Country Club Tower of Coral Springs Association, Inc.

Financial Statements

December 31, 2023

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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, 2023, and the related Statement of Revenues, Expenses, and Changes in Fund Balance (Deficit), and Statement of Cash Flows for the year 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, 2023, 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 level of assurance but is not absolute assurance and therefore is not a guarantee that an audit

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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.

In performing an audit in accordance with GAAS, I:

- 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

Michael B. Moskowitz, CPA
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Fort Lauderdale, FL
March 18, 2024

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Country Club Tower of Coral Springs Association, Inc.
Balance Sheet - Operating Fund & Replacement Fund
December 31, 2023

	Operating Fund	Replacement Fund
ASSETS		
Assets:		
Cash - Operating	$ 24,645	$ 190,017
Cash - Lease Deposits	60,764	-
Cash - Special Assessment	5,350	-
Cash - Certificates of Deposit	-	86,118
Cash - Undeposited Funds	15,593	-
Accounts Receivable	5,634	-
Employee Loan Receivable	1,600	-
Due from Replacement Fund	6,586	-
Total Assets	$ 120,172	$ 276,135
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities:		
Accounts Payable	$ 33,898	$ -
SBA Hurricane Loan Payable	348,560	-
Tenant Security Deposits Held	73,223	-
Advances from Unit Owners	49,831	-
Deferred Income - Cable Contract	1,000	-
Due to Operating Fund	-	6,586
Total Liabilities	$ 506,512	$ 6,586
Fund Balance (Deficit):	$ (386,340)	$ 269,549
Total Liabilities and Fund Balance (Deficit)	$ 120,172	$ 276,135

Country Club Tower of Coral Springs Association, Inc.
Statement of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Operating Fund & Replacement Fund
For the Year Ended 2023

	Operating Fund	Replacement Fund
Revenues:		
Maintenance Assessments	$ 1,060,854	$ 68,000
Bulk Cable TV Income	179,109	-
Antenna Rental Income	300	-
Work Orders	8,608	-
Laundry Income	24,262	-
Late Fees	4,429	-
Sales & Lease Fees	9,987	-
Miscellaneous Income	3,205	-
Interest Income	7	3,042
Total Revenues	1,290,761	71,042
Expenses:		
Accounting Expenses	$ 8,200	$ -
Application Expenses	3,300	-
Bank Charges	69	-
Bulk Cable TV Expense	177,537	-
Cooling Tower Services	3,240	-
Elevator Maintenance Expenses	15,900	-
Fire Testing & Monitoring Expenses	12,632	-
Insurance Expenses	256,443	-
Interest Expense	25,493	-
Lawncare Expenses	18,224	-
Legal Expenses	9,292	-
Licenses & Permits Expenses	4,038	-
Miscellaneous Expenses	3,536	-
Office Expenses	12,117	-
Payroll Expenses	441,105	-
Pest Control Expenses	3,813	-
Refuse Collection	11,621	-
Repairs & Maintenance Expenses	30,586	-
Security Expenses	583	-
Supplies Expenses	45,005	-
Telephone & Internet Expenses	6,649	-
Utilities Expense	264,702	-
Reserve Expenditures	-	206,092
Total Expenses	1,354,085	206,092
Net Operating Income or (Net Loss)	$ (63,324)	$ (135,050)

Special Assessment Revenue	452,755	-
Special Assessment Expenses	321,886	-
Transfers In from Operating Fund	-	83,046
Transfers Out to Replacement Fund	83,046	-
Transfers Out to Operating Fund	-	57,130
Transfers In from Replacement Fund	57,130	-
Transfers Out to Replacement Fund - Budgeted	68,000	-
Net Income or (Net Loss)	$ (26,371)	$ (109,134)
Fund Balance (Deficit) - Beginning of Year	(359,969)	378,683
Fund Balance (Deficit) - End of Year	$ (386,340)	$ 269,549

Country Club Tower of Coral Springs Association, Inc.
Statement of Cash Flows - Operating Fund & Replacement Fund
2023

	Operating Fund	Replacement Fund
Cash Flows from Operating Activities:		
Net Income or (Net Loss)	$ (26,371)	$ (109,134)
Adjustments to Reconcile Net Income or (Net Loss) to Net Cash (Used In) Provided By Operating Activities:		
(Increase) / Decrease in Accounts Receivable	(29,934)	-
(Increase) / Decrease in Prepaid Expenses	1,298	-
(Increase) / Decrease in Employee Loan Receivable	(100)	-
(Increase) / Decrease in Due from Valley Bank	9,620	-
(Increase) / Decrease in Undeposited Funds	-	-
(Increase) / Decrease in Due from Replacement Fund	(386)	-
Increase / (Decrease) in Due to Operating Fund	-	6,586
Increase / (Decrease) in Accounts Payable	27,474	-
Increase / (Decrease) in Advances from Members	-	-
Net Cash (Used In) / Provided By Operating Activities	$ (18,399)	$ (102,548)
Cash Flows from Financing Activities:		
Increase / (Decrease) in Deferred Cable Contract Income	(1,000)	-
Increase / (Decrease) in SBA Hurricane Loan	(3,499)	-
Increase / (Decrease) in Tenant Security Deposits Held	6,739	-
Increase / (Decrease) in Interfund Transfers	(6,200)	-
Net Cash (Used In) / Provided By Financing Activities	$ (3,959)	$ -
Net Increase / (Decrease) in Cash	(22,358)	(102,548)
Cash - Beginning of Year	128,708	378,683
Cash - End of Year	$ 106,350	$ 276,135
<u>Supplemental disclosure of cash flow information</u>:		
Interest paid	$ 25,493	$ -
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.

Accordingly, there are two separate QuickBooks Online accounts for each Fund, in order to ensure their separate accounting and reporting.

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%. 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. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to $250,000.

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 2022 when preparing the 2023 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 **$68,000** has been included in the 2023 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.

Note C – Deferred Income - Cable Contract

During 2013, the Association received $12,000 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 was initially recorded as a Liability and $1,000 will be recognized as Revenue every year for 12 years - until the expiration of the Services Agreement.

As of December 31, 2023, 11 years has expired and hence there is $1,000 remaining as the Liability “Deferred Income - Cable Contract.”

Note D – Certificates of Deposit

At December 31, 2023, the Association had **$86,118** in a Certificate of Deposit (CD) with Flagstar Bank.

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, which includes both interest and principal repayments.

As of December 31, 2023, the principal balance on the Loan was **$348,560**, and the Association’s Interest Expense due to this Loan amounted to **$25,493** for 2023.

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 2023 out of the Operating Fund Insurance Expense line item was **$243,165**. However, additional expenditures detailed as Special Assessment Expenditures included Insurance Expenses of **$151,782**, and the Replacement Fund paid Insurance Expenses in the amount of **$79,465** for a total Insurance expenditure totaling **$474,412**.

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 2023 was **$13,278**.

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 2023:

Vendor	Category of Expense	Amount Paid in 2023
Blue Stream	Bulk Cable/Internet Expense	$177,537
City of Coral Springs	Water/Sewer Service	$164,092
Florida Power & Light	Electricity Services	$92,914
Judy Cortez	Lawncare Expenses	$16,800
Elevated Elevator	Elevator Maintenance Expenses	$10,063
DynaFire	Fire Testing & Monitoring	$9,210
Waste Pro	Refuse Collection	$7,213

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** which represents 5% of the insured value of the residential building, which is estimated to be $26,682,685. The Association can obtain a 3% deductible which would amount to $800,481 however there would be an annual increase in premium of $28,591.

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 March 18, 2024, the date that the Financial Statements were available to be issued.

Country Club Tower of Coral Springs Association, Inc.
SCHEDULE OF DEFERRED MAINTENANCE & CAPITAL EXPENDITURE RESERVES
(for the fiscal year of January 1, 2023 through December 31, 2023)

Reserve Items	Estimated Total Useful Life (in years)	Estimated Remaining Useful Life (in years)	Estimated Cost for Deferred Maintenance/ Capital Expenditure ($)	Estimated Fund Balance as of 12/31/2022 ($)	Fully Funded Reserve - Proposed Budget Period ($)	Fully Funded Reserve - Shortfall ($)
Waterproofing and exterior painting *	10	6	$ 120,000		$ 20,000	$ 48,000
Paving *	33	19	182,000		9,579	77,212
Roof *	20	16	150,000		9,375	30,000
Administration Offices	20	18	18,000		1,000	1,800
Air Conditioners - 12 floors+Lounge	18	14	120,000		8,571	26,667
Air Conditioner Lobby	18	15	12,000		800	2,000
Boiler	15	1	12,000		12,000	11,200
Carpeting	20	1	250,000		250,000	237,500
Cooling tower (and pump)	25	4	125,000		31,250	105,000
Doors, entrance	30	13	30,000		2,308	17,000
Doors, fire doors	30	13	116,000		8,923	65,733
Electrical Systems	50	2	75,000		37,500	72,000
Elevators - 3	30	23	605,000		26,304	141,167
Fireproofing and fire protection systems	25	4	150,000		37,500	126,000
Generator	38	24	93,000		3,875	34,263
Hot Water Heaters - 12	13	1	13,000		13,000	12,000
Irrigation System - Landscape	20	1	30,000		30,000	28,500
Landscaping - Major Trees & Plants	25	8	30,000		3,750	20,400
Laundry Equipment - 36 pairs	15	3	76,000		25,333	60,800
Light Fixtures	30	29	15,000		517	500
Lounge/Lobby, furnishings/décor	15	1	45,000		45,000	42,000
Painting - Interior	10	1	80,000		80,000	72,000
Pool	20	19	50,000		2,632	2,500
Roof Exhaust Fans - 36	20	16	24,000		1,500	4,800
Security Equipment & Monitoring	7	6	12,000		2,000	1,714
Tennis Courts	10	10	20,000		2,000	-
Tools/Equipment	15	3	25,000		8,333	20,000
Trash Compactor	15	1	23,000		23,000	21,467
Water Piping and Drains (Plumbing)	50	2	145,000		72,500	139,200
Windows (common areas)	30	13	62,000		4,769	35,133
TOTALS			$ 2,708,000	$5,000	$768,320	$1,456,556

* Statutory reserve line items required by law "regardless of the amount of deferred maintenance expense or replacement cost".
Other reserve line items: "Any other item that has a deferred maintenance expense or replacement cost that exceeds $10,000".

Country Club Tower of Coral Springs Association, Inc.
Detail of Replacement Fund Expenditures and Vendors Paid
2023

	Replacement Fund Expenses
Expenses:	
Administration Offices	
Priority 1 Computers	$ 160
Richard Szambelan	2,657
Sunshine State Handyman	1,150
Total Administration Offices	3,967
Air Conditioners	
Economic Electric Motors	3,848
Impressive Air	1,385
Total Air Conditioners	5,233
Bank Charges	10
Cooling Tower	
AGI International	1,585
Boiler Repair & Service	600
Total Cooling Tower	2,185
Electrical Systems - Florida Engineering Design	2,800
Fire Pump - RCI Fire Pumps	2,200
Golf Cart - Blockbuster Golf Carts	2,032
Insurance Expense	
First Insurance	39,643
Plastridge Insurance	39,822
Total Insurance Expense	79,465
Landscaping	
Green Planet	51,460
Home Depot	887
Mattie Celetti	10,865
Total Landscaping	63,212
Laundry Equipment	
Aaxon Laundry Equipment	632
Appliance Parts	1,048

Total Laundry Equipment	1,680
Llight Fixtures - AP LED	1,883
Lounge/Lobby - M&M Upholstery	2,943
Reserve Study - JR Frazer	6,430
Security Equipment & Monitoring	
Dynafire	993
T&A Electronic	2,087
Total Security Equipment & Monitoring	3,079
Tools/Equipment - Express Radio Inc.	2,365
Water Piping and Drains	
All Clear	12,959
JC & Sons	9,550
Sunshine State Handyman	4,100
Total Water Piping and Drains	26,609
Total Expenses	$ 206,093

Country Club Tower of Coral Springs Association, Inc.
Detail of Special Assessment Expenses
2023

		Special Assessment Expenses
Expenses:		
Bike Enclosures - A to Z Awnings	$	8,474
Fire Pump Services - RCI Fire Pumps		54,725
Insurance Expense		151,782
Luciano - Double Door		8,404
Maintenance - Doors Painted		72,500
Payroll Expenses		26,000
Total Expenses	$	321,886