

**HIGH POINT OF DELRAY BEACH
CONDOMINIUM ASSOCIATION SECTION 2, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2020



Gerstle, Rosen & Goldenberg, P.A.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Unit Owners
High Point of Delray Beach Condominium Association Section 2, Inc.

Dear Members:

Report on the Financial Statements

We have audited the accompanying financial statements of High Point of Delray Beach Condominium Association Section 2, Inc., which comprise the balance sheet as of December 31, 2020, and the related statements of revenues, expenses and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of High Point of Delray Beach Condominium Association Section 2, Inc., as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Required Supplementary Information On Future Major Repairs and Replacements

Accounting principles generally accepted in the United States of America require that the Supplementary Information on Future Major Repairs and Replacements 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Detailed Statement of Operating Revenues and Expenses Budget Comparison is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Gerstle, Rosen & Goldenberg, P.A.

Gerstle, Rosen & Goldenberg, P.A.
Certified Public Accountants
Boca Raton, Florida

November 30, 2021

**HIGH POINT OF DELRAY BEACH
CONDOMINIUM ASSOCIATION SECTION 2, INC.**

BALANCE SHEET

December 31, 2020

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 303,044	\$ 1,178,525	\$ 1,481,569
Certificate of Deposit		210,299	210,299
Accounts Receivable, Net of Allowance For Uncollectible Accounts of \$ 17,878	9,693		9,693
Prepaid Insurance	23,281		23,281
Prepaid Expenses	10,763		10,763
Due To/From Funds	(12,452)	12,452	
TOTAL ASSETS	<u>\$ 334,329</u>	<u>\$ 1,401,276</u>	<u>\$ 1,735,605</u>
LIABILITIES AND FUND BALANCES			
Loan Payable	\$ 227,766	\$	\$ 227,766
Prepaid Maintenance Fees	24,256		24,256
Contract Liability - Deferred Reserves		1,326,745	1,326,745
TOTAL LIABILITIES	<u>252,022</u>	<u>1,326,745</u>	<u>1,578,767</u>
Fund Balances	<u>82,307</u>	<u>74,531</u>	<u>156,838</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 334,329</u>	<u>\$ 1,401,276</u>	<u>\$ 1,735,605</u>

The Accompanying Notes Are An Integral Part Of This Financial Statement.

**HIGH POINT OF DELRAY BEACH
CONDOMINIUM ASSOCIATION SECTION 2, INC.**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES**

Year Ended December 31, 2020

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
REVENUES			
Maintenance Fees	\$ 887,874	\$ 58,270	\$ 946,144
Bad Debts	(17,878)		(17,878)
Interest Income	1,001	6,907	7,908
Late Fees	2,150		2,150
Admin Fees	4,900		4,900
Laundry Income	4,500		4,500
Miscellaneous Income	125		125
	<u>882,672</u>	<u>65,177</u>	<u>947,849</u>
TOTAL REVENUES			
EXPENSES			
Insurance	259,411		259,411
Landscaping	85,550		85,550
Maintenance	94,896		94,896
Loan Expense	11,648		11,648
Administrative	5,659		5,659
Office	2,222		2,222
Admin Services	74,369		74,369
Pool	19,205		19,205
Professional Fees	13,075		13,075
Utilities	326,357		326,357
Reserve Expenditures		58,270	58,270
	<u>892,392</u>	<u>58,270</u>	<u>950,662</u>
TOTAL EXPENSES			
EXCESS REVENUES (OVER EXPENSES)	(9,720)	6,907	(2,813)
FUND BALANCES - BEGINNING	97,803	61,848	159,651
INTERFUND TRANSFER	(5,776)	5,776	0
FUND BALANCES - ENDING	<u>\$ 82,307</u>	<u>\$ 74,531</u>	<u>\$ 156,838</u>

The Accompanying Notes Are An Integral Part Of This Financial Statement.

**HIGH POINT OF DELRAY BEACH
CONDOMINIUM ASSOCIATION SECTION 2, INC.**

STATEMENT OF CASH FLOWS

Year Ended December 31, 2020

	OPERATING FUND	REPLACEMENT FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
EXCESS REVENUES (EXPENSES)	\$ (9,720)	\$ 6,907	\$ (2,813)
ADJUSTMENTS TO RECONCILE EXCESS REVENUES (EXPENSES) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
DECREASE (INCREASE) IN ASSETS:			
Accounts Receivable - Net of Allowance	(2,841)		(2,841)
Prepaid Insurance	(8,102)		(8,102)
Prepaid Expenses	(10,763)		(10,763)
Due To/From Funds	99,141	(99,141)	
INCREASE (DECREASE) IN LIABILITIES:			
Prepaid Maintenance Fees	12,363		12,363
Contract Liability - Deferred Reserves		100,430	100,430
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>80,078</u>	<u>8,196</u>	<u>88,274</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Certificate of Deposit		(1,754)	(1,754)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>0</u>	<u>(1,754)</u>	<u>(1,754)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interfund Transfer	(5,776)	5,776	0
Proceeds From (Payments On) Loan	(107,137)		(107,137)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(112,913)</u>	<u>5,776</u>	<u>(107,137)</u>
NET INCREASE (DECREASE) IN CASH	(32,835)	12,218	(20,617)
CASH AND CASH EQUIVALENTS			
AT BEGINNING OF PERIOD	<u>335,879</u>	<u>1,166,307</u>	<u>1,502,186</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 303,044</u>	<u>\$ 1,178,525</u>	<u>\$ 1,481,569</u>

Operating activities reflect interest paid of \$107,137

The Accompanying Notes Are An Integral Part Of This Financial Statement.

**HIGH POINT OF DELRAY BEACH
CONDOMINIUM ASSOCIATION SECTION 2, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

1. ORGANIZATION

High Point of Delray Beach Condominium Association Section 2, Inc. is a statutory condominium association incorporated on June 6, 1971, in the State of Florida. The Association is responsible for the operation and maintenance of the common property of High Point of Delray Beach Condominium Association Section 2, Inc. and consists of 276 units located in Delray Beach, Florida.

2. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 30, 2021, the date that the financial statements were available to be issued.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Association uses the accrual method of accounting, i.e., revenues are recognized as earned and expenses are recorded in the period in which they are incurred.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

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

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

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.

HIGH POINT OF DELRAY BEACH
CONDOMINIUM ASSOCIATION SECTION 2, INC.

NOTES TO FINANCIAL STATEMENTS
Continued

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments plus late fees, if applicable from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are delinquent according to its collection policy. Management determines the allowance for doubtful accounts by identifying troubled accounts through periodic review of accounts receivable aging schedules. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The balances of assessments receivable as of the beginning and end of the year are \$6,852 and \$9,693, respectively.

Contract Liability (Assessments received in advance - Replacement Fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance - Replacement Fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The balances of contract liability (assessments received in advance - Replacement Fund) as of the beginning and end of the year are \$1,226,315 and \$1,326,745, respectively. (Note 4)

Cash and Cash Equivalents

For presentation purposes, cash and cash equivalents consists of checking and money market accounts.

Certificate of Deposit

The Association holds a certificate of deposit totaling \$210,299, bearing interest rate of .10%. This certificate has an original maturity of greater than 90 days, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

HIGH POINT OF DELRAY BEACH
CONDOMINIUM ASSOCIATION SECTION 2, INC.

NOTES TO FINANCIAL STATEMENTS
Continued

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Real property and common area property acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the owners in common and not by the Association. Capital Expenditures are charged to the designated funds. Generally, personal property purchased by the Association is expensed.

Use of Estimates

The Association uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Fair Value Measurement

Under FASB ASC 820, *Fair Value Measurements and Disclosures*, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Association has determined that there was no material difference between the carrying value and fair value of its financial assets and liabilities at December 31, 2020; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2020.

4. FUTURE MAJOR REPAIRS AND REPLACEMENTS

Florida Statutes provide that each proposed budget include provisions for reserves for capital improvements and deferred maintenance. These accounts, if adopted, are restricted to their intended purpose unless modified by a qualified unit owner vote. In addition, any special assessments adopted are also restricted to their specific purpose.

The approved budget includes provisions for reserves for capital improvements and deferred maintenance. At a duly constituted meeting, the Association elected to partially waive reserve funding for the current fiscal year based on a study conducted by an independent reserve study specialist in September, 2015 to estimate the remaining useful lives and the replacement costs of the common property components, as disclosed in the Supplementary information. Actual expenditures, however, may vary from the estimated amounts, and the variations may be material. 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 levy special assessments, or delay major repairs and replacements until funds are available.

HIGH POINT OF DELRAY BEACH
CONDOMINIUM ASSOCIATION SECTION 2, INC.

NOTES TO FINANCIAL STATEMENTS
Continued

December 31, 2020

4. FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

The balance of the Replacement Fund at December 31, 2020, consists of the following:

COMPONENTS	BALANCE 12/31/2019	INTEREST/ ASSESSMENTS	TRANSFERS	EXPENDITURES	BALANCE 12/31/2020
Roofing	\$798,520	\$96,000	\$0	\$0	\$894,520
Paving	278,419	17,400	0	(44,420)	251,399
Painting	88,879	14,100	0	(2,225)	100,754
Pool	30,497	1,200	0	(11,625)	20,072
Water Services	30,000	30,000	0	0	60,000
SUB-TOTAL CONTRACT LIABILITY - DEFERRED RESERVES	1,226,315	0	0	0	1,326,745
FUND BALANCE - Unallocated Interest	61,848	6,907	5,776	0	74,531
TOTAL LIABILITIES AND FUND BALANCE	\$1,288,163	\$165,607	\$5,776	(\$58,270)	\$1,401,276

The Association does not allocate interest earned on the replacements fund to specific replacement components as earned, but does so periodically depending on projected requirements.

Florida Statute requires that replacement funds be accounted for separately and be fully funded. The Due To/From reflects an amount of \$12,452, by which the reserves are under funded. The Association should make the necessary cash transfer in order to correct this situation.

HIGH POINT OF DELRAY BEACH
CONDOMINIUM ASSOCIATION SECTION 2, INC.

NOTES TO FINANCIAL STATEMENTS
Continued

December 31, 2020

5. INCOME TAXES

The Association is subject to federal and state taxation and has essentially two methods to determine the amount of tax, if any, it must pay. Under one method, the excess of revenues from members over related expenditures is subject to taxation unless such excess is returned to the unit owners or applied to the following year's assessments (Section 277 of the Internal Revenue Code). The other method enables the Association to elect to exclude from taxation "exempt function income," (Section 528 of the Internal Revenue Code), which generally consists of revenue from unit owner assessments. Under either method, the Association may be subject to tax on investment income and other non-exempt income, but at different rates.

The Association will file its 2020 federal income tax return on Form 1120H under Section 528 of the Internal Revenue Code.

There is no current year provision for income taxes.

The Association has evaluated its tax positions and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the Income Taxes Topic of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC").

The Association has no income tax returns under examination by the Internal Revenue Service. The Association believes it is no longer subject to income tax examinations for years prior to 2017.

6. NOTE PAYABLE

The Association financed the clubhouse repairs and roof replacement projects with two loans. During 2012, the Association entered into an agreement with a bank to consolidate the remaining principal balances on the clubhouse repairs loan and roof replacement loan by refinancing them into one new fixed rate loan. The loan is being paid at a fixed rate of 3.99% over ten (10) years with the final payment due in December 2022. The loan is collateralized by assessments.

The principal payments for each year through maturity are as follows:

YEAR	PRINCIPAL PAYMENT
2021	\$ 111,717
2022	116,049
TOTAL	<u>\$ 227,766</u>

For the current year ended, the Association had \$118,785 of loan payments, consisting of \$107,137 of principal and \$11,648 of interest.

HIGH POINT OF DELRAY BEACH
CONDOMINIUM ASSOCIATION SECTION 2, INC.

NOTES TO FINANCIAL STATEMENTS
Continued

December 31, 2020

7. CONCENTRATION OF CREDIT RISK

As of December 31, 2020, the Association maintained cash and cash equivalent balances which exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Association has not experienced any losses related to these cash balances and believes it is not exposed to any significant risk on these accounts.

8. CONTINGENCIES

Insurance Deductible

The current property insurance policy contains a deductible for hurricane damage. Should the Association incur an uninsured loss, the Association has the right to increase maintenance fees, pass a special assessment or delay repairs until funds are available.

Legal

The Association is from time-to-time subject to complaints and claims, including litigation, arising in the ordinary course of business. As of the date of this report, the Association believes that there are no claims or complaints of which it is currently aware that will materially affect its business, financial position, or future operating results.

COVID-19

In December 2019, a novel strain of coronavirus ("COVID-19") was reported to have surfaced in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" and characterized COVID-19 as a pandemic. The U.S. government has also implemented enhanced screenings, quarantine requirements, and travel restrictions in connection with the COVID-19 outbreak. The spread of this virus began causing business disruptions domestically beginning in January 2020 that are anticipated to continue for the near future. The Association may be impacted but the extent of the impact on the Association's operational and financial performance will depend on future developments, including the duration and spread of the outbreak, related travel restrictions and the impact of the COVID-19 pandemic on overall demand for the Association's services. As of the date of this report, the impact cannot be predicted.

9. COMMITMENTS

The Association has various contract services to maintain the common property including cable television service, common area landscaping, pool service, trash service, and pest control. These contracts have different expiration dates and renewal terms.

HIGH POINT OF DELRAY BEACH
CONDOMINIUM ASSOCIATION SECTION 2, INC.

NOTES TO FINANCIAL STATEMENTS
Continued

December 31, 2020

10. CLUBHOUSE AND ROOF LOAN DEFICIT

A deficit was incurred when the Association financed the clubhouse repairs and roof replacement projects totaling \$975,549. Based on industry practice and set forth in FASB ASC 972-360, no assets were capitalized in the financial statements because loan proceeds were used for common property that is restricted. Accordingly, costs were recognized as expenses and the corresponding amounts owed to the bank as loan payable.

Over the repayment period, funds needed to repay the loan are obtained from the members by putting a line item provision on the Association's annual budget. See Note #6 for loan activity.

SUPPLEMENTARY INFORMATION

HIGH POINT OF DELRAY BEACH
CONDOMINIUM ASSOCIATION SECTION 2, INC.

SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS

December 31, 2020
(Unaudited)

The Association has conducted an independent reserve study (November 2015) to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on estimates from historical experience. Actual expenditures may vary from these estimated amounts and the variance may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The following presents significant information about the components of common property:

<u>COMPONENTS</u>	<u>ESTIMATED REMAINING USEFUL LIVES</u>	<u>ESTIMATED CURRENT REPLACEMENT COSTS</u>	<u>2021 FUNDING REQUIREMENT</u>
Painting	2 Years	\$135,000	\$15,000
Paving	7 Years	387,000	15,714
Pool	3 Years	48,000	13,000
Roofing	8 Years	1,700,000	95,000
Water Services	3 Years	150,000	30,000
TOTAL		<u>\$2,420,000</u>	<u>\$168,714</u>

The Board of Directors approved the 2021 budget funding the reserves for \$140,400.

See independent auditors' report.

HIGH POINT OF DELRAY BEACH
CONDOMINIUM ASSOCIATION SECTION 2, INC.

SUPPLEMENTARY INFORMATION

DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON

Year Ended December 31, 2020

	<u>ACTUAL</u>	<u>BUDGET (Unaudited)</u>	<u>VARIANCE</u>
<u>REVENUES:</u>			
Maintenance Fees	\$887,874	\$887,892	(\$18)
Bad Debt	(17,878)	(6,000)	(11,878)
Interest Income	1,001	500	501
Late Fees	2,150	2,500	(350)
Admin Fees	4,900	5,000	(100)
Laundry Income	4,500	4,500	0
Miscellaneous Income	125	793	(668)
Total Revenues	<u>882,672</u>	<u>895,185</u>	<u>(12,513)</u>
<u>EXPENSES:</u>			
<u>INSURANCE</u>			
Insurance Premiums	259,411	180,000	(79,411)
TOTAL INSURANCE	<u>259,411</u>	<u>180,000</u>	<u>(79,411)</u>
<u>LANDSCAPING</u>			
Lawn & Fert. Contract	62,200	62,500	300
Trees-Remove/Replace	7,750	0	(7,750)
Tree Trimming	15,350	15,000	(350)
Landscaping Trees Plants	250	5,000	4,750
TOTAL LANDSCAPING	<u>85,550</u>	<u>82,500</u>	<u>(3,050)</u>
<u>MAINTENANCE</u>			
General Bldgs. & Common Area	36,357	34,000	(2,357)
Clubhouse	35,942	25,000	(10,942)
Lake/Sprinklers/Plumb	3,336	4,000	664
Assn Owned Unit	393	0	(393)
Pest Control	12,168	10,000	(2,168)
Building Repairs	6,700	8,000	1,300
TOTAL MAINTENANCE	<u>94,896</u>	<u>81,000</u>	<u>(13,896)</u>

See independent auditors' report.

HIGH POINT OF DELRAY BEACH
CONDOMINIUM ASSOCIATION SECTION 2, INC.

SUPPLEMENTARY INFORMATION

DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON

Year Ended December 31, 2020

	ACTUAL	BUDGET (Unaudited)	VARIANCE
<u>EXPENSES(Continued):</u>			
<u>LOAN EXPENSE</u>			
BU Loan Principal	0	118,785	118,785
BU Loan Interest	11,648	0	(11,648)
TOTAL LOAN EXPENSE	<u>11,648</u>	<u>118,785</u>	<u>107,137</u>
<u>ADMINISTRATIVE</u>			
License, Taxes & Fees	2,384	1,000	(1,384)
Bank Service Charges	98	0	(98)
Credit Reports	820	1,000	180
General Expenses	772	1,000	228
Phone & Internet	896	2,300	1,404
Computer Equipment & Repairs	689	500	(189)
Election Expense	0	1,000	1,000
TOTAL ADMINISTRATIVE	<u>5,659</u>	<u>6,800</u>	<u>1,141</u>
<u>OFFICE</u>			
Office Supplies	615	1,000	385
Postage & Election	381	1,000	619
Printing	1,226	1,000	(226)
TOTAL OFFICE	<u>2,222</u>	<u>3,000</u>	<u>778</u>
<u>ADMIN SERVICES</u>			
Maintenance Services	40,569	39,000	(1,569)
Office	33,800	34,000	200
TOTAL ADMIN SERVICES	<u>74,369</u>	<u>73,000</u>	<u>(1,369)</u>
<u>POOL</u>			
Pool Contract	4,300	5,000	700
Pool Supplies & Repairs	14,905	5,000	(9,905)
TOTAL POOL	<u>19,205</u>	<u>10,000</u>	<u>(9,205)</u>
<u>PROFESSIONAL FEES</u>			
Year End Audit & Tax	4,100	4,100	0
Legal & Accounting	8,975	11,000	2,025
TOTAL PROFESSIONAL FEES	<u>13,075</u>	<u>15,100</u>	<u>2,025</u>
<u>UTILITIES</u>			
Cable TV	120,779	122,000	1,221
Electric	36,815	36,000	(815)
Water, Sewer, Garbage	168,763	167,000	(1,763)
TOTAL UTILITIES	<u>326,357</u>	<u>325,000</u>	<u>(1,357)</u>
Total Operating Expenses	<u>892,392</u>	<u>895,185</u>	<u>2,793</u>
Excess Operating Revenues (Expenses)	<u>(\$9,720)</u>	<u>\$0</u>	<u>(\$9,720)</u>

See independent auditors' report.

Form **1120-H**Department of the Treasury
Internal Revenue Service**U.S. Income Tax Return
for Homeowners Associations**

OMB No. 1545-0123

2020Go to www.irs.gov/Form1120H for instructions and the latest information.

For calendar year 2020 or tax year beginning , and ending

TYPE OR PRINT	Name HIGH POINT OF DELRAY BEACH CAI #2	Employer identification number 59-1503589
	Number, street, and room or suite no. If a P.O. box, see instructions. 245 HIGH POINT BLVD.	Date association formed
	City or town, state or province, country, and ZIP or foreign postal code DELRAY BEACH FL 33445	

Check if: (1)	Final return (2)	Name change (3)	Address change (4)	Amended return
A Check type of homeowners association:	Condominium management association	<input checked="" type="checkbox"/> Residential real estate association	Timeshare association	
B Total exempt function income. Must meet 60% gross income test. See instructions		B	1,028,696	
C Total expenditures made for purposes described in 90% expenditure test. See instructions		C	927,119	
D Association's total expenditures for the tax year. See instructions		D	950,662	
E Tax-exempt interest received or accrued during the tax year		E		

Gross Income (excluding exempt function income)

1 Dividends	1	
2 Taxable interest	2	7,908
3 Gross rents	3	
4 Gross royalties	4	
5 Capital gain net income (attach Schedule D (Form 1120))	5	
6 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	6	
7 Other income (excluding exempt function income) (attach statement) STMT 1	7	11,675
8 Gross income (excluding exempt function income). Add lines 1 through 7	8	19,583

Deductions (directly connected to the production of gross income, excluding exempt function income)

9 Salaries and wages	9	
10 Repairs and maintenance	10	
11 Rents	11	
12 Taxes and licenses	12	
13 Interest	13	
14 Depreciation (attach Form 4562)	14	
15 Other deductions (attach statement) STMT 2	15	23,543
16 Total deductions. Add lines 9 through 15	16	23,543
17 Taxable income before specific deduction of \$100. Subtract line 16 from line 8	17	-3,960
18 Specific deduction of \$100	18	100

Tax and Payments

19 Taxable income. Subtract line 18 from line 17	19	-4,060
20 Enter 30% (0.30) of line 19. (Timeshare associations, enter 32% (0.32) of line 19.)	20	0
21 Tax credits (see instructions)	21	
22 Total tax. Subtract line 21 from line 20. See instructions for recapture of certain credits	22	0
23a 2019 overpayment credited to 2020 23a		
b 2020 estimated tax payments 23b	c Total 23c	
d Tax deposited with Form 7004 23d		
e Credit for tax paid on undistributed capital gains (attach Form 2439) 23e		
f Credit for federal tax paid on fuels (attach Form 4136) 23f		
g Add lines 23c through 23f 23g		
24 Amount owed. Subtract line 23g from line 22. See instructions	24	0
25 Overpayment. Subtract line 22 from line 23g	25	
26 Enter amount of line 25 you want: Credited to 2021 estimated tax Refunded	26	

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

May the IRS discuss this return with the preparer shown below? See Instr. ☐ Yes ☐ No

Print/Type preparer's name ROBERT N ROSEN CPA	Preparer's signature	Date 12/02/21	Check <input type="checkbox"/> If self-employed	PTIN P00930797
Firm's name GERSTLE, ROSEN & GOLDENBERG, P.A.	Firm's EIN 65-0675434			
Firm's address 3835 NW BOCA RATON BLVD STE 100 BOCA RATON, FL 33431	Phone no. 561-447-4000			

For Paperwork Reduction Act Notice, see separate instructions.

Form **1120-H** (2020)

Federal Statements

FYE: 12/31/2020

Statement 1 - Form 1120-H, Line 7 - Other Income

Description	Amount
LATE FEES	\$ 2,150
SCREENING FEES	4,900
LAUNDRY INCOME	4,500
MISCELLANEOUS INCOME	125
TOTAL	<u>\$ 11,675</u>

Statement 2 - Form 1120-H, Line 15 - Other Deductions

Description	Amount
OFFICE EXPENSE	\$ 5,070
INSURANCE	7,777
ELECRICITY	736
WATER & SEWER	3,375
ACCOUNTING	500
MANAGEMENT FEES	6,085
TOTAL	<u>\$ 23,543</u>

Gerstle, Rosen & Goldenberg, P.A.
3835 NW Boca Raton Blvd Ste 100
Boca Raton, FL 33431
561-447-4000

Filing Instructions

HIGH POINT OF DELRAY BEACH CAI #2

Form 1120-H

U.S. Income Tax Return for Homeowners Associations

Taxable Year Ended December 31, 2020

Date Due: AS SOON AS POSSIBLE

Remittance: None is required. No amount is due or overpaid.

Mail To: Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0012

Signature: The return should be signed and dated by an authorized officer of the corporation.