

Miles Grant Condominium Two, Inc

Financial Statements

December 31, 2023

(Read Accountant's Audit Report)

Miles Grant Condominium Two, Inc

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Accountants' Audit Report


To the Board of Directors and Members
Miles Grant Condominium Two, Inc.
Stuart, Florida

We have audited the accompanying balance sheet of Miles Grant Condominium Two, Inc. (a condominium association) as of December 31, 2023, and the related statements of owners' support, revenue and expense and changes in fund balances, and cash flows for the fiscal year then ended and the accompanying supplementary information which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Miles Grant Condominium Two, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Miles Grant Condominium Two, Inc. as of December 31, 2023 and the results of its operations and its cash flows for the fiscal year then ended in conformity with generally accepted accounting principles.

The supplementary information presented in the supplemental schedules are not a required part of the basic financial statements and are presented for the purpose of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements. The supplementary information was compiled from information that is the representation of management. Accordingly, I do not express an opinion or any other assurance on the supplementary information.

 CPA

Leon P. Wilde, CPA
Stuart, Florida
April 30, 2024

Miles Grant Condominium Two, Inc.
 Balance Sheet
 December 31, 2023
 (Read Accountant's Audit Report)

	<u>Assets</u>		
	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total Funds</u>
<u>Current Assets</u>			
Cash and cash equivalents	\$198,780	\$569,573	\$768,353
Assessments Receivable, net of allow. for doubtful accounts of \$43,219	32,140	0	32,140
Due from Operating Fund	0	23,298	23,298
Prepaid Insurance	7,463	0	7,463
Prepaid Expenses	3,732	0	3,732
	-----	-----	-----
Total Assets	\$242,115	\$592,871	\$834,986
	=====	=====	=====

Liabilities and Fund Balance

<u>Current Liabilities</u>			
Accounts Payable	\$6,420	\$0	\$6,420
Accrued Expenses	18,980	0	18,980
Due to Reserve Fund	23,298		
Security Deposits	6,278	0	6,278
Cable Rebate	21,600	0	21,600
Prepaid Assessments	19,768	0	19,768
	-----	-----	-----
Total Current Liabilities	96,344	0	96,344
	-----	-----	-----
Fund Balances	145,771	592,871	738,642
	-----	-----	-----
Total Liabilities and Fund Balances	\$242,115	\$592,871	\$834,986
	=====	=====	=====

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

Miles Grant Condominium Two, Inc.
Statement of Owners' Support, Revenue, and Expenses
and Changes in Fund Balances
December 31, 2023
(Read Accountant's Audit Report)

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total Funds</u>
<u>Owners' Support and Revenue</u>			
Owner Assessments	\$1,055,300	\$105,000	\$1,160,300
Special Assessment	0	116,774	116,774
Interest Income	2,070	1,405	3,475
Late Fees	2,201	0	2,201
Application Fees and Other Revenue	2,599	0	2,599
	-----	-----	-----
Total Owners Support and Revenue	1,062,170	223,179	1,285,349
	-----	-----	-----
<u>Expenses</u>			
Administrative Expenses	719,013	0	719,013
Utilities	154,641	0	154,641
Building & Equipment	100,166	0	100,166
Grounds	62,264	0	62,264
Pool & Recreation	7,008	0	7,008
Reserve Expenditures	0	115,840	115,840
	-----	-----	-----
Total Expenses	1,043,092	115,840	1,158,932
	-----	-----	-----
Excess of Owners Support, and Revenue Over Expenses	19,078	107,339	126,417
Prior Period Adjustment	2,400	0	2,400
Fund Balance, Beginning of Year	124,293	485,532	609,825
	-----	-----	-----
Fund Balance, End of Year	\$145,771	\$592,871	\$738,642
	=====	=====	=====

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

Miles Grant Condominium Two, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2023
(Read Accountant's Audit Report)

	<u>Operating Fund</u>	<u>Replacement Fund</u>
Cash Flows From Operating Activities		
Cash Received From Unit Owners	\$1,055,300	\$105,000
Special Assessment	\$0	\$116,774
Interest Income Received	2,070	1,405
Late Fees	2,201	0
Application Fees and Other Revenue	2,599	0
Intrafund Transfers	23,298	(23,298)
Cash Paid for Services and Suppliers	(1,113,501)	(115,840)
	-----	-----
Net Cash Provided (Used) by Operations	(28,033)	84,041
	-----	-----
Net Increase (Decrease) Cash	(28,033)	84,041
	-----	-----
Cash - Beginning of Year	226,813	485,532
	-----	-----
Cash - End of Year	\$198,780	\$569,573
	=====	=====
Reconciliation of Excess or Revenues Over Expenses to Net Cash Provided by Operations	 \$19,078	 \$107,339
Adjustments to Reconcile Excess of Owners' Support and Revenue to Net Cash		
Changes in Assets and Liabilities		
(Increase)Decrease		
Assessments Receivable	(22,151)	
Special Assessment	50,425	
Due from Operating Fund		(23,298)
Prepaid Insurance	48,883	
Prepaid Expenses	(1,167)	
Increase(Decrease)		
Accounts Payable	(4,423)	
Accrued Expenses	(32,654)	
Due from Reserve Fund	23,298	
Special Assessment	(116,774)	
Prepaid Assessments	5,052	
Prior Period Adjustment	2,400	
	-----	-----
Net Cash Provided by Operations	(\$28,033)	\$84,041
	=====	=====

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

Miles Grant Condominium Two, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2023
(Read Accountant's Audit Report)

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

Miles Grant Condominium Two, Inc. was incorporated on April 11, 1974 under the laws of the State of Florida as a not-for-profit corporation organized pursuant to Chapter 617 of the Florida Statutes, for the purpose of administering and operating the property located in Stuart, Florida in accordance with the provisions of the Declaration of the Condominium. The Association consists of 216 units.

The Board of Directors, elected from the unit owners, is the governing body charged with the duties of maintaining and overseeing operations of the common areas as provided by the condominium documents.

Fund Accounting

The Association's governing documents provide guidelines for conducting 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:

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

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

Capitalization Policy and Depreciation

Real and personal property acquired by the original home owners from the developer are not capitalized on the Association's financial statements as they are owned by the individual owners in common and not the Association. Replacements and improvements to the real property are not capitalized as the improvements would also belong to the owners and not the Association.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Miles Grant Condominium Two, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2023
(Read Accountant's Audit Report)

Note 2 - Owners' Assessments

The annual budget and owners' assessments are determined by the Board of Directors. Annual budgets are approved and assessments are prorated based on each owners' percentage of common area ownership as provided in the condominium documents.

Note 3 - Reserve Funding Program

The December 31, 2023 year end budget provided for \$105,000 for the reserve program with interest earned in the reserve accounts to accumulate. The reserve program is funded on an annual basis as a part of the budgeting process. Reserve funding is provided by evaluation of the reserve item as to estimated replacement cost, life expectancy of the item and the estimated remaining life to replacement. The association is providing for the reserve component items as required by Florida statute.

As noted, reserve funds are being accumulated based on current estimates of future needs for repairs and replacements. The board of directors have determined the need to setup reserves for replacement costs in next years budget as reflected in the schedule of reserve funds. Actual future expenditure requirements may vary from the estimated requirements. Therefore, amounts accumulated in the reserve fund may not be adequate to meet all future needs for major repairs and replacement.

Note 4 - Assessments Receivable

An allowance for doubtful accounts was established based on an analysis of outstanding assessment balances over 90 days. As of December 31, 2023, the Board of Directors determined an allowance for doubtful accounts of \$43,219.

Miles Grant Condominium Two, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2023
(Read Accountant's Audit Report)

Note 5 - Special Assessments

The board of directors approved a special assessment in April 2020 in the total amount of \$ 400,026 to fund both a shortage in the operating budget and necessary repairs. The balance of the unused special assessments was Zero as of December 31, 2023.

Note 6 - Prior Period Adjustment

A prior period adjustment in the amount of \$2,400 was made to correct expenses reported on the December 31, 2022 financials.

Note 7 - Corporate Income Taxes

Condominium associations are not taxed on assessments from the unit owners used for the maintenance and replacement of the common areas. However, other income received by the association does not qualify as exempt function income and may be taxed net of related expenses. The Association for the period ending December 31, 2023, elected to be taxed as a Condominium Association under Section 528 of the Internal Revenue Code.

SUPPLEMENTAL INFORMATION

Miles Grant Condominium Two, Inc.
Schedule of Operating Fund Expenses Comparative to Budget
For the Year Ended December 31, 2023
(Read Accountant's Audit Report)

	<u>Actual</u>	<u>Budget</u>	Favorable (Unfavorable) <u>Variance</u>
<u>Administrative Expenses</u>			
Management Fees	\$21,600	\$21,600	\$0
Accounting	2,400	2,400	0
Maintenance Staff	74,031	65,000	(9,031)
Legal & Professional	4,384	15,000	10,616
Insurance	597,737	610,000	12,263
Office Supplies	5,997	14,000	8,003
DBPR	864	900	36
Other Licenses	0	700	700
Bad Debt	12,000	12,000	0
	-----	-----	-----
Total Administrative Expenses	719,013	741,600	22,587
	-----	-----	-----
<u>Utilities</u>			
Electric	15,152	16,000	848
Water & Sewer	1,189	1,400	211
Trash Collection	22,740	22,000	(740)
Telephone	2,604	2,300	(304)
Cable TV	112,956	113,000	44
	-----	-----	-----
Total Utilities	154,641	154,700	59
	-----	-----	-----
<u>Building & Equipment</u>			
Maintenance Supplies/Repairs	21,391	20,000	(1,391)
Deferred Maintenance	33,600	20,000	(13,600)
Perimeter Road	31,368	32,000	632
Pest Services	13,807	13,000	(807)
	-----	-----	-----
Total Building & Equipment	100,166	85,000	(15,166)
	-----	-----	-----

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

Miles Grant Condominium Two, Inc.
Schedule of Operating Fund Expenses Comparative to Budget
For the Year Ended December 31, 2023
(Read Accountant's Audit Report)

	<u>Actual</u>	<u>Budget</u>	Favorable (Unfavorable) <u>Variance</u>
<u>Grounds</u>			
Lawn & Grounds	56,220	53,000	(3,220)
Trees and Shrubs	170	2,000	1,830
Tree Trimming	5,874	7,000	1,126
Irrigation	0	6,000	6,000
	-----	-----	-----
Total Grounds	62,264	68,000	5,736
	-----	-----	-----
 <u>Pool & Recreation</u>			
Pool Maintenance	7,008	6,000	(1,008)
	-----	-----	-----
Total Pool & Recreation	7,008	6,000	(1,008)
	-----	-----	-----
 Total Budgeted Expenses	1,043,092	1,055,300	12,208
	=====	=====	=====

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

Miles Grant Condominium Two, Inc.
Schedule of Reserve Funds
For the Year Ended December 31, 2023
(Read Accountant's Audit Report)

Reserve Component	Fund Balance 12/31/2022	Funded by Assessment	Interest Additions	Special Assessment	Funds Expensed	Fund Balance 12/31/2023
Pooled Reserve	\$484,774	\$105,000	\$0	\$116,774	\$115,840	\$590,708
Interest Income	758	\$0	\$1,405	\$0	\$0	\$2,163
Total Funds	\$485,532	\$105,000	\$1,405	\$116,774	\$115,840	\$592,871

The preceding replacement / repair costs and estimated remaining useful lives of each component are based on estimates by the board of directors.

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