

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2022



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:

Opinion

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, 2022, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of High Point of Delray Beach Condominium Association Section 2, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Effect of Adopting New Accounting Standard

As discussed in Note 3 to the financial statements, as of January 1, 2022, the Association adopted FASB ASC 842, *Leases*, the first applicable year which supersedes existing accounting standards for leases and requires associations to account for leases as either finance leases or operating leases and to recognize right-of-use lease assets and corresponding lease liabilities on the balance sheet for all leases other than leases with terms of 12 months or less. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about High Point of Delray Beach Condominium Association Section 2, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 High Point of Delray Beach Condominium Association Section 2, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about High Point of Delray Beach Condominium Association Section 2, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are 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.

Disclaimer of Opinion on Required Supplementary Information

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 is the responsibility of management and, 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 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 2, 2023

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

BALANCE SHEET

December 31, 2022

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 181,962	\$ 1,484,839	\$ 1,666,801
Accounts Receivable, Net of Allowance For Uncollectible Accounts of \$ 572	15,024		15,024
Prepaid Insurance	34,097		34,097
Due To/From Funds	9,038	(9,038)	
TOTAL ASSETS	<u><u>\$ 240,121</u></u>	<u><u>\$ 1,475,801</u></u>	<u><u>\$ 1,715,922</u></u>
LIABILITIES AND FUND BALANCES			
Accrued Expenses	\$ 4,300	\$	\$ 4,300
Payroll Taxes Payable	256		256
Prepaid Maintenance Fees	23,637		23,637
Contract Liability - Deferred Reserves		1,406,767	1,406,767
TOTAL LIABILITIES	<u>28,193</u>	<u>1,406,767</u>	<u>1,434,960</u>
Fund Balances	<u>211,928</u>	<u>69,034</u>	<u>280,962</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 240,121</u></u>	<u><u>\$ 1,475,801</u></u>	<u><u>\$ 1,715,922</u></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, 2022

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
REVENUES			
Maintenance Fees	\$ 1,104,566	\$ 212,643	\$ 1,317,209
Bad Debts	(1,147)		(1,147)
Interest Income	650	3,966	4,616
Late Fees	1,525		1,525
Admin Fees	11,500		11,500
Laundry Income	4,500		4,500
Miscellaneous Income	125		125
TOTAL REVENUES	<u>1,121,719</u>	<u>216,609</u>	<u>1,338,328</u>
EXPENSES			
Insurance	318,443		318,443
Landscaping	98,215		98,215
Maintenance	99,786		99,786
Loan Expense	2,885		2,885
Administrative	17,328		17,328
Office	2,869		2,869
Admin Services	107,490		107,490
Pool	9,205		9,205
Professional Fees	31,030		31,030
Utilities	355,706		355,706
Payroll Taxes	8,975		8,975
Reserve Expenditures		212,643	212,643
TOTAL EXPENSES	<u>1,051,932</u>	<u>212,643</u>	<u>1,264,575</u>
EXCESS REVENUES (OVER EXPENSES)	69,787	3,966	73,753
FUND BALANCES - BEGINNING	142,141	65,068	207,209
FUND BALANCES - ENDING	<u>\$ 211,928</u>	<u>\$ 69,034</u>	<u>\$ 280,962</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, 2022

	OPERATING FUND	REPLACEMENT FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
EXCESS REVENUES (EXPENSES)	\$ 69,787	\$ 3,966	\$ 73,753
ADJUSTMENTS TO RECONCILE EXCESS REVENUES (EXPENSES) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
DECREASE (INCREASE) IN ASSETS:			
Accounts Receivable - Net of Allowance	17,623		17,623
Other Receivable	65,649		65,649
Prepaid Insurance	(3,435)		(3,435)
Due To/From Funds	(19,738)	19,738	
INCREASE (DECREASE) IN LIABILITIES:			
Accrued Expenses	1,200		1,200
Prepaid Maintenance Fees	(6,707)		(6,707)
Contract Liability - Deferred Reserves		(55,743)	(55,743)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>124,379</u>	<u>(32,039)</u>	<u>92,340</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds From (Payments On) Loan	(116,040)		(116,040)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(116,040)</u>		<u>(116,040)</u>
NET INCREASE (DECREASE) IN CASH	8,339	(32,039)	(23,700)
CASH AND CASH EQUIVALENTS			
AT BEGINNING OF PERIOD	<u>173,623</u>	<u>1,516,878</u>	<u>1,690,501</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 181,962</u>	<u>\$ 1,484,839</u>	<u>\$ 1,666,801</u>

Operating activities reflect interest paid of \$2,885

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, 2022

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 2, 2023, 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, 2022

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 \$32,647 and \$15,024, 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 \$1,462,510 and \$1,406,767, respectively. (See Note 4)

Cash and Cash Equivalents

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

Prepaid Insurance and Insurance Payable

Prepaid Insurance of \$34,097, as presented on the Balance Sheet, is shown net of the related financing agreement insurance payable of \$96,037.

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.

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

NOTES TO FINANCIAL STATEMENTS
Continued

December 31, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2022.

Adoption of FASB ASC 842 - Leases

Effective January 1, 2022, the Association adopted FASB ASC 842, Leases. The Association determines if an arrangement contains a lease at inception based on whether the Association has the right to control the asset during the contract period and other facts and circumstances. The Association elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification. The Association has elected the short-term lease practical expedient related to leases of various equipment, which require that lease payments be expensed on a straight-line basis over the lease term. The adoption of FASB ASC 842 did not have a material impact on the Association's results of operations or cash flows.

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 August, 2022 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, 2022

4. FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

The balance of the Replacement Fund at December 31, 2022, consists of the following:

COMPONENTS	BALANCE 12/31/2021	INTEREST/ ASSESSMENTS	PRIOR PERIOD ADJUSTMENT	EXPENDITURES	BALANCE 12/31/2022
Roofing	\$990,520	\$108,000	\$0	(\$52,170)	\$1,046,350
Paving	268,799	17,400	0	0	286,199
Painting	115,754	15,000	0	(149,903)	(19,149)
Pool	32,072	16,500	0	(2,625)	45,947
Water Services	55,365	0	0	(7,945)	47,420
SUB-TOTAL CONTRACT LIABILITY - DEFERRED RESERVES	1,462,510	156,900	0	(212,643)	1,406,767
Fund Balance - Unallocated Interest	65,068	3,966	0	0	69,034
TOTAL LIABILITIES AND FUND BALANCE	\$1,527,578	\$160,866	\$0	(\$212,643)	\$1,475,801

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 allows commingling of operating and replacement funds if the replacement funds are accounted for separately and fully funded.

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

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2022

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 2022 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 2019.

6. CONCENTRATION OF CREDIT RISK

As of December 31, 2022, 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.

7. 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 Loan has been paid off during the current year.

For the current year ended, the Association had \$118,925 of loan payments, consisting of \$116,040 of principal and \$2,885 of interest and other fees.

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

NOTES TO FINANCIAL STATEMENTS
Continued

December 31, 2022

8. OTHER RECEIVABLE

During November 2021, the Association was involved in fraud involving fraudulent checks. The checks were issued and cleared out of the Association's not closed checking account. Three of the checks were reproduced with altered Payee and account information. The Association was credited on January 26, 2022 for 4 out of the 5 fraudulent checks to the newly opened checking account. The Association created a receivable in the amount of \$65,649 of the total balance of 5 fraudulent checks. As of December 31, 2022 the Association received the full amount owed to the Association.

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.

10. SUBSEQUENT EVENT

As of the Report Date, the following subsequent events are reported.

Special Assessment

On July 24, 2023, the Board of Directors passed a Special Assessment to fund the increase in insurance costs in the amount of \$300,000. This was due in 2 payments on September 15, 2023 and October 15, 2023.

11. 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, management 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.

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

NOTES TO FINANCIAL STATEMENTS
Continued

December 31, 2022

11. CONTINGENCIES (Continued)

Senate Bill 4D -- "Milestone Inspections" and "Structural Integrity Reserve Study"

In 2022, the Florida legislature passed Senate Bill 4D regarding condominium building safety laws. Among other things, the new law mandates "milestone inspections" of condominium buildings. The requirements for the inspection vary based on the characteristics of the structure. The new law also requires a "structural integrity reserve study" to be performed at least every ten years and members cannot opt-out of the mandatory funding of reserves for structural integrity components, regardless of a membership vote. The new law takes effect immediately, however, the legislature has provided a two-year period for compliance with many of the requirements.

SUPPLEMENTARY INFORMATION

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

SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS

December 31, 2022
(Unaudited)

The Association has conducted an independent reserve study (August, 2022) 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>2023 FUNDING REQUIREMENT</u>
Clubhouse	0-37 Years	\$264,970	\$21,952
Exterior Building	5-15 Years	2,515,750	318,804
Pool Facility	0-18 Year	189,555	15,409
Property Site	1-22 Years	886,038	45,606
TOTAL		<u>\$3,856,313</u>	<u>\$401,771</u>

The Board of Directors approved the 2023 budget funding the reserves for \$261,000.

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, 2022

	<u>ACTUAL</u>	<u>BUDGET (Unaudited)</u>	<u>VARIANCE</u>
<u>REVENUES:</u>			
Maintenance Fees	\$1,104,566	\$1,103,316	\$1,250
Bad Debt	(1,147)	(6,000)	4,853
Interest Income	650	500	150
Late Fees	1,525	3,000	(1,475)
Admin Fees	11,500	0	11,500
Laundry Income	4,500	4,500	0
Miscellaneous Income	125	869	(744)
Application Fee	0	6,000	(6,000)
Total Revenues	<u>1,121,719</u>	<u>1,112,185</u>	<u>9,534</u>
<u>EXPENSES:</u>			
<u>INSURANCE</u>			
Insurance Premiums	315,830	330,000	14,170
Insurance Claim	2,613	5,000	2,387
TOTAL INSURANCE	<u>318,443</u>	<u>335,000</u>	<u>16,557</u>
<u>LANDSCAPING</u>			
Lawn & Fert. Contract	62,000	68,000	6,000
Trees-Remove/Replace	21,840	0	(21,840)
Tree Trimming	14,375	15,000	625
Landscaping Trees Plants	0	5,000	5,000
TOTAL LANDSCAPING	<u>98,215</u>	<u>88,000</u>	<u>(10,215)</u>
<u>MAINTENANCE</u>			
General Bldgs. & Common Area	40,301	35,000	(5,301)
Clubhouse	14,321	6,000	(8,321)
Lake/Sprinklers/Plumb	3,930	4,000	70
Assn Owned Unit	750	0	(750)
Painting	5,000	0	(5,000)
Pest Control	7,790	13,000	5,210
Building Repairs	27,694	10,000	(17,694)
TOTAL MAINTENANCE	<u>99,786</u>	<u>68,000</u>	<u>(31,786)</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, 2022

	ACTUAL	BUDGET (Unaudited)	VARIANCE
<u>EXPENSES(Continued):</u>			
<u>LOAN EXPENSE</u>			
BU Loan Principal	0	118,785	118,785
BU Loan Interest	2,885	0	(2,885)
TOTAL LOAN EXPENSE	<u>2,885</u>	<u>118,785</u>	<u>115,900</u>
<u>ADMINISTRATIVE</u>			
License, Taxes & Fees	11,027	1,000	(10,027)
Bank Service Charges	1,374	100	(1,274)
Credit Reports	1,290	1,000	(290)
General Expenses	1,429	1,000	(429)
Phone & Internet	932	1,000	68
Computer Equipment & Repairs	209	500	291
Election Expense	1,067	1,000	(67)
TOTAL ADMINISTRATIVE	<u>17,328</u>	<u>5,600</u>	<u>(11,728)</u>
<u>OFFICE</u>			
Office Supplies	513	1,000	487
Postage & Election	960	1,000	40
Printing	1,396	1,000	(396)
TOTAL OFFICE	<u>2,869</u>	<u>3,000</u>	<u>131</u>
<u>ADMIN SERVICES</u>			
Clubhouse	14,022	15,000	978
Maintenance	52,450	49,000	(3,450)
Office Staff	37,505	37,000	(505)
Payroll Fee	3,513	2,000	(1,513)
TOTAL ADMIN SERVICES	<u>107,490</u>	<u>103,000</u>	<u>(4,490)</u>
<u>POOL</u>			
Pool Contract	5,285	5,000	(285)
Pool Supplies & Repairs	3,920	6,000	2,080
TOTAL POOL	<u>9,205</u>	<u>11,000</u>	<u>1,795</u>
<u>PROFESSIONAL FEES</u>			
Legal	24,855	10,000	(14,855)
Accounting	4,300	4,300	0
Document Update	0	6,000	6,000
Reserve Study	1,875	5,000	3,125
TOTAL PROFESSIONAL FEES	<u>31,030</u>	<u>25,300</u>	<u>(5,730)</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, 2022

	<u>ACTUAL</u>	<u>BUDGET (Unaudited)</u>	<u>VARIANCE</u>
<u>EXPENSES(Continued):</u>			
<u>UTILITIES</u>			
Cable TV	138,569	137,500	(1,069)
Electric	49,064	38,000	(11,064)
Water, Sewer, Garbage	168,073	169,000	927
<u>TOTAL UTILITIES</u>	<u>355,706</u>	<u>344,500</u>	<u>(11,206)</u>
<u>PAYROLL TAXES</u>			
Fed Payroll Tax	8,140	8,000	(140)
FL UCT Tax	835	2,000	1,165
<u>TOTAL PAYROLL TAXES</u>	<u>8,975</u>	<u>10,000</u>	<u>1,025</u>
Total Operating Expenses	<u>1,051,932</u>	<u>1,112,185</u>	<u>60,253</u>
Excess Operating Revenues (Expenses)	<u>\$69,787</u>	<u>\$0</u>	<u>\$69,787</u>

See Independent auditors' report.