

WINSTON TOWERS 100 ASSOCIATION, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Unit Owners  
Winston Towers 100 Association, Inc.  
Sunny Isles Beach, Florida

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of Winston Towers 100 Association, Inc. (the "Association"), which comprise the balance sheet as of December 31, 2023, and the related statements of revenues and expenses and changes in fund balance (accumulated deficit), 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 the Association as of December 31, 2023, 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 (GAAS). 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 the Association 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.

### ***Emphasis of Matters***

#### **Accumulated Deficit in the Operating Fund**

As discussed in Note 5, the accompanying financial statements reflect an accumulated deficit of \$872,860 in the Operating Fund. Our opinion is not modified with respect to this matter.

#### **Future Major Repairs and Replacements**

As discussed in Note 4, the Association has voted to waive funding in the current year, as in all prior years, for future major repairs and replacements ("reserves"). Our opinion is not modified with respect to this 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 the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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.



## **Auditor's Responsibilities for the Audit of the Financial Statements - Continued**

In performing an audit in accordance with GAAS 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 the Association'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 the Association'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 findings, and certain internal control-related matters that we identified during the audit.

### **Report on Supplementary Information**

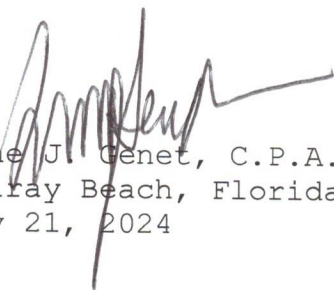
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of budgeted and actual revenues and expenses - operating fund; budgeted and actual repairs and maintenance and contract expenses - operating fund; and budgeted and actual utilities, personnel and general and administrative expenses - operating fund, all for the year ended December 31, 2023, on pages 20 through 22, are presented for purposes of additional analysis and are not required parts of the financial statements.

**Report on Supplementary Information - (Continued)**

The schedules referred to above are the responsibility of the Association's management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information (except for the budget information, which was compiled without audit or review from information that is the representation of management (directors and officers)), 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**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, on pages 23 - 24, 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 Statements 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 GAAS, which consisted of inquires of management (directors and officers) 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.



Lane J. Genet, C.P.A., P.A.  
Delray Beach, Florida  
May 21, 2024

WINSTON TOWERS 100 ASSOCIATION, INC.  
BALANCE SHEET  
DECEMBER 31, 2023

	<u>Operating Fund</u>	<u>Special Assessment Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 307,892	\$ 8,117,887	\$ 8,425,779
Assessments receivable, net	12,020	5,250,915	5,262,935
Prepaid expenses	<u>560,144</u>	<u>8,322</u>	<u>568,466</u>
TOTAL ASSETS	<u>\$ 880,056</u>	<u>\$13,377,124</u>	<u>\$14,257,180</u>
LIABILITIES AND FUND BALANCE (ACCUMULATED DEFICIT)			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 117,625	\$ 653,384	\$ 771,009
Insurance financing	590,932	-	590,932
Assessments received in advance	461,640	-	461,640
Deferred revenue:			
Special assessment III	-	3,721,352	3,721,352
Special assessment IV	361,000	350,000	711,000
Bank loan payable	-	8,466,556	8,466,556
Security deposits	<u>221,719</u>	<u>-</u>	<u>221,719</u>
TOTAL LIABILITIES	1,752,916	13,191,292	14,944,208
FUND BALANCE (ACCUMULATED DEFICIT)	<u>(872,860)</u>	<u>185,832</u>	<u>(687,028)</u>
TOTAL LIABILITIES AND FUND BALANCE (ACCUMULATED DEFICIT)	<u>\$ 880,056</u>	<u>\$13,377,124</u>	<u>\$14,257,180</u>

The accompanying notes are an integral part of these financial statements.



WINSTON TOWERS 100 ASSOCIATION, INC.  
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE  
(ACCUMULATED DEFICIT)  
YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Special Assessment Fund	Total
<b>REVENUES:</b>			
Member assessments	\$2,299,310	\$3,954,597	\$ 6,253,907
Special assessment IV	289,000	-	289,000
Cable TV and internet	250,003	-	250,003
Parking	224,020	-	224,020
Appliance repair	78,144	-	78,144
Valet	57,494	-	57,494
Miscellaneous	48,439	-	48,439
Laundry	35,178	-	35,178
TOTAL REVENUES	3,281,588	3,954,597	7,236,185
<b>EXPENSES:</b>			
Repairs and maintenance	270,737	3,633,091	3,903,828
Insurance	1,666,450	-	1,666,450
Contract	767,391	-	767,391
Utilities	694,834	-	694,834
Personnel	505,186	-	505,186
Interest	-	321,506	321,506
General and administrative	198,853	-	198,853
Provision for losses on assessments receivable	53,258	-	53,258
TOTAL EXPENSES	4,156,709	3,954,597	8,111,306
<b>EXCESS OF EXPENSES OVER REVENUES</b>	(875,121)	-	(875,121)
<b>FUND BALANCE (ACCUMULATED DEFICIT) - BEGINNING OF YEAR</b>	(1,400,397)	98,490	(1,301,907)
Transfer between funds	1,402,658	(1,402,658)	-
Prior period adjustment	-	1,490,000	1,490,000
<b>FUND BALANCE (ACCUMULATED DEFICIT) - END OF YEAR</b>	\$ (872,860)	\$ 185,832	\$ (687,028)

The accompanying notes are an integral part of these financial statements.

WINSTON TOWERS 100 ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2023

	<u>Operating</u> <u>Fund</u>	<u>Special</u> <u>Assessment</u> <u>Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Member assessments			
collected	\$2,719,126	\$1,865,517	\$ 4,584,643
Special assessment IV	650,000	350,000	1,000,000
Cable TV and internet	250,003	-	250,003
Parking	224,020	-	224,020
Appliance repair	78,144	-	78,144
Miscellaneous	183,987	-	183,987
CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,105,280</u>	<u>2,215,517</u>	<u>6,320,797</u>
Repairs and maintenance	266,904	3,393,998	3,660,902
Insurance	1,701,338	-	1,701,338
Contract	798,330	-	798,330
Utilities	681,710	-	681,710
Personnel	486,053	-	486,053
Interest	-	300,221	300,221
General and administrative	199,269	-	199,269
Provision for losses on assessments receivable	53,258	-	53,258
CASH USED BY OPERATING ACTIVITIES	<u>4,186,862</u>	<u>3,694,219</u>	<u>7,881,081</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(81,582)</u>	<u>(1,478,702)</u>	<u>(1,560,284)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Due to (from) other fund	(1,750,458)	1,750,458	-
Principal borrowings on bank loan, net	-	4,482,493	4,482,493
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(1,750,458)</u>	<u>6,232,951</u>	<u>4,482,493</u>

The accompanying notes are an integral part of these financial statements.



WINSTON TOWERS 100 ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023

	<u>Operating Fund</u>	<u>Special Assessment Fund</u>	<u>Total</u>
Interfund transfer	1,402,658	(1,402,658)	-
NET INCREASE (DECREASE) IN CASH	(429,382)	3,351,591	2,922,209
CASH AND CASH EQUIVALENTS:			
- BEGINNING OF YEAR	<u>737,274</u>	<u>4,766,296</u>	<u>5,503,570</u>
- END OF YEAR	<u>\$ 307,892</u>	<u>\$8,117,887</u>	<u>\$8,425,779</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of expenses over Revenues	\$ (875,121)	\$ -	\$ (875,121)
Adjustments to reconcile excess of expenses over revenues to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
Assessments receivable	12,170	2,710,593	2,722,763
Prepaid expenses	327,846	(8,322)	319,524
Accounts payable and accrued expenses	4,735	268,700	273,435
Insurance financing	(362,734)	-	(362,734)
Assessments received in advance	407,646	-	407,646
Deferred revenue:			
Special assessments	361,000	(4,449,673)	(4,088,673)
Security deposits	<u>42,876</u>	<u>-</u>	<u>42,876</u>
Net adjustments	<u>793,539</u>	<u>(1,478,702)</u>	<u>(685,163)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (81,582)</u>	<u>\$ (1,478,702)</u>	<u>\$ (1,560,284)</u>

The accompanying notes are an integral part of these financial statements.

WINSTON TOWERS 100 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

ORGANIZATION

Winston Towers 100 Association, Inc. (the "Association") was organized as a Florida not-for-profit corporation in 1970, pursuant to the Florida Condominium Act, for the purpose of maintaining and preserving the common property of Winston Towers 100, a condominium building containing 408 residential units, located in Sunny Isles Beach, Florida.

FUND ACCOUNTING

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. Disbursements from the operating fund are generally at the discretion of the Board of Directors.

Special Assessment Fund - This fund is used to accumulate financial resources from special assessments. Disbursements from the special assessment fund may be made only for their designated purposes.

Revenues and expenses are presented on the accrual basis, on which basis revenues are recognized as earned and expenses are recognized as incurred.

CASH EQUIVALENTS

Cash equivalents consist of checking accounts and money market funds. The Association's policy is to invest its cash and cash equivalents with reputable financial institutions.

Financial instruments, which potentially subject the Association to concentration of credit risk, consist primarily of cash and cash equivalents. The Association invests its excess cash in money market accounts with major financial institutions. At December 31,

WINSTON TOWERS 100 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS  
(CONTINUED)

CASH EQUIVALENTS - (CONTINUED)

2023, the market values of the money market funds approximated their cost. The Association has not experienced any losses related to these investments. The Association believes it is not exposed to any significant credit risk on its cash and cash equivalents.

MEMBER ASSESSMENTS

Maintenance assessments, which are based upon a budget established annually by the Board of Directors, are levied against the unit owners for their proportionate share of common expenses and, unless waived by an annual vote of the membership, for funds designated for reserves. Maintenance assessments revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. Performance obligations related to operating assessments are satisfied over time on a daily pro-rata basis. Any excess assessments in the operating fund at year-end are retained by the Association for use in the succeeding year.

Performance obligations related to reserve assessments, if any, and special assessments, are satisfied when these funds are expended for their designated purposes.

Special assessments may be imposed from time-to-time as deemed appropriate by the Board of Directors. The Association recognizes interest and late fees on delinquent assessments, as provided for in its governing documents.

RECOGNITION OF ASSETS

Real property common areas and related improvements are not recorded in these financial statements since title to these properties is vested with individual unit owners in common (on a pro-rata basis) and not with the Association. The Association will capitalize, at cost, personal property which it acquires with Association funds.



WINSTON TOWERS 100 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS  
(CONTINUED)

DEFERRED REVENUE - SPECIAL ASSESSMENT FUND

Deferred revenue - special assessment fund represents the portion of the special assessments for which costs have not yet been incurred. The balances of deferred revenue - special assessment fund as of the beginning and end of the year were \$9,165,950 and \$5,211,352, respectively. See Note 3.

DEFERRED REVENUE - SPECIAL ASSESSMENT IV

Deferred revenue - special assessment IV represents the unamortized portion of the special assessment related to the Association's insurance premiums and for the anticipated costs of the installation of control valves in each air conditioning units, which costs have not yet been incurred. The balance of deferred revenue - special assessment IV as of the end of the year was \$711,000. See Note 3.

INCOME TAXES

The Association is subject to Federal and State taxation and has 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. The other method, used for 2023, enables the Association to elect to exclude from taxation exempt function income, 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 tax rates.

There was no income tax liability for the year ended December 31, 2023.

The Association classifies interest and penalties charged on underpayments, if any, of income tax as administrative and general expense. 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

WINSTON TOWERS 100 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS  
(CONTINUED)

INCOME TAXES - Continued

has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. 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 income tax returns could be subject to examination, generally for a period of three years after the dates the returns are filed.

ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences may be material.

NOTE 2 - ASSESSMENTS RECEIVABLE

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments to unit owners. The Association considers assessments delinquent if they are more than ten days in arrears. The Association may retain legal counsel and place a lien on property of any unit owner whose assessments are sixty days or more past due. Maintenance assessments receivable is stated net of an allowance for doubtful accounts of \$64,000 in the operating fund and \$130,000 in the special assessment fund. 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 - operating fund, net, as of the beginning and end of



WINSTON TOWERS 100 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023

NOTE 2 - ASSESSMENTS RECEIVABLE - Continued

the year were \$24,190 and \$12,020, respectively. The balances of assessments receivable - special assessments fund, net, as of the beginning and end of the year were \$7,961,508 and \$5,250,915, respectively.

NOTE 3 - SPECIAL ASSESSMENTS, BANK LOAN PAYABLE AND SUBSEQUENT EVENTS

*Special Assessment Phase II - 2021*

In April 2021, the Board of Directors passed a special assessment of \$1,700,000 to provide funds for the second phase of numerous construction projects within the condominium building. These projects include concrete and pool restoration repair, replacing pool furniture and equipment, waterproofing pool equipment room and bathroom floors, plumbing repairs, boiler and generator repairs, roof doors repairs, garage access controls - bar code and maintenance account shortages.

The special assessment was payable in one of three methods: (1) in a lump sum; (2) in three consecutive and equal monthly installments commencing May 2021; or (3) based on the same repayment terms as the original \$1,700,000 bank loan, with the interest separately billed to the unit owner. The special assessment is based on each member's proportionate share of ownership.

In April 2021, to provide immediate funding for the above-referenced construction projects, the Association obtained a \$1,700,000 bank loan. The loan provided proceeds to allow the Association to immediately pay for sums outlined in the proposals received for such projects. In June 2022, the then loan balance of \$1,377,843 was repaid from proceeds of a new \$9,377,843 bank loan obtained for Special Assessment Phase III. See below

In August 2022, the unit owners voted to utilize funds from Special Assessment II and III of \$1,490,000 to cover the increase in cost of the Association's insurance premiums.

WINSTON TOWERS 100 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023

NOTE 3 - SPECIAL ASSESSMENTS, BANK LOAN PAYABLE AND SUBSEQUENT EVENTS -  
(CONTINUED)

*Special Assessment Phase II - 2021 - Continued*

At August 2022, the Association had expended \$1,170,704 on the above construction projects and had remaining unspent funds from the special assessment of \$529,296, which were utilized for the payment of the Association's insurance premiums. See Note 9.

*Special Assessment - Phase III - 2022*

In June 2022, the Board of Directors passed a special assessment of \$11,300,000 for the third phase of the construction projects. The improvements include restoration of the pool deck, both floors of the garages, swimming pool, installing a new roof, engineer life-safety system work, security cameras in the building, garages and perimeter of the building, asphalt repair in the front of the building, elevator modifications, generator replacement, lobby ceiling and mechanical replacements, garbage chute replacement, water heaters replacement, signs and reimbursement of the operating fund.

The special assessment was payable in one of three methods: (1) in a lump sum; (2) in three consecutive and equal monthly installments commencing July 2022; or (3) in sixty equal monthly principal and interest installments commencing July 2022, with interest at 5.25% per annum. The special assessment is based on each member's proportionate share of ownership.

In June 2022, in order to provide immediate funding for the above-referenced Phase III construction projects, the Association obtained a \$9,377,843 bank loan. The loan provided proceeds to pay off the Phase II bank loan in the amount of \$1,377,843 (see above) and to obtain \$8,000,000 additional funding for the Association to immediately pay for sums outlined in the proposals received for such projects. At December 31, 2023, the Association had drawn \$8,466,556 on the bank loan. Monthly interest payments are due through June 2024 at a rate of 5.25% per annum. Commencing July 2024 and continuing through May 2027, monthly interest and principal installments of \$282,436 are due. The entire unpaid principal balance and unpaid interest is due June 2027. Interest paid on the bank loan for the year ended December 31, 2023 was \$321,506.

WINSTON TOWERS 100 ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED DECEMBER 31, 2023

NOTE 3 - SPECIAL ASSESSMENTS, BANK LOAN PAYABLE AND SUBSEQUENT EVENTS - (CONTINUED)

Through December 31, 2023, the Association had expended \$7,578,648 on the above-referenced construction projects. The unspent portion of the special assessment, \$3,721,352, is reflected as deferred revenue in the special assessment fund in the accompanying financial statements.

Assuming full funding of the loan, the principal maturities of the \$9,377,843 bank loan, for the years subsequent to December 31, 2023 are as follows:

Years Ending December 31,	
2024	\$ 1,462,443
2025	3,042,350
2026	3,205,973
2027	1,667,077
	<u>\$ 9,377,843</u>

*Special Assessment - Phase IV - 2023*

In July 2023, the Board of Directors passed a \$1,000,000 special assessment to provide funding of \$650,000 to cover the increase in insurance premiums and \$350,000 for the installation of control valves in each air conditioning unit. The special assessment is payable in one or four equal consecutive monthly installments based on each unit owner's pro-rate share, commencing September 2023.

The unamortized portion of the special assessment insurance premium increase is included in deferred revenue in the operating fund in the accompanying financial statement. Since, as of December 31, 2023, the Association had not yet signed a contract for the air conditioning control valve portion of the special assessment, such costs incurred in 2023, totaling \$8,322, are reflected as prepaid expenses in the special assessments fund in the accompanying financial statement.

NOTE 4 - FUTURE MAJOR REPAIRS AND REPLACEMENTS ("RESERVES")

Chapter 718 of the Florida Statutes and the Association's governing documents require that the Association's budget include assessments for reserves, unless waived by an annual vote of the unit owners.



WINSTON TOWERS 100 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023

NOTE 4 - FUTURE MAJOR REPAIRS AND REPLACEMENTS ("RESERVES")

Such assessments shall be for items including, but not limited to, roof replacement, building painting, pavement resurfacing and for any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000. These funds, if adopted, are restricted to their intended purpose unless modified by a qualified unit owner vote. (See Note 8 regarding Structural Integrity Reserve Study.

The unit owners voted to waive funding for reserves for 2023, as they have since the Association's inception. When funds are needed for major repairs and replacements, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined.

NOTE 5 - ACCUMULATED DEFICIT IN THE OPERATING FUND

At December 31, 2023, there was an accumulated deficit of \$872,860 in the operating fund. As of the date these financial statements were available to be issued, management was in the process of determining the resolution of this matter.

NOTE 6 - PASS-THROUGH ITEMS

In addition to the monthly maintenance fees, the unit owners were assessed \$250,000 for cable TV and internet charges and \$78,144 for appliance repair costs under contracts entered into by the Association.

NOTE 7 - COMMITMENTS

The Association has various agreements for the maintenance of the common property and for other services. Generally, the agreements may be canceled within thirty days advance written notice by either party.

WINSTON TOWERS 100 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023

NOTE 8 - CONTINGENCIES

STRUCTURAL INTEGRITY RESERVE STUDY

Section 718.112(2)(g) of the Florida Statutes requires residential condominiums to have a structural integrity study ("study") completed by December 31, 2024 for each building on the condominium property that is three stories or higher, as determined by the Florida Building Code. The study must be completed at least every ten years and shall cover, at a minimum, the following items as related to the structural integrity and the safety of the building: roof, load-bearing walls and other primary structural members and systems, fireproofing and fire protection systems, plumbing, electrical systems, waterproofing and exterior painting, windows and exterior doors, and any other item that has a deferred maintenance expense or replacement cost that exceeds \$10,000 and the failure to replace or maintain such item negatively affects the aforementioned items, as determined by the visual inspection portion of the study.

Pursuant to Section 718.112(2)(f) of the Florida Statutes requires that, for a budget adopted on or after December 31, 2024, members of a unit-owner controlled condominium association that must obtain a structural integrity reserve study may not determine to provide no reserves or less reserves than required by the study, nor vote to use reserve funds, or any interest accruing thereon, for any purpose other than the replacement or deferred maintenance costs of the components identified in the preceding paragraph.

The financial impact of this change is unknown at this time.

INSURANCE MATTERS

The Association is exposed to a geographic concentration of damaging weather due to the potential for major hurricanes in the state of Florida. These circumstances could lead to material damage to assets and revenue streams of the Association. Where possible the Association attempts to mitigate the risk of hurricane damage through insurance. The Association's insurance policy is renewed through May 2024. The Association has different coverages and deductibles for each type of Association property but losses from future catastrophic weather events may require additional assessments.



WINSTON TOWERS 100 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023

NOTE 8 - CONTINGENCIES - Continued

The Association maintains insurance coverage for damage that could be caused by a hurricane to the property maintained by the Association. According to the Association's insurance policy, the calendar year hurricane deductible is 3% of the total insured value of the condominium building and contents. The Association has not set aside funds towards covering the deductible. Accordingly, the Association is responsible for any deductibles or shortfalls for these contingencies and any such losses could require funding by the unit owners in the form of a special assessment and/or increased maintenance assessments. As certain other expenses may be incurred by the Association in the event of a hurricane, the ultimate extent of any such loss in excess of the deductible cannot be determined.

LITIGATION

The Association is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of the Board of Directors, the resolution of any such matters will not have a material effect on the Association's financial position, results of operations or cash flows.

NOTE 9 - PRIOR PERIOD ADJUSTMENT

In August 2022, the unit owners voted to transfer funds of \$1,490,000 from Special Assessments II and III to cover increased insurance premiums. The effect of this prior period adjustment is an increase of \$1,490,000 in the beginning balance of the special assessment fund balance in the accompanying financial statements.

NOTE 10- SUBSEQUENT EVENTS

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 21, 2024, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

WINSTON TOWERS 100 ASSOCIATION, INC.  
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES - OPERATING FUND  
YEAR ENDED DECEMBER 31, 2023

	<u>Adopted Budget</u> (Unaudited)	<u>Actual</u>	<u>Variance</u> (Unaudited)
<b>REVENUES:</b>			
Member assessments	\$2,299,310	\$2,299,310	\$ -
Special assessment - insurance shortfall	-	289,000	289,000
Cable TV and internet	250,000	250,003	3
Parking	226,380	224,020	(2,360)
Appliance repair	78,144	78,144	-
Valet	36,000	57,494	21,494
Miscellaneous	-	25,358	25,358
Laundry	24,000	35,178	11,178
Screening	10,000	11,229	1,229
Gate/Key/Garage Cards	6,000	5,923	(77)
Moving fees	4,800	5,929	1,129
	<u>2,934,634</u>	<u>3,281,588</u>	<u>346,954</u>
<b>EXPENSES:</b>			
Repairs and maintenance	132,700	270,737	(138,037)
Insurance	707,900	1,666,450	(958,550)
Contract	968,880	767,391	201,489
Utilities	663,000	694,834	(31,834)
Personnel	367,400	505,186	(137,786)
General and administrative	89,754	198,853	(109,099)
Provision for uncollectible accounts	5,000	53,258	(48,258)
	<u>2,934,634</u>	<u>4,156,709</u>	<u>(1,222,075)</u>
<b>EXCESS OF EXPENSES OVER REVENUES</b>	<u>\$ -</u>	<u>\$ (875,121)</u>	<u>\$ (875,121)</u>

WINSTON TOWERS 100 ASSOCIATION, INC.  
SCHEDULE OF BUDGETED AND ACTUAL REPAIRS AND MAINTENANCE  
AND CONTRACT EXPENSES -  
OPERATING FUND  
YEAR ENDED DECEMBER 31, 2023

	Adopted Budget (Unaudited)	Actual	Variance (Unaudited)
REPAIRS AND MAINTENANCE:			
Supplies	\$ 50,000	\$ 127,022	\$ (77,022)
Building	25,000	74,207	(49,207)
Fire equipment/alarm system	20,000	27,224	(7,224)
Landscape extras	2,000	17,807	(15,807)
Fitness	-	7,757	(7,757)
Plumbing	2,500	7,347	(4,847)
Fire pump system	3,000	3,553	(553)
Paint	-	3,015	(3,015)
Electrical	-	1,100	(1,100)
HVAC	10,000	936	9,064
Elevator	13,600	769	12,831
Contingency	6,600	-	6,600
	<u>\$ 132,700</u>	<u>\$ 270,737</u>	<u>\$ (138,037)</u>
CONTRACT:			
Cable TV and internet	\$ 250,000	\$ 221,632	\$ 28,368
Security	325,000	207,473	117,527
Janitorial	204,000	153,178	50,822
HVAC	75,000	80,784	(5,784)
Pest control	28,800	33,248	(4,448)
Trash removal	36,000	31,838	4,162
Elevator	34,800	30,004	4,796
A/C water treatment	6,000	7,533	(1,533)
Trash odor control	5,280	1,701	3,579
Generator	4,000	-	4,000
	<u>\$ 968,880</u>	<u>\$ 767,391</u>	<u>\$ 201,489</u>

WINSTON TOWERS 100 ASSOCIATION, INC.  
 SCHEDULE OF BUDGETED AND ACTUAL UTILITIES, PERSONNEL AND  
 GENERAL AND ADMINISTRATIVE EXPENSES - OPERATING FUND  
 YEAR ENDED DECEMBER 31, 2023

	<u>Adopted Budget</u> (Unaudited)	<u>Actual</u>	<u>Variance</u> (Unaudited)
UTILITIES:			
Water and sewer	\$ 409,000	\$ 415,308	\$ (6,308)
Electricity	206,000	238,118	(32,118)
Natural gas	42,000	32,262	9,738
Telephone	<u>6,000</u>	<u>9,146</u>	<u>(3,146)</u>
	<u>\$ 663,000</u>	<u>\$ 694,834</u>	<u>\$ (31,834)</u>
PERSONNEL:			
Payroll	\$ 330,000	\$ 456,897	\$ (126,897)
Payroll taxes and related costs	35,400	46,849	(11,449)
Contract labor	<u>2,000</u>	<u>1,440</u>	<u>560</u>
	<u>\$ 367,400</u>	<u>\$ 505,186</u>	<u>\$ (137,786)</u>
GENERAL AND ADMINISTRATIVE:			
Legal fees	\$ 10,000	\$ 95,459	\$ (85,459)
Accounting	35,304	36,758	(1,454)
Office supplies	11,000	32,018	(21,018)
Computer service	9,000	13,759	(4,759)
Printing	1,500	5,528	(4,028)
WT complex dues and fees	5,400	5,400	-
Licenses and permits	7,500	4,803	2,697
Miscellaneous	8,050	4,528	3,522
Postage	<u>2,000</u>	<u>600</u>	<u>1,400</u>
	<u>\$ 89,754</u>	<u>\$ 198,853</u>	<u>\$ (109,099)</u>



WINSTON TOWERS 100 ASSOCIATION, INC.  
 SUPPLEMENTARY INFORMATION ON  
 FUTURE MAJOR REPAIRS AND REPLACEMENTS  
 DECEMBER 31, 2023  
 (UNAUDITED)

An independent study to estimate the remaining useful lives and current replacement costs of common property components has not been conducted. The Board's estimates of the remaining useful lives and the current replacement costs of the common property components are based on historical trends.

The following table presents significant information about the components of common property.

<u>Component</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>2024 Full Funding</u>
Fencing	10	\$ 15,900	\$ 1,590
Garage Gates, doors	5	47,541	9,508
Sign/monument	20	18,000	900
Utility doors	-	30,000	30,000
Entrance west and east doors	10	20,000	2,000
Gate operators	-	14,000	14,000
Traction elevators - modernize	25	1,750,000	70,000
HVAC (1 <sup>st</sup> floor areas) - replace	-	45,300	45,300
HVAC (Elevator rooms) - replace	-	19,350	19,350
HVAC auditorium	8	21,000	2,650
HVAC corridors	4	280,000	70,000
Exhaust fans	3	42,000	14,000
Cooling tower	13	360,000	27,692
HVAC pumps (50HP)	14	18,000	6,000
Trash compactors	-	20,000	20,000
Fire sprinkler pump	-	160,000	160,000
Interior surfaces - repaint	8	290,000	36,250
Stucco repair	8	480,000	60,000
Carpeting	-	326,500	326,500
Mailboxes	24	39,050	1,627

WINSTON TOWERS 100 ASSOCIATION, INC.  
 SUPPLEMENTARY INFORMATION ON  
 FUTURE MAJOR REPAIRS AND REPLACEMENTS  
 DECEMBER 31, 2023  
 (UNAUDITED) - (CONTINUED)

<u>Component</u>	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs	2024 Full Funding
Fitness room	4	\$ 41,900	\$ 10,475
Fitness equipment	3	60,000	20,000
Kitchen	-	17,900	17,900
Bathrooms	20	58,780	2,939
Billard room	-	27,175	27,175
Saunas	-	124,000	124,000
Game room	-	12,500	12,500
Office	-	17,900	17,900
Lobby	20	450,000	22,500
Auditorium/Theater room	-	112,600	112,600
Pool heater	10	19,000	1,900
		<u>\$4,938,396</u>	<u>\$ 1,287,256</u>

Through December 31, 2023, no funds had been accumulated for future major repairs and replacements.

Notes:

(1) In 2023, as part of the special assessments, the Board of Directors has entered into contracts for major repairs to the condominium building.

(2) The above referenced components do not include roof replacement, building painting and pavement resurfacing as required by Section 718.112 (2)(f) 2.a. of the Florida Statutes.