



Shipyards Condominium Association, Inc.

**FINANCIAL STATEMENTS
(AND SUPPLEMENTARY INFORMATION)**

December 31, 2023



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Members of
Shipyards Condominium Association, Inc.
Key West, Florida

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We have reviewed the accompanying financial statements of Shipyards Condominium Association, Inc. which comprise the balance sheet as of December 31, 2023, and the related statements of revenue, expenses and changes in fund balance 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 Association 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 Shipyards Condominium Association, Inc. 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.

Summarized Comparative Information

We have previously reviewed Shipyard Condominium Association, Inc.'s 2022 financial statements, in our report dated March 17, 2023, stated that based on our review, we are not aware of any material modifications that should be made to the 2022 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized information presented herein as of the year ended December 31, 2022, for it to be consistent with the reviewed financial statements from which it has been derived.

Supplementary Information

The accompanying supplementary information, contained in the schedule of changes in accumulated funds for future major repairs and replacements and in the schedule of operating fund revenue and expenses – budget and actual, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. 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 the information about future major repairs and replacements of common property be presented to supplement the basic financial statements. Such information, 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have compiled the required supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on it.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Miramar Beach, Florida
March 4, 2024

Shipyard Condominium Association, Inc.
Balance Sheet

| <i>December 31,</i> | 2023 | | | 2022 |
|--|---------------------------|-----------------------------|---------------------|---|
| | Operating Fund | Replacement Fund | Total | Total (For Comparative Purposes) |
| Assets | | | | |
| Cash | \$ 612,311 | \$ - | \$ 612,311 | \$ 934,238 |
| Certificates of deposit | 50,042 | 93,149 | 143,191 | 141,925 |
| Investments | 45,321 | 1,849,777 | 1,895,098 | 1,669,591 |
| Accounts receivable, net of allowance for credit losses of \$0 | 13,084 | - | 13,084 | 18,718 |
| Prepaid expenses | 300,062 | - | 300,062 | 300,062 |
| Utility deposits | 1,767 | - | 1,767 | 1,767 |
| Interfund balance | 11,849 | (11,849) | - | - |
| Total assets | \$ 1,034,436 | \$ 1,931,077 | \$ 2,965,513 | \$ 3,066,301 |
| Liabilities and Fund Balance | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 49,702 | \$ - | \$ 49,702 | \$ 78,444 |
| Income tax payable | 7,450 | - | 7,450 | - |
| Prepaid assessments | 87,367 | - | 87,367 | 80,924 |
| Performance obligation | - | 1,931,077 | 1,931,077 | 1,754,213 |
| Total liabilities | 144,519 | 1,931,077 | 2,075,596 | 1,913,581 |
| Fund balance | 889,917 | - | 889,917 | 1,152,720 |
| Total liabilities and fund balance | \$ 1,034,436 | \$ 1,931,077 | \$ 2,965,513 | \$ 3,066,301 |

See accompanying notes and independent accountant's review report.

Shipyard Condominium Association, Inc.
Statement of Revenue, Expenses and Changes in Fund Balance

| <i>For the years ended December 31,</i> | 2023 | | | 2022 |
|--|---------------------------|-----------------------------|------------------|---|
| | Operating Fund | Replacement Fund | Total | Total (For Comparative Purposes) |
| Revenue | | | | |
| Regular assessments | \$ 1,868,940 | \$ 183,136 | \$ 2,052,076 | \$ 1,851,435 |
| Other investment income | 1,723 | - | 1,723 | - |
| Interest income | 1,507 | 67,190 | 68,697 | 23,605 |
| Miscellaneous income | 1,860 | - | 1,860 | 8,475 |
| Total revenue | 1,874,030 | 250,326 | 2,124,356 | 1,883,515 |
| Expenses | | | | |
| Administrative | 406,438 | - | 406,438 | 474,150 |
| Insurance | 1,376,926 | - | 1,376,926 | 686,631 |
| Maintenance and repairs | 110,322 | 250,326 | 360,648 | 294,634 |
| Income tax expense | 7,450 | - | 7,450 | - |
| Utilities | 235,697 | - | 235,697 | 39,824 |
| Total expenses | 2,136,833 | 250,326 | 2,387,159 | 1,495,239 |
| Excess (deficit) of revenue over expenses | (262,803) | - | (262,803) | 388,276 |
| Beginning fund balance | 1,152,720 | - | 1,152,720 | 764,444 |
| Ending fund balance | \$ 889,917 | \$ - | \$ 889,917 | \$ 1,152,720 |

See accompanying notes and independent accountant's review report.

Shipyard Condominium Association, Inc.
Statement of Cash Flows

| <i>For the years ended December 31,</i> | 2023 | | | 2022 | |
|---|---------------------------|-----------------------------|--------------|---|-------------|
| | Operating Fund | Replacement Fund | Total | Total (For Comparative Purposes) | |
| Operating activities | | | | | |
| Deficit of revenue over expenses | \$ (262,803) | \$ - | \$ (262,803) | \$ | 388,276 |
| Changes in operating assets and liabilities: | | | | | |
| Accounts receivable | 5,634 | - | 5,634 | | (15,542) |
| Income tax payable | 7,450 | - | 7,450 | | - |
| Accounts payable | (28,742) | - | (28,742) | | 74,564 |
| Performance obligation | - | 176,864 | 176,864 | | 212,905 |
| Prepaid assessments | 6,443 | - | 6,443 | | (16,514) |
| Interfund balance | (4,035) | 4,035 | - | | - |
| Net cash provided by operating activities | (276,053) | 180,899 | (95,154) | | 643,689 |
| Investing activities | | | | | |
| Investment purchases | (45,321) | (180,186) | (225,507) | | (1,669,591) |
| Additions to certificates of deposit | (553) | (713) | (1,266) | | 133,046 |
| Net cash provided by investing activities | (45,874) | (180,899) | (226,773) | | (1,536,545) |
| Net change in cash | (321,927) | - | (321,927) | | (892,856) |
| Cash at beginning of year | 934,238 | - | 934,238 | | 1,827,094 |
| Cash at end of year | \$ 612,311 | \$ - | \$ 612,311 | \$ | 934,238 |

See accompanying notes and independent accountant's review report.

Shipyards Condominium Association, Inc.

Notes to Financial Statements

NOTE 1: DESCRIPTION OF THE ORGANIZATION

Shipyards Condominium Association, Inc. ("Association"), a Florida not-for-profit corporation, was formed on August 13, 1990. Membership in the Association consists of the 183 residential unit owners of this Florida condominium. The condominium is located on approximately six acres in Key West, Florida.

The Association was organized for the purpose of maintaining and protecting the elements owned by the unit owners in common, including buildings, roads and parking areas, pools, landscaping, fencing, recreational areas and facilities. Disposition of common area property requires consent of the members in accordance with the governing documents and Florida Statutes.

All policy decisions, including the annual budget and owners' assessments, are formulated by the Board of Directors. Decisions are referred to the general Association membership before action is taken, when so required by the governing documents of the Association.

Management and accounting services are provided to the Association by The Community Association Company.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASU). The financial statements include certain prior year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Shipyard Condominium Association, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds

The Association is a not-for-profit organization that employs the fund method of accounting in order to properly account for restrictions on the expenditures resulting from actions of the Board of Directors, the Association voting membership, or applicable Florida Statutes. The financial statements segregate the accounting for such funds as operating or replacement funds. At the end of the year, excess funds are retained by the fund generating such excess during the year.

The operating fund is used to account for financial resources available for the general operation of the Association. Disbursements from the operating fund are generally at the discretion of the Board of Directors.

The replacement fund is used to account for assessments made for the major repair and replacement of common property, and related expenses. Disbursements from the replacement fund may only be utilized in accordance with Florida Statutes and the purposes established by the Board of Directors and the Association membership. Interest income earned in the replacement fund is allocated to the pooled components.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly-liquid debt instruments with an original maturity date of 90 days or less.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are reported at the outstanding balance due from members and others, net of any allowance for credit losses. The Association evaluates its receivables on an ongoing basis by analyzing owner relationships and previous payment histories. The allowance for credit losses is management's best estimate of the amount of probable credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When specific accounts are determined to be uncollectible, they are written off by charging the allowance and crediting the receivable.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the balance sheet. These items will be expensed over the applicable usage period.

Shipyards Condominium Association, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalization and Depreciation

Real property acquired by the Association is capitalized when it (a) is used to generate significant cash flows from members on the basis of usage or from nonmembers or (b) can be disposed of for cash with the Association retaining the proceeds. Real property acquired by the Association that does not meet these guidelines is not capitalized, and accordingly, replacements, major repairs, and improvements to this property are not capitalized; instead, they are reported as expenses in the fund making the expenditure. Real property that has not been capitalized is described in Note 1.

Contract Assets and Liabilities

Contract assets represent revenue recognized in excess of amounts billed. No such amounts are reported on the balance sheet as of December 31, 2023. Contract liabilities represent revenue collected in advance of the contract period or amounts billed in excess of revenue recognized. These liabilities are reported on the balance sheet as prepaid assessments and performance obligation liabilities.

Investment

The Association's investment is comprised of money market mutual funds and other debt securities that are publicly traded and have readily determinable fair values. These investments are reported at fair value as determined by quoted market prices, which represent Level 1 (money market mutual funds) and Level 2 (other debt securities) within the fair value hierarchy. The Association reports investments in equity securities with readily determined fair values and all investments in debt securities at their fair values in the balance sheet. The Association recognizes unrealized gains and losses on equity securities as a component of excess of revenue over expenses on the accompanying statement of revenue, expenses and changes in fund balance. Investment in debt securities recognizes unrealized gains and losses as a separate component of other comprehensive income. Realized gains or losses on the sale of investments are determined using the original cost of each security sold.

Reclassifications

Certain items for the prior year have been reclassified in the financial statements in order to conform with the current year presentation.

Revenue Recognition

The Association recognizes of revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue is recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The definition of customers includes the Association's members.

Shipyard Condominium Association, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Guidance

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration.

The Association adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only. Please refer to the accounts receivable from owners policy note.

Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued, March 4, 2024 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Shipyard Condominium Association, Inc.
Notes to Financial Statements

NOTE 3: OWNERS' ASSESSMENTS

Revenue and expenses are allocated to the unit owners equally. The rate for 2023 was \$1,015 per month. Budgeted assessment fees for the year ended December 31, 2023 totaled \$2,228,940 of which \$360,000 was allocated to the replacement fund.

The following table reconciles budgeted regular assessments to the amounts recognized as assessment revenue in the statement of revenue, expenses and changes in fund balance.

| <i>For the year ended December 31,</i> | 2023 | | |
|--|---------------------------|-----------------------------|---------------------|
| | Operating Fund | Replacement Fund | Total |
| Budgeted regular assessments | \$ 1,868,940 | \$ 360,000 | \$ 2,228,940 |
| Less additions to performance obligation | - | (176,864) | (176,864) |
| Total assessments | \$ 1,868,940 | \$ 183,136 | \$ 2,052,076 |

NOTE 4: REVENUE RECOGNITION

Performance Obligations

As disclosed in Note 2 to the financial statements, the Association's customers consist of its members, which are unit owners within the condominium. The contracts between these customers and the Association primarily relate to maintaining, managing and providing access to the property and amenities owned in common by the unit owners.

The Association's revenue is derived primarily from assessments to its members. The Association generally recognizes its revenue from contracts with customers over time with the exception of reserve assessments, which are being recognized at a point in time. As of December 31, 2023, the Association has reported a performance obligation liability totaling \$1,931,077, relating to the future major repair and/or replacement of specific components of common property. The assessments related to this performance obligation are generally reported in the replacement fund and will be recognized as revenue at the point in time when the funds are expended for their designated purpose.

Significant Judgments

For those revenue items recognized over time, the Association generally utilizes the input method of measurement, where revenue is recognized based on the Association's efforts towards the satisfaction of a performance obligation. For operating assessments, revenue is recognized as time elapses and the Association performs routine maintenance, protection, and management of the common area property. For replacement fund amounts, the Association recognizes revenue at the point in time when the related project expenses are incurred.

Shipyard Condominium Association, Inc.
Notes to Financial Statements

NOTE 4: REVENUE RECOGNITION (Continued)

Disaggregated Revenue

The Association derives its revenue from various activities and sources having different qualitative factors that may affect the amount, timing, or uncertainty of revenue and cash flows. The following chart contains disaggregated revenue information that reflects these qualitative factors.

| <i>For the year ended December 31,</i> | 2023 |
|---|--------------|
| <i>Recognized over time</i> | |
| Operating fund assessments | \$ 1,868,940 |
| Miscellaneous income | 1,860 |
| <i>Recognized at a point in time</i> | |
| Replacement fund assessments | 183,136 |
| <i>Not subject to ASC Topic 606</i> | |
| Interest income | 68,697 |
| Other investment income | 1,723 |
| Total revenue | \$ 2,124,356 |

The following table presents information about accounts receivable, contract assets, and contract liabilities.

| <i>For the year ended December 31,</i> | 2023 |
|---|-------------|
| Accounts receivable - beginning balance | \$ 18,718 |
| Accounts receivable - ending balance | 13,084 |
| Contract assets - no beginning or ending balance for the year | |
| Contract liabilities | |
| Prepaid assessments - beginning balance | 80,924 |
| Prepaid assessments - ending balance | 87,367 |
| Performance obligation liabilities - beginning balance | 1,754,213 |
| Performance obligation liabilities - ending balance | 1,931,077 |

Shipyard Condominium Association, Inc.
Notes to Financial Statements

NOTE 5: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents and Florida Statutes require the Association to accumulate funds for future major repairs and replacements, unless otherwise decided by the voting membership. The Association has adopted a program to accumulate funds for estimated future major repairs and replacements through regular assessments. The Association is using the cash flow method of funding the replacement fund, which pools the reserve components.

The Association conducted a study in 2023 to estimate the remaining useful lives and replacement costs of the major components of common property. The Board of Directors annually reviews this information as part of its budget process. As a part of this review, the Board re-evaluates the estimated remaining useful lives and the estimated replacement costs of each of the components of the replacement fund. The Board of Directors last performed a review of the estimated replacement costs, remaining lives, and funding requirements for the reserve components in 2023.

The Association is funding for future major repairs and replacements over the estimated useful lives of the components based on the study's estimates of replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the funding amount of \$360,000, based on a full funding plan, was included in the 2023 budget.

Actual expenditures may vary from the estimated amounts and the variations may be significant. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right to increase regular assessments, to levy special assessments, or it may delay major repairs and replacements until funds are available.

NOTE 6: INCOME TAXES

The Association elected to file its tax return for 2023 as a regular corporation on Form 1120. As such, the Association must comply with Internal Revenue Code (IRC) Section 277, which applies to certain membership organizations. Under IRC Section 277, the Association is required to separate membership income and expenses from non-membership income and expenses. Each component is taxed separately; however, net membership income is exempt from taxation if certain elections are made. For the year ended December 31, 2023, the Association's net non-membership taxable income was approximately \$35,500, which resulted in federal income tax of \$7,450. The Association had no state income tax for the year ended December 31, 2023.

Shipyard Condominium Association, Inc. Notes to Financial Statements

NOTE 6: INCOME TAXES (Continued)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association's policy is to record interest expense or penalties related to income tax in (operating) expense. For the year ended December 31, 2023, no interest or penalties were paid or accrued. The Association is subject to routine audits by taxing jurisdictions; however, there are no audits for any tax periods in progress. The Association's management believes it is no longer subject to income tax examinations for years prior to 2020.

NOTE 7: CREDIT RISK

The Association assesses regular and special assessments to its members. It is the Association's policy to turn over significantly past due accounts for collection and to file liens against the individual condominium units. Should the collection of any such liens be enforced by the sale of the unit, the collectability of the receivable is dependent on the quick sale market value of the unit, and the amount of any such other liens that have priority. Market value may be influenced by the real estate market in Key West, Florida.

The Association places its cash and certificates of deposit with federally insured financial institutions. At times, the balances at these financial institutions may exceed the FDIC insured limit. The Association has cash deposits with financial institutions at December 31, 2023, in excess of federally insured limits.

In addition, the Association has invested funds with an investment firm that is insured by the Security Investors Protection Corporation (SIPC). SIPC provides a maximum coverage of \$500,000 for securities, including a maximum \$100,000 for cash claims. SIPC coverage does not extend to declines in market value.

NOTE 8: INVESTMENTS

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Shipyard Condominium Association, Inc.
Notes to Financial Statements

NOTE 8: INVESTMENTS (Continued)

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - Observable; or
 - Can be corroborated by observable market data.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The investments fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

At December 31, 2023, the Association reported investments totaling \$1,895,098, which consist of money market mutual funds and other debt securities. These investments are reported at fair value as determined by quoted market prices, which represents Level 1 (i.e. money market mutual funds) and Level 2 (other debt securities) within the fair value hierarchy. Other investment income totaling \$1,723 are included in the replacement fund on the statement of revenue, expenses and changes in fund balance.

NOTE 9: CERTIFICATES OF DEPOSIT

At December 31, 2023, the Association had \$50,042 of operating fund monies and \$93,149 of replacement fund monies in certificates of deposit at a local financial institution. The carrying value of these certificates of deposit is cost plus accrued interest, which approximates fair value. These certificates mature at various times in 2027.

NOTE 10: WINDSTORM DEDUCTIBLE

The insurance policy for windstorm coverage renewed June 2023. The deductible amount for named hurricane storms is estimated at \$930,200, which represents 5% of the insured value of the residential building.

Supplementary Information

Shipyard Condominium Association, Inc.
Schedule of Changes in Accumulated Funds for Future Major Repairs and Replacements

For the year ended December 31,

2023

| Component | Beginning Balance | Additions | Subtractions | Transfer In(Out) | Ending Balance |
|--------------------------|--------------------------|-------------------|---------------------|-------------------------|-----------------------|
| Pooled items: | | | | | |
| Roofing | | | \$ (6,100) | | |
| Painting | | | (57,433) | | |
| Replace & Restoration | | | (96,543) | | |
| Termite Treatment | | | (90,250) | | |
| Total pooled items | \$ 1,754,213 | \$ 360,000 | (250,326) | \$ 67,190 | \$ 1,931,077 |
| Non-pooled items: | | | | | |
| Interest | - | 67,190 | | (67,190) | - |
| Total | \$ 1,754,213 | \$ 427,190 | \$ (250,326) | \$ - | \$ 1,931,077 |

December 31,

2023

| | |
|----------------------------------|---------------------|
| Performance obligation liability | \$ 1,931,077 |
| Replacement fund balance | - |
| Total | \$ 1,931,077 |

See independent accountant's review report.

Shipyard Condominium Association, Inc.
Schedule of Operating Fund Revenue and Expenses – Budget and Actual

For the year ended December 31,

2023

| | Actual | Budget | Variance Favorable (Unfavorable) |
|----------------------------------|--------------|--------------|--|
| Revenue | | | |
| Regular assessments | \$ 1,868,940 | \$ 1,868,940 | \$ - |
| Other investment income | 1,723 | - | 1,723 |
| Interest income | 1,507 | 4,800 | (3,293) |
| Miscellaneous income | 1,860 | 600 | 1,260 |
| Total revenue | 1,874,030 | 1,874,340 | (310) |
| Expenses | | | |
| Administrative | 406,438 | 548,114 | 141,676 |
| Income tax expense | 7,450 | - | (7,450) |
| Insurance | 1,376,926 | 1,017,232 | (359,694) |
| Maintenance and repairs | 110,322 | 76,500 | (33,822) |
| Utilities | 235,697 | 232,494 | (3,203) |
| Total expenses | 2,136,833 | 1,874,340 | (262,493) |
| Deficit of revenue over expenses | \$ (262,803) | \$ - | \$ (262,803) |

See independent accountant's review report.

Shipyard Condominium Association, Inc.
Supplementary Information on Future Major Repairs and Replacements

The following table is based on the reserve study conducted in 2023 and presents significant information about the components of common property:

| Component | Estimated Remaining Useful Life (Years) | Estimated Replacement Cost | Accumulated Funds at 12/31/2023 |
|--------------------------|--|----------------------------------|---------------------------------------|
| Pooled items: | | | |
| Roofing | 15-22 | \$ 2,505,370 | |
| Painting | 1 | 524,079 | |
| Paving | 5-30 | 573,266 | |
| Pool & Cabana | 1-22 | 140,150 | |
| Plumbing & Electrical | 16-26 | 830,752 | |
| Replace & Restoration | 1-39 | 3,095,634 | |
| Termite Treatment | 0-1 | 54,000 | |
| Total pooled items | | | \$ 1,931,077 |
| Non-pooled items: | | | |
| Interest | N/A | N/A | - |
| Total | | \$ 7,723,251 | \$ 1,931,077 |

See independent accountant's review report.