

**PORTSIDE CONDOMINIUM HOMEOWNERS'
ASSOCIATION, INC.**

REPORT FOR THE YEAR ENDED

DECEMBER 31, 2023

PORTSIDE CONDOMINIUM HOMEOWNERS' ASSOCIATION, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Portside Condominium Homeowners' Association, Inc.

We have reviewed the accompanying financial statements of Portside Condominium Homeowners' Association, Inc. (the "Association"), which comprise the balance sheet as of December 31, 2023, and the related statements of revenues and expenses and changes in members' equity and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The schedule of revenues and schedule of expenses are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that future major repairs and replacements of common property on pages 13 be presented to supplement the basic financial statements. Such information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on it.

March & McMillin, CPAs, PLLC

March 26, 2024

PORTSIDE CONDOMINIUM HOMEOWNERS' ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2023

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 237,894	\$ 444,523	\$ 682,417
Accounts Receivable	25,687		25,687
Due to/from Operating	(11,099)	11,099	
Prepaid Insurance	140,953		140,953
Prepaid Expenses	2,728		2,728
Other	1,818		1,818
TOTAL ASSETS	<u>\$ 397,981</u>	<u>\$ 455,622</u>	<u>\$ 853,603</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 12,549		\$ 12,549
Accrued Expenses	21,856		21,856
Administrative Fees	200		200
Insurance Note Payable	57,584		57,584
Prepaid Assessments	53,266		53,266
Deferred Revenue - Special Assessment	188,360		188,360
TOTAL LIABILITIES	<u>\$ 333,815</u>	<u>\$ -</u>	<u>\$ 333,815</u>
 FUND BALANCE	 <u>\$ 64,166</u>	 <u>\$ 455,622</u>	 <u>\$ 519,788</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 397,981</u>	 <u>\$ 455,622</u>	 <u>\$ 853,603</u>

PORTSIDE CONDOMINIUM HOMEOWNERS' ASSOCIATION, INC.
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Reserve Fund	Total
REVENUES	<u>\$ 1,070,143</u>	<u>\$ 285,924</u>	<u>\$ 1,356,067</u>
EXPENSES			
Administrative	\$ 27,315		\$ 27,315
Insurance	328,243		328,243
Utilities	127,435		127,435
Contracts	340,619		340,619
Repairs and Maintenance	179,166		179,166
Reserve		\$ 73,010	73,010
TOTAL EXPENSES	<u>\$ 1,002,778</u>	<u>\$ 73,010</u>	<u>\$ 1,075,788</u>
EXCESS REVENUES OVER (UNDER) EXPENSES	\$ 67,365	\$ 212,914	\$ 280,279
FUND BALANCE - Beginning	10,993	228,516	239,509
Interfund Balances (net)	<u>(14,192)</u>	<u>14,192</u>	<u> </u>
FUND BALANCE - Ending	<u>\$ 64,166</u>	<u>\$ 455,622</u>	<u>\$ 519,788</u>

See Independent Accountants' Review Report and accompanying notes

PORTSIDE CONDOMINIUM HOMEOWNERS' ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash flows from operating activities:	Operating Fund	Reserve Fund	Total
Net excess of revenues (expenses)	\$ 67,365	\$ 212,914	\$ 280,279
Adjustments to reconcile excess of revenues over expenses to net cash used by operating activities:			
(Increase) decrease in:			
Accounts Receivable, net	16,611		16,611
Due to/from Operating	11,099	(11,099)	
Prepaid Insurance	22,004		22,004
Prepaid Expenses	5,017		5,017
Increase (decrease) in:			
Accounts Payable	(74,261)		(74,261)
Accrued Expenses	4,910		4,910
Administrative Fees	(450)		(450)
Insurance Note Payable	(29,904)		(29,904)
Prepaid Assessments	(14,505)		(14,505)
Deferred Revenue - Special Assessment	175,451		175,451
Deferred Revenue - Storm	(82)		(82)
Net cash provided (used) by operating activities	\$ 183,255	\$ 201,815	\$ 385,070
Cash flows from investing activities:	-	-	-
Cash flows from financing activities:	-	-	-
Net increase (decrease) in cash	\$ 183,255	\$ 201,815	\$ 385,070
Cash, beginning of year	68,831	228,516	297,347
Interfund Balances (net)	(14,192)	14,192	
Cash, end of year	<u>\$ 237,894</u>	<u>\$ 444,523</u>	<u>\$ 682,417</u>
Supplemental Cash Flow Information:			
Cash Paid for Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash Paid for Income Taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Accountants' Review Report and accompanying notes

PORTSIDE CONDOMINIUM HOMEOWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: NATURE OF ORGANIZATION

Portside Condominium Homeowners' Association, Inc. (the "Association") is a nonprofit association incorporated under the laws of the State of Florida and operated to perform those services normally associated with common interest realty associations, which includes preserving and maintaining the common property of the Association. The Association consists of 187 units and is located in Panama City Beach, Florida.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Member Assessments

Association members are subject to regular assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Accounts receivable at the balance sheet date represent fees due from members, while assessments received in advance represent future months' fees paid in advance by members. The Association's policy is to retain legal counsel and place liens or foreclose on the units of members whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in future years.

Property and Equipment

The Association records and depreciates only personal property assets to which the association has title. Common property of the Association is not recognized as property and equipment for depreciation.

Basis of Accounting

This financial report is prepared on the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Assessments paid by members in advance are deferred and recognized as revenue when earned.

Fund Accounting

The Association uses fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds:

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

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

Income Tax

The Association may, at its election, be taxed as a regular corporation or a homeowners association. This election is made yearly. For the current year, the Association was taxed as a homeowners association. The Association's federal tax return is subject to audit by the Internal Revenue Service. The tax returns for the current and prior two fiscal years remain open for examination by the IRS. In evaluating the Association's tax positions and accruals, the Association believes that its estimates are appropriate, based on the current facts and circumstances.

PORTSIDE CONDOMINIUM HOMEOWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 26, 2024, which is the date that the financial statements were available to be issued.

Use of 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. Accordingly, actual results could differ from those estimates.

Interest Earned

The Association's policy is for interest to remain in the fund in which it is earned.

NOTE 3: CONCENTRATION OF CREDIT RISK

The Association's annual assessment revenue is subject to significant concentration of credit risk, given that the revenue is received primarily within a small geographic area. The financial instruments that potentially subject the Association to credit risk consist principally of assessments receivable, the majority of which contain provisions for recovery by placing liens on real property and through legal judgments. In the event that the owners did not comply with the terms of the Covenant, Conditions and Restrictions and collection efforts by the Association were unsuccessful, the Association could incur a loss equal to the amount due.

NOTE 4: REVENUE RECOGNITION

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606). The new guidance established the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The Association does not believe that the performance obligation relating to the reserve fund meets the required contractual liability obligations necessary to implement ASC 606.

NOTE 5: FUNDED RESERVES

The Association requires funds to be accumulated for future major repairs and replacements. The funds are held primarily in interest-bearing accounts. In 2016, the Association conducted a study to determine the remaining useful lives of the components of common property and estimates of the costs of major repairs and replacements that may be required in the future. The results of this study are summarized in the supplemental information section to these financial statements. Actual costs and expenditures may vary from those estimates and the variations may be material. As replacement funds are needed to meet future costs for major repairs and replacements, the Association has the right to borrow, increase regular assessments, pass special assessments or delay major repairs and replacements until funds are available.

PORTSIDE CONDOMINIUM HOMEOWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5: FUNDED RESERVES (continued)

The budget of the association does not provide for reserve accounts for capital expenditures and deferred maintenance that may result in special assessments. Owners may elect to provide for reserve accounts pursuant to section 720.303(6), Florida statutes, upon obtaining the approval of a majority of the total voting interests of the association by vote of the members at a meeting or by written consent.

Members' equity designated for future major repairs and replacements has been allocated by the Board of Directors to the components of common property as follows:

<u>Components</u>	<u>Balance January 1, 2023</u>	<u>Funding During the Year</u>	<u>Charges to Fund</u>	<u>Other</u>	<u>Balance December 31, 2023</u>
Pooled Reserves	\$ 228,516	\$ 285,924	\$ (73,010)	\$ 14,192	\$ 455,622
Total	<u>\$ 228,516</u>	<u>\$ 285,924</u>	<u>\$ (73,010)</u>	<u>\$ 14,192</u>	<u>\$ 455,622</u>

NOTE 6: INSURANCE CLAIM REVENUE

During 2023, the Association received approximately \$117,000 in insurance proceeds as the result of a fire in one of the condominiums and approximately \$103,000 in insurance proceeds as the result of a Tornado that occurred in 2021.

SUPPLEMENTARY INFORMATION

PORTSIDE CONDOMINIUM HOMEOWNERS' ASSOCIATION, INC.
SCHEDULE OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
Regular Assessments	\$ 882,240	\$ 150,000	\$ 1,032,240
Late Fees	3,345		3,345
Penalties	2,675		2,675
Legal Fee Collections	7,662		7,662
Unit Maintenance	100		100
Miscellaneous	9,138		9,138
Parking and Wristband Fees	47,070		47,070
Insurance Proceeds (Note 6)	117,275		117,275
Storm Revenue (Note 6)		103,451	103,451
Special Assessment Revenue		30,266	30,266
Interest	638	2,207	2,845
TOTAL REVENUES	<u>\$ 1,070,143</u>	<u>\$ 285,924</u>	<u>\$ 1,356,067</u>

PORTSIDE CONDOMINIUM HOMEOWNERS' ASSOCIATION, INC.
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Reserve Fund	Total
ADMINISTRATIVE			
CPA Services	\$ 800		\$ 800
Legal Fees	5,665		5,665
Legal Fees Collections	10,127		10,127
Bank Fees	15		15
License, Taxes and Permits	748		748
Pool Permits	1,675		1,675
Corporate Annual Reports	61		61
Office	6,126		6,126
Printing and Postage	540		540
Passes and Wristbands	308		308
Staff Bonuses	1,250		1,250
TOTAL ADMINISTRATIVE	\$ 27,315	\$ -	\$ 27,315
INSURANCE			
Insurance	\$ 328,243		\$ 328,243
TOTAL INSURANCE	\$ 328,243	\$ -	\$ 328,243
UTILITIES			
Cable	\$ 29,014		\$ 29,014
Electricity	39,586		39,586
Water and Sewer	18,251		18,251
Gas	10,737		10,737
Trash	23,455		23,455
Telephone and Internet	6,392		6,392
TOTAL UTILITIES	\$ 127,435	\$ -	\$ 127,435
CONTRACTS			
Management and Accounting	\$ 110,422		\$ 110,422
Maintenance Contract	122,009		122,009
Grounds Maintenance	83,113		83,113
Pest Control	4,723		4,723
Security Services	20,352		20,352
TOTAL CONTRACTS	\$ 340,619	\$ -	\$ 340,619
REPAIRS AND MAINTENANCE			
Building Maintenance	\$ 46,669		\$ 46,669
Pool Supplies and Repair	52,710		52,710
Small Tools and Equipment	2,728		2,728
Insurance Repairs	77,059		77,059
TOTAL REPAIRS AND MAINTENANCE	\$ 179,166	\$ -	\$ 179,166

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PORTSIDE CONDOMINIUM HOMEOWNERS' ASSOCIATION, INC.
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

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	Operating Fund	Reserve Fund	Total
RESERVE			
Building Repairs and Painting		\$ 8,551	\$ 8,551
Heating and Cooling		10,082	10,082
Balconies		36,303	36,303
Miscellaneous (Pooled)		18,074	18,074
TOTAL RESERVE	\$ -	\$ 73,010	\$ 73,010
 TOTAL EXPENSES	 \$ 1,002,778	 \$ 73,010	 \$ 1,075,788

PORTSIDE CONDOMINIUM HOMEOWNERS' ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
DECEMBER 31, 2023
(UNAUDITED)

In 2016, the Association hired a firm to conduct a replacement reserve study to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. The following has been extracted or derived from the Association's replacement reserve study and presents significant information about the components of common property.

<u>Reserve Component</u>	<u>Useful Life (Yrs)</u>	<u>Remaining Useful Life (Yrs)</u>	<u>Estimated 1st Year of Replacement</u>	<u>Estimated Total Cost for Future 24 Years (\$)</u>
Common Lighting/Electrical	10	1	2018	69,810
Clubhouse/Office Interior Fund	15	11	2028	17,875
Paint/Waterproof Building Exteriors	10	8	2025	980,000
Asphalt Overlay	28	1	2018	194,020
Asphalt Sealcoat/Rejuvenation	4	1	2018	245,640
Fencing, Pools/Decks	25	13	2030	53,790
Fencing, North Pool (Wood)	25	23	2040	8,840
Pool & Spa Equipment Allowance	5	3	2020	63,000
Pool & Spa Furniture	10	5	2022	41,800
Pool Decking, Wood - Front	18	16	2033	52,540
Pool Deck Pavers, Front	25	23	2040	8,400
Pool Deck Pavers, North	25	23	2040	25,650
Pool Heaters, Propane	12	10	2027	12,800
Pool Interiors, Front	12	10	2027	75,456
Pool Interiors, North/Clubhouse	12	5	2022	31,680
Pool Interiors, Waterfall	12	9	2026	33,120
Spas Interior Resurfacing	10	5	2022	24,740
Overlook Replacement, Front Pool	20	18	2035	6,570
Roofing, Shingle	18	10	2027	592,000
Tiki Huts Allowance	7	5	2022	27,900
Fencing, Entry	25	12	2029	20,798
Fencing, Perimeter	18	3	2020	139,994
Landscaping Allowance	20	3	2020	50,000
Lift Station Pumps & Equipment	24	17	2034	16,480
Mailboxes	20	17	2034	7,000
Retention Walls Restoration	7	5	2022	209,250
Signage, Entry Feature	20	16	2033	18,350
Tennis Court Fencing & Gates	28	25	2033	16,880
Tennis Court Resurfacing	7	7	2019	69,200