning of Year	427,489	453,071
Cash - End of Year	$ 378,683	$ 427,489
Supplemental disclosure of cash flow information:		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

Note A – Nature of Organization and Summary of Significant Accounting Policies

Note 1 – Organization

Country Club Tower of Coral Springs Association, Inc. ("Association") is a statutory condominium association incorporated as a not-for-profit corporation in the State of Florida on July 24, 1975. The Association is responsible for the operation and maintenance of the common areas of the community located in Coral Springs, Florida, and consists of 209 residential units.

Note 2 – Fund Accounting

The Association uses fund accounting which requires that funds such as the Operating Fund and the Fund designated for Future Major Repairs and Replacements ("Replacement Fund"), 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 Fund may be made only for their designated purposes.

Note 3 – Accounts Receivable (Member Assessments)

Accounts Receivable (Member Assessments) are billed quarterly based upon each Member's proportionate share of ownership.

Unit owners are invoiced in January (for January-March maintenance & cable), in April (for April-June maintenance & cable, in July (for July-September maintenance & cable), and in October (for October-December maintenance & cable).

These Member Assessments are based upon estimates of amounts necessary to provide funds for the Association's operating expenses and future major repairs and replacements.

Note 4 – Income Taxes

The Association files its tax obligations as a Homeowners' Association (Form 1120-H: U.S. Income Tax Return for Homeowners Associations) in accordance with Internal Revenue Service Code Section 528. Under this Section, the Association excludes from taxation Exempt Function Income, which consists of the Revenue generated from quarterly Member Assessments.

However, while Exempt Function Income is not subject to income taxation, the Association's Gross Income is subject to income taxation, at the Federal income tax rate of 30.0%. Gross Income includes but is not limited to such items as Revenue deriving from business (not membership or ownership) sources, such as Antenna Rental Income, Laundry Income, and Taxable Interest Income.

Note 5 – Concentration of Credit Risk

Credit risk refers to the potential for defaults to be made by parties who owe monies to the Association. The particular financial instruments which subject the Association to credit risk are Cash and Accounts Receivable (Member Assessments).

The Association invests its excess Cash in deposits with major financial institutions (Valley Bank, New York Community Bank, Bank of America, and Synchrony Bank). Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to $250,000.00.

The Association believes it is not exposed to material credit risk on its Accounts Receivable (Member Assessments).

Note 6 – Nonrecognition of Fixed Assets

Real property and common areas acquired from the developer as well as 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.

Note B – Replacement Fund

The Association's governing documents and Florida Statutes require that funds be accumulated for Future Major Repairs and Replacements (Replacement Fund).

In 2021 when preparing the 2022 budget, the Board of Directors estimated the remaining useful lives and the replacement costs of the components of common property. The table included in the unaudited Supplementary Information on Future Major Repairs and Replacements is based on these estimates.

The Association is funding for major repairs and replacements over the useful lives of the components based on the estimates of current replacement costs and considering amounts previously accumulated in the Replacement Fund. Accordingly, the funding requirement of **$52,000.00** has been included in the 2022 budget.

Amounts accumulated in the Replacement Fund 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 Member Assessments, pass Special Member Assessments, or delay major repairs and replacements until funds are available.

The activity in the Replacement Fund was as follows:

Components	Balance 1/1/22	Additions	Expenditures	Transfers	Balance 12/31/22
Pooled	$29,951	$52,597	$41,792	($14,858)	$25,897
Contingency	$397,538	-	$44,751		$352,786
Total	$427,489	$52,597	$86,543	($14,858)	$378,683

Note C – Deferred Income - Cable Contract

During 2013, the Association received $12,000.00 for having entered into a 12-year Services Agreement with Blue Stream cable company.

This $12,000 represents "Bulk Cable TV Income" Revenue to be recognized over the life of the 12-year Services Agreement. Hence, this $12,000.00 was initially recorded as a Liability and $1,000.00 will be recognized as Revenue every year for 12 years - until the expiration of the Services Agreement.

As of December 31, 2022, 10 years has expired and hence there is $2,000 remaining as the Liability "Deferred Income - Cable Contract."

Note D – Certificates of Deposit

At December 31, 2022, the Association had **$85,941.14** in a Certificate of Deposit (CD) with Synchrony Bank.

The Association owns the following CD as of December 31, 2022:

		Balance:
1. **Synchrony Bank – 15-Month Commercial CD (0317)**		$85,941.14
Issue Date:	12/16/2021	
Maturity Date:	03/16/2023	
2022 Interest Received:	$25.78	
Interest Rate:	0.030%	

Note E – SBA Hurricane Loan Payable

On March 6, 2006, the Association borrowed $480,000 from the U.S. Small Business Administration ("SBA") for repairs to property damaged or destroyed by Hurricane Wilma.

The Loan is paid in equal monthly installments of $2,416.00, which normally includes both interest and principal repayments; however, loan repayments made during 2022 were utilized to repay only interest expenses owed to the SBA.

As of December 31, 2022, the principal balance on the Loan was **$352,058.62**, and the Association's Interest Expense due to this Loan amounted to **$21,744.00** for 2022.

Note F – Insurance

The Association has two types of insurance: a "Package" insurance policy and a Workers' Compensation insurance policy.

The Package insurance policy covers a constellation of coverages such as the following:

Insurance Component	Description of Coverage
Property	• Residential building, • Contents of the residential building, • Maintenance building, • Pool, and • Breakdowns of equipment.
General Liability	• Property damage (PD) and bodily injury (BI) to individuals on a per-occurrence basis.
Crime	• Employee theft • Employee forgeries • Computer fraud • Funds transfer fraud
Directors & Officers	• Defense costs for Board of Directors members
Umbrella	• A higher limit of coverage in excess of the underlying policy.

The amount paid for Package insurance in 2022 was **$165,834.15**.

The Workers' Compensation policy contains Workers Compensation Insurance and Employers Liability Insurance and is in effect should employees suffer bodily injury (BI) by accident during employment.

The amount paid for Workers' Compensation insurance in 2022 was **$10,022.00**.

Note G – Commitments

The Association has entered into several contracts with various service providers to maintain the common property.

The following vendors performed the following services for the Association in 2022:

Vendor	Category of Expense	Amount Paid in 2022
Blue Stream	Bulk Cable/Internet Expense	$156,634.78
City of Coral Springs	Water/Sewer Service	$145,252.57
Florida Power & Light	Electricity Services	$84,619.33
Judy Cortez	Lawncare Expenses	$16,360.00
Elevated Elevator	Elevator Maintenance Expenses	$10,043.84
Bass United Fire & Security	Fire Testing & Monitoring	$7,983.60
Waste Pro	Refuse Collection	$6,499.64

Note H – Contingencies

Insurance
As part of the Package insurance policy (see Note F), the policy has a 5% calendar year deductible which applies to loss resulting from a Hurricane only. The deductible amount for named hurricane storms is estimated at **$1,334,134.00** which represents 5% of the insured value of the residential building, which is estimated to be $26,682,685.00. The Association can obtain a 3% deductible which would amount to $800,481.000 however there would be an annual increase in premium of $28,591.00.

Legal
The Association is periodically subject to complaints and claims, including litigation, arising in the ordinary course of Association business. Management believes that none of the claims and complaints of which it is currently aware will materially affect its Association business, financial position, or future operating results.

Note I – Date of Management's Review

In preparing the Financial Statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 25, 2023, the date that the Financial Statements were available to be issued.

Country Club Tower of Coral Springs Association, Inc.
Supplementary Information on Future Major Repairs and Replacements
December 31, 2022
(Unaudited)

In 2021, when preparing the 2022 budget, the Board of Directors estimated the remaining useful lives and the replacement cost of the components of common property.
The following table is based on those estimates:

	Estimated Remaining Useful Life (Years)	Estimated Replacement Cost	Replacement Fund Balance 12/31/22
Administration Offices	10	$18,000	
Air Conditioner - 12 Floors & Lounge	15	$120,000	
Air Conditioner - Lobby	16	$12,000	
Boiler	1	$12,000	
Carpeting	1	$250,000	
Cooling Tower	5	$100,000	
Doors, entrance	9	$22,000	
Electrical Wiring and Controls	4	$75,000	
Elevators (3)	24	$605,000	
Fire Equipment & Monitoring	5	$150,000	
Fire Pump	5	$28,000	
Generator	25	$93,000	
Hot Water Heaters (12)	1	$13,000	
Irrigation System - Landscape	1	$30,000	
Landscaping - Major Trees & Plants	9	$30,000	
Laundry Equipment (36 Pairs)	4	$58,000	
Light Fixtures	5	$15,000	
Lounge & Lobby	1	$45,000	
Painting - Exterior	7	$120,000	
Painting - Interior	1	$80,000	
Paving	20	$182,000	
Pool	20	$50,000	
Pumps - 3 Main	23	$12,000	
Roof Exhaust Fans (36)	17	$24,000	
Roofing	7	$150,000	
Security Equipment & Monitoring	4	$12,000	
Tennis Courts	10	$20,000	
Tools / Equipment	4	$30,000	
Trash Compactor	1	$23,000	
Water Piping & Drains	2	$145,000	
Pooled Reserves		-	$25,897
Contingency		-	$352,786
		$ 2,524,000	$ 378,683