Key West Golf Club Homeowners Association, Inc.

**FINANCIAL STATEMENTS** 

December 31, 2023

	Page
REPORT Independent Auditor's Report	1
FINANCIAL STATEMENTS Balance Sheet	4
Statement of Revenue, Expenses and Changes in Fund Balance	5
Statement of Cash Flows	6
Notes to Financial Statements	7
SUPPLEMENTARY INFORMATION Schedule of Changes in Accumulated Funds for Future Major Repairs and Replacements	17
Schedule of Operating Fund Revenue and Expenses – Budget and Actual	18
Supplementary Information on Future Major Repairs and Replacements (Unaudited)	19



### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of Key West Golf Club Homeowners' Association, Inc. Key West, Florida Carr, Riggs & Ingram, LLC Certified Public Accountants 500 Grand Boulevard Suite 210 Miramar Beach, Florida 32550

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### **Opinion**

We have audited the accompanying financial statements of Key West Golf Club Homeowners' Association, Inc., which comprise the balance sheet as of December 31, 2023, and the related statements of revenue, expenses and changes in fund balance, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Key West Golf Club Homeowners' Association, Inc. 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. 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 Key West Golf Club Homeowners' Association, 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.

### **Responsibilities of Management 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, 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 Key West Golf Club Homeowners' Association, Inc.'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 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 Key West Golf Club Homeowners' Association, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Key West Golf Club Homeowners' Association, 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.

### **Report on Summarized Comparative Information**

We have previously audited Key West Golf Club Homeowners' Association, Inc. 's 2022 financial statements, and our report dated June 29, 2023 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information contained in the schedule of changes in accumulated funds for future major repairs and replacements and schedule of operating fund revenue and expenses – budget and actual is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the 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.

### **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, 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.

CARR, RIGGS & INGRAM, LLC

Cau, Rigge & Ingram, L.L.C.

Miramar Beach, Florida June 13, 2024

# **Key West Golf Club Homeowners' Association, Inc. Balance Sheet**

December 31,				2023				2022
								Total (For
		Operating	Re	eplacement			C	omparative
		Fund		Fund		Total		Purposes)
Assets								
Cash	\$	329,615	\$	5	\$	329,620	\$	721,568
Certificates of deposit		-		329,475		329,475		432,348
Accounts receivable, net								
of allowance for credit								
losses of \$0		68,259		-		68,259		15,954
Special assessments receivable,								
unbilled, net of allowance for								
credit losses of \$0		195,000		-		195,000		-
Prepaid expenses		17,486		-		17,486		15,089
Other assets		3,427		-		3,427		3,427
Property & equipment, net		1,141		-		1,141		1,841
Interfund balances		(5,660)		5,660		-		
Total assets	\$	609,268	\$	335,140	\$	944,408	\$	1,190,227
Liabilities and Fund Balance								
Liabilities								
	\$	200.075	۲		\$	200.075	۲	74 676
Accounts payable	Þ	300,075	\$	-	Þ	300,075	\$	74,676
Prepaid assessments		112,803		-		112,803		68,834
Other liabilities		10,024		-		10,024		10,024
Note payable		2,609,711		-		2,609,711		2,769,390
Performance obligation		-		335,140		335,140		612,966
Total liabilities		3,032,613		335,140		3,367,753		3,535,890
Fund balance (deficit)		(2,423,345)		-		(2,423,345)		(2,345,663)
Total liabilities and fund			,				,	
balance	\$	609,268	\$	335,140	\$	944,408	\$	1,190,227

# Key West Golf Club Homeowners' Association, Inc. Statement of Revenue, Expenses and Changes in Fund Balance

Revenue         Regular assessments         \$ 1,686,913         \$ 417,826         \$ 2,104,739         \$ 1,732           Cable assessments         162,087         -         162,087         -         162,087         -         162,087         -         162,087         -         162,087         -         162,087         -         479,700         -         479,700         -         479,700         -         479,700         -         479,700         -         479,700         -         479,700         -         479,700         -         479,700         -         479,700         -         479,700         -         479,700         -         479,700         -         479,700         -         479,700         -         479,700         -         479,700         -         479,700         -         15,504         -         15,504         -         15,504         -         15,504         -         1,60         -         1,60         -         1,60         -         1,60         -         1,60         -         2,774,211         1,70         -         1,60         -         1,60         -         1,60         -         1,60         -         1,60         -         1,60         -         1,60 </th <th>)22</th> <th>2022</th> <th></th> <th></th> <th></th> <th>2023</th> <th></th> <th></th> <th>For the year ended December 31,</th>	)22	2022				2023			For the year ended December 31,
Revenue         Fund         Fund         Total         Pure           Regular assessments         \$ 1,686,913         \$ 417,826         \$ 2,104,739         \$ 1,72,000           Cable assessments         162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 15,504         - 15,504         - 15,504         - 15,504         - 15,504         - 15,504         - 15,504         - 15,504         - 15,504         - 15,504         - 15,504         - 15,504         - 15,504         - 15,504         - 16,2087         - 16,2087         - 16,2087         - 16,2087         - 16,2087         - 16,2087         - 16,2087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         - 162,087         -	l (For	Total (F	٦						
Revenue         \$ 1,686,913 \$ 417,826 \$ 2,104,739 \$ 1,000           Cable assessments         162,087 - 162,087           Special assessments         479,700 - 479,700           Interest income         2,572 9,609 12,181           Miscellaneous income         15,504 - 15,504           Total revenue         2,346,776 427,435 2,774,211 1,5           Expenses           Administrative         224,776 - 224,776 2,774,211 1,5           Courtesy patrol         378,954 - 378,954 2,774,211 1,5           Cable         162,087 - 162,087 2,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700 1,700	arative	ompara	Cc			placement	Re	Operating	
Regular assessments       \$ 1,686,913       \$ 417,826       \$ 2,104,739       \$ 1,586,913         Cable assessments       162,087       -       162,087         Special assessments       479,700       -       479,700         Interest income       2,572       9,609       12,181         Miscellaneous income       15,504       -       15,504         Total revenue       2,346,776       427,435       2,774,211       1,3         Expenses         Administrative       224,776       -       224,776       -       224,776       -       224,776       -       224,776       -       224,776       -       224,776       -       20,000       -       700       -       20,000       -       700       -       162,087       -       162,087       -       162,087       -       162,087       -       162,087       -       162,087       -       162,087       -       700       -       700       -       105,260       -       105,260       -       105,260       -       105,260       -       105,260       -       105,260       -       105,260       -       105,260       -       105,260       -       105,260       - <t< td=""><td>oses)</td><td>Purpose</td><td>F</td><th>Total</th><td></td><td>Fund</td><td></td><td>Fund</td><td></td></t<>	oses)	Purpose	F	Total		Fund		Fund	
Regular assessments       \$ 1,686,913       \$ 417,826       \$ 2,104,739       \$ 1,586,913         Cable assessments       162,087       -       162,087         Special assessments       479,700       -       479,700         Interest income       2,572       9,609       12,181         Miscellaneous income       15,504       -       15,504         Total revenue       2,346,776       427,435       2,774,211       1,3         Expenses         Administrative       224,776       -       224,776       -       224,776       -       224,776       -       224,776       -       224,776       -       224,776       -       20,000       -       700       -       20,000       -       700       -       162,087       -       162,087       -       162,087       -       162,087       -       162,087       -       162,087       -       162,087       -       700       -       700       -       105,260       -       105,260       -       105,260       -       105,260       -       105,260       -       105,260       -       105,260       -       105,260       -       105,260       -       105,260       - <t< td=""><td></td><td></td><td></td><th></th><td></td><td></td><td></td><td></td><td>Ravanua</td></t<>									Ravanua
Cable assessments       162,087       -       162,087         Special assessments       479,700       -       479,700         Interest income       2,572       9,609       12,181         Miscellaneous income       15,504       -       15,504         Total revenue       2,346,776       427,435       2,774,211       1,3         Expenses         Administrative       224,776       -       224,776       -       224,776       -       224,776       -       224,776       -       20,087       -       162,087       -       162,087       -       162,087       -       162,087       -       162,087       -       102,087       -       700       -       700       Insurance       43,559       -       43,559       -       43,559       -       43,559       -       43,559       -       105,260       -       105,260       -       105,260       -       105,260       -       105,260       -       105,260       -       105,260       -       143,480       -       953,382       -       953,382       -       953,382       -       953,382       -       953,382       -       953,382       -       953,382       - </td <td>02,799</td> <td>1 702</td> <td>\$</td> <th>2 104 739</th> <td>\$</td> <td>417 826</td> <td>\$</td> <td>1 686 913</td> <td></td>	02,799	1 702	\$	2 104 739	\$	417 826	\$	1 686 913	
Special assessments         479,700         -         479,700           Interest income         2,572         9,609         12,181           Miscellaneous income         15,504         -         15,504           Total revenue         2,346,776         427,435         2,774,211         1,3           Expenses           Administrative         224,776         -         224,776         -         224,776         -         224,776         -         20,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087         -         102,087	.54,514		7		۲	-	Υ	, ,	<b>o</b>
Interest income         2,572         9,609         12,181           Miscellaneous income         15,504         -         15,504           Total revenue         2,346,776         427,435         2,774,211         1,8           Expenses         -         224,776         -         224,776         -         224,776         -         224,776         -         224,776         -         20,000         -         -         2,000         -         -         2,000         -         -         2,000         -         -         -         2,000         -         -         -         2,000         -         -         -         2,000         -         -         -         2,000         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         - <td< td=""><td>-</td><td>134,</td><td></td><th>•</th><td></td><td>_</td><td></td><td>•</td><td></td></td<>	-	134,		•		_		•	
Miscellaneous income         15,504         -         15,504           Total revenue         2,346,776         427,435         2,774,211         1,3           Expenses         Administrative         224,776         -         224,776         -         224,776         -         224,776         -         224,776         -         224,776         -         20,000         -         -         20,000         -         378,954         -         378,954         -         378,954         -         378,954         -         -         162,087         -         162,087         -         162,087         -         162,087         -         -         700         -         700         -         700         -         700         -         700         -         700         -         700         -         105,260         -         105,260         -         105,260         -         105,260         -         105,260         -         105,260         -         105,260         -         105,260         -         105,260         -         105,260         -         143,480         -         953,382         -         953,382         -         953,382         -         953,382         -	6,686	6		•		9 609		•	•
Total revenue         2,346,776         427,435         2,774,211         1,8           Expenses           Administrative         224,776         -         224,776         -           Courtesy patrol         378,954         -         378,954         -           Cable         162,087         -         162,087         -           Depreciation         700         -         700         -           Insurance         43,559         -         43,559         -         43,559         -         43,559         -         43,559         -         105,260         -         105,260         -         105,260         -         105,260         -         105,260         -         105,260         -         43,359         -         48,132         368,422         -         596,332         -         953,382         -         953,382         -         953,382         -         953,382         -         953,382         -         953,382         -         953,382         -         953,382         -         953,382         -         953,382         -         953,382         -         953,382         -         953,382         -         953,382         -         953,382	4,305			•		-		•	
Expenses         Administrative       224,776       -       224,776         Courtesy patrol       378,954       -       378,954         Cable       162,087       -       162,087         Depreciation       700       -       700         Insurance       43,559       -       43,559         Interest       105,260       -       105,260         Landscaping       262,194       -       262,194         Maintenance and repairs       320,290       48,132       368,422         Special project - lift station       953,382       -       953,382         Professional fees       143,480       -       143,480         Utilities       231,999       -       231,999         Total expenses       2,826,681       48,132       2,874,813       1,8	1,303			13,30-1				13,301	Wilderia income
Administrative       224,776       -       224,776         Courtesy patrol       378,954       -       378,954         Cable       162,087       -       162,087         Depreciation       700       -       700         Insurance       43,559       -       43,559         Interest       105,260       -       105,260         Landscaping       262,194       -       262,194         Maintenance and repairs       320,290       48,132       368,422         Special project - lift station       953,382       -       953,382         Professional fees       143,480       -       143,480         Utilities       231,999       -       231,999     Total expenses  2,826,681  48,132  2,874,813  1,8	868,304	1,868,		2,774,211		427,435		2,346,776	Total revenue
Administrative       224,776       -       224,776         Courtesy patrol       378,954       -       378,954         Cable       162,087       -       162,087         Depreciation       700       -       700         Insurance       43,559       -       43,559         Interest       105,260       -       105,260         Landscaping       262,194       -       262,194         Maintenance and repairs       320,290       48,132       368,422         Special project - lift station       953,382       -       953,382         Professional fees       143,480       -       143,480         Utilities       231,999       -       231,999     Total expenses  2,826,681  48,132  2,874,813  1,8									Fxnenses
Courtesy patrol       378,954       -       378,954         Cable       162,087       -       162,087         Depreciation       700       -       700         Insurance       43,559       -       43,559         Interest       105,260       -       105,260         Landscaping       262,194       -       262,194         Maintenance and repairs       320,290       48,132       368,422         Special project - lift station       953,382       -       953,382         Professional fees       143,480       -       143,480         Utilities       231,999       -       231,999     Total expenses  2,826,681  48,132  2,874,813  1,8	65,396	265.		224.776		-		224.776	-
Cable       162,087       -       162,087         Depreciation       700       -       700         Insurance       43,559       -       43,559         Interest       105,260       -       105,260         Landscaping       262,194       -       262,194         Maintenance and repairs       320,290       48,132       368,422         Special project - lift station       953,382       -       953,382         Professional fees       143,480       -       143,480         Utilities       231,999       -       231,999     Total expenses  2,826,681  48,132  2,874,813  1,80  Excess (deficit) of revenue	81,439					_			
Depreciation       700       -       700         Insurance       43,559       -       43,559         Interest       105,260       -       105,260         Landscaping       262,194       -       262,194         Maintenance and repairs       320,290       48,132       368,422         Special project - lift station       953,382       -       953,382         Professional fees       143,480       -       143,480         Utilities       231,999       -       231,999         Total expenses       2,826,681       48,132       2,874,813       1,8         Excess (deficit) of revenue	.54,514					-		•	
Insurance       43,559       -       43,559         Interest       105,260       -       105,260         Landscaping       262,194       -       262,194         Maintenance and repairs       320,290       48,132       368,422         Special project - lift station       953,382       -       953,382         Professional fees       143,480       -       143,480         Utilities       231,999       -       231,999         Total expenses       2,826,681       48,132       2,874,813       1,8         Excess (deficit) of revenue	2,801			•		-		•	
Interest       105,260       -       105,260         Landscaping       262,194       -       262,194         Maintenance and repairs       320,290       48,132       368,422         Special project - lift station       953,382       -       953,382         Professional fees       143,480       -       143,480         Utilities       231,999       -       231,999         Total expenses       2,826,681       48,132       2,874,813       1,8         Excess (deficit) of revenue	35,877			43,559		-		43,559	•
Landscaping       262,194       -       262,194       2         Maintenance and repairs       320,290       48,132       368,422       3         Special project - lift station       953,382       -       953,382         Professional fees       143,480       -       143,480         Utilities       231,999       -       231,999         Total expenses       2,826,681       48,132       2,874,813       1,8         Excess (deficit) of revenue	55,435			105,260		-		105,260	Interest
Maintenance and repairs       320,290       48,132       368,422         Special project - lift station       953,382       -       953,382         Professional fees       143,480       -       143,480         Utilities       231,999       -       231,999         Total expenses       2,826,681       48,132       2,874,813       1,8         Excess (deficit) of revenue	90,326	290,		262,194		-		262,194	Landscaping
Professional fees       143,480       -       143,480       -         Utilities       231,999       -       231,999       -         Total expenses       2,826,681       48,132       2,874,813       1,8         Excess (deficit) of revenue	69,655	369,		368,422		48,132		320,290	
Utilities         231,999         -         231,999         -           Total expenses         2,826,681         48,132         2,874,813         1,8           Excess (deficit) of revenue	-			953,382		-		953,382	Special project - lift station
Total expenses 2,826,681 48,132 <b>2,874,813</b> 1,8  Excess (deficit) of revenue	.21,471	121,		143,480		-		143,480	Professional fees
Excess (deficit) of revenue	15,984	215,		231,999		-		231,999	Utilities
Excess (deficit) of revenue	392,898	1,892,		2,874,813		48,132		2,826,681	Total expenses
				· ·		,		, ,	·
over expenses (479,905) 379,303 <b>(100,602)</b>									Excess (deficit) of revenue
	(24,594)	(24,		(100,602)		379,303		(479,905)	over expenses
Capital contributions 22,920 - <b>22,920</b>	54,120	54,		22,920		-		22,920	Capital contributions
Interfund transfer 379,303 (379,303) -	-			-		(379,303)		379,303	nterfund transfer
Beginning fund balance (deficit) (2,345,663) - <b>(2,345,663)</b> (2,345,663)	75,189)	(2,375,		(2,345,663)		-		(2,345,663)	Beginning fund balance (deficit)
Ending fund balance (deficit) \$ (2,423,345) \$ - <b>\$ (2,423,345)</b> \$ (2,5	45,663)	(2,345,	\$	(2,423,345)	\$	-	\$	(2,423,345)	Ending fund balance (deficit)

## **Key West Golf Club Homeowners' Association, Inc. Statement of Cash Flows**

For the year ended December 31,				2023				2022
			_					otal (For
	(	Operating Fund	Re	placement Fund		Total		mparative
		runu		runa		TOLAI	<u> </u>	urposes)
Operating activities								
Excess (deficit) of revenue over	_	(4=0.00=)	_		_	(	_	(0.4.70.4)
expenses	\$	(4/9,905)	Ş	379,303	\$	(100,602)	Ş	(24,594)
Adjustments to reconcile excess								
(deficit) of revenue over expenses								
to net cash provided (used)								
by operating activities:		700				700		2 001
Depreciation expense Changes in operating assets and		700		-		700		2,801
liabilities:								
Accounts receivable		(52,305)		_		(52,305)		1,000
Special assessments receivable,		(32,303)				(32,303)		1,000
unbilled		(195,000)		_		(195,000)		_
Prepaid expenses		(2,397)		_		(2,397)		(3,044)
Other assets		-		_		-		(450)
Accounts payable		225,399		_		225,399		14,402
Prepaid assessments		43,969		_		43,969		14,701
Performance obligation		, -		(277,826)		(277,826)		61,487
Interfund balance		14,557		(14,557)		-		-
Net cash provided (used)								
by operating activities		(444,982)		86,920		(358,062)		66,303
Investing activities								_
Maturity of certificates of deposit		_		102,873		102,873		(4,142)
Not each provided (used)				· · · · · · · · · · · · · · · · · · ·				
Net cash provided (used) by investing activities		_		102,873		102,873		(4,142)
				102,673		102,073		(4,142)
Financing activities								
Interfund transfer		379,303		(379,303)		<b>-</b>		<b>-</b>
Payments on notes payable		(159,679)		-		(159,679)		(153,576)
Capital contributions		22,920		-		22,920		54,120
Net cash provided (used)								
by financing activities		242,544		(379,303)		(136,759)		(99,456)
Net increase (decrease) in cash		(202,438)		(189,510)		(391,948)		(37,295)
Cash at beginning of year		532,053		189,515		721,568		758,863
Cash at end of year	\$	329,615	\$	5	\$	329,620	\$	721,568

#### NOTE 1: DESCRIPTION OF THE ORGANIZATION

Key West Golf Club Homeowners' Association, Inc., ("Association") a Florida not-for-profit Corporation, was formed on November 13, 1995. Membership in the Association consists of the 390 single-family residential unit owners of this Florida townhome planned unit development. The development is located on approximately 46.5 acres in Key West, Florida.

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

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

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

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Basis of Accounting**

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

#### **Estimates**

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

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Funds**

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

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

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

### Cash Equivalents

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

### Accounts Receivable from Owners and Allowance for Credit Losses

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

### **Prepaid Expenses**

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

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Capitalization and Depreciation**

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

Personal property acquired by the Association is capitalized at cost and depreciated over its estimated useful lives, which range from five to seven years, using the straight line method of depreciation.

### **Contract Assets and Liabilities**

Contract assets represent revenue recognized in excess of amounts billed. These assets are reported on the balance sheet as special assessments receivable, unbilled. Contract liabilities represent revenue collected in advance of the contract period or amounts billed in excess of revenue recognized. These liabilities are reported on the balance sheet as prepaid assessments and performance obligation liabilities.

### Revenue Recognition

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

### Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 13, 2024, and determined there were no events that occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

### **Recently Adopted Accounting Guidance**

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts.

Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration.

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

### **NOTE 3: OWNERS' ASSESSMENTS**

Revenue and expenses are allocated to each unit owner equally, and accordingly, assessment rates are established using this formula. The rate for 2023 for all unit owners was approximately \$425 per month including cable and approximately \$390 per month excluding cable assessment fees. Budgeted regular assessments for the year ended December 31, 2023 totaled \$1,826,913 of which \$140,000 was allocated to the replacement fund.

The Association also negotiates with a cable service provider for bulk cable services on behalf of participating unit owner. The Association pays for these bulk cable services and then assesses each participating unit owner for their share of service. Throughout the entire year and as of December 31, 2023, all 390 unit owners participated. For the year ended December 31, 2023, cable assessments totaled \$162,087 and all unit owners were charged approximately \$35 per month for basic cable services throughout the year.

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

For the year ended December 31,	2023						
		Operating Fund	Re	placement Fund		Total	
Budgeted regular assessments Add releases from performance obligation	\$	1,686,913 -	\$	140,000 277,826	\$	1,826,913 277,826	
Total assessments	\$	1,686,913	\$	417,826	\$	2,104,739	

### NOTE 3: OWNERS' ASSESSMENTS (Continued)

The Association levied a special assessment totaling \$284,700 during the year ended December 31, 2023 to fund the repair of the lift station. The special assessment had a due date of July 2023, and individual owner assessments were \$730. As of December 31, 2023, the Association incurred project expenses totaling \$953,382, as reported in the operating fund on the accompany statement of revenue, expenses and changes in fund balance. Accordingly, the Association recognized the entire \$284,700 special assessment as revenue in the accompanying statement of revenue, expenses and changes in fund balance.

In November 2023, the Association levied another special assessment totaling \$195,000 to fund the lift station repairs after other methods of remediation were unsuccessful. The special assessment has a due date of January 2024, and individual owner assessments are \$500. Accordingly, the Association recognized the entire \$195,000 special assessment as revenue in the accompanying statement of revenue, expenses and changes in fund balance and special assessments receivable – unbilled in the accompanying balance sheet. The project was completed in 2024.

#### **NOTE 4: REVENUE RECOGNITION**

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

### **Performance Obligations**

The Association's revenue is derived primarily from assessments to its members. The Association generally recognizes its revenue from contracts with customers over time with the exception of reserve assessments, which are being recognized at a point in time, and interest income, which is not subject to ASC Topic 606. As of December 31, 2023, the Association has reported a performance obligation liability totaling \$335,140, relating to the future major repair and/or replacement of specific components of common property. The assessments related to this performance obligation are generally reported in the Replacement Fund and will be recognized as revenue at the point in time when the funds are expended for their designated purpose.

### Significant Judgments

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

### **NOTE 4: REVENUE RECOGNITION (Continued)**

point in time when reserve expenses are incurred or when a members past due account is made current.

### Disaggregated Revenue

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

For the year ended December 31,	2023
Recognized over time	
Operating fund assessments	\$ 1,686,913
Cable assessment fees	162,087
Miscellaneous revenue	15,504
Recognized at a point in time	
Replacement fund assessments	417,826
Special assessments	479,700
Not subject to ASC Topic 606	
Interest income	12,181
Total revenue	\$ 2,774,211

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

December 31,	2023
Accounts receivable, net - beginning balance Accounts receivable - ending balance	\$ 15,954 68,259
Contract assets Special assessments receivable, unbilled - beginning balance Special assessments receivable, unbilled - ending balance	- 195,000
Contract liabilities Prepaid assessments - beginning balance Prepaid assessments - ending balance Performance obligation liabilities - beginning balance	68,834 112,803 612,966
Performance obligation liabilities - ending balance	335,140

#### **NOTE 5: FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association's governing documents and Florida Statutes require the Association to accumulate funds for future major repairs and replacements, unless otherwise decided by the voting membership. The Association has adopted a program to accumulate funds for estimated future major repairs and replacements through regular assessments.

The Association conducted a study in 2022 to estimate the remaining useful lives and replacement cost of the major components of common property. The Board of Directors annually reviews this information as part of its budget process. As a part of this review, the Board re-evaluates the estimated remaining useful lives and the estimated replacement costs of each of the components of the replacement fund. Where applicable, licensed contractors and architects are consulted regarding useful lives and replacement costs. The Board of Directors last performed a review of the estimated replacement costs, remaining lives, and funding requirements for the reserve components in 2023.

The Association is funding for future major repairs and replacements over the estimated remaining useful lives of the components based on their study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the funding requirement of \$140,000, based on a full funding plan, was included in the 2023 budget.

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

### **NOTE 6: INCOME TAXES**

The Association elected to file its tax return for 2023 as a homeowner association on Form 1120H. As such, the Association must comply with Internal Revenue Code (IRC) Section 528, which applies specifically to homeowner associations. Under IRC Section 528, the Association is not taxed on income and expenses directly related to its exempt purpose, which is the management, maintenance and protection of Association property. However, net nonexempt function income, such as interest income and revenues from nonmembers, is taxed for federal purposes at a flat 30% rate. For the year ended December 31, 2023, the Association had no net nonexempt function income, which resulted in no federal income taxes for 2023. State income taxes do not apply to associations that qualify under IRC Section 528.

### **NOTE 6: INCOME TAXES (Continued)**

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

The Association is subject to routine audits by taxing jurisdictions; however, there are no audits for any tax periods in progress. The Association's management believes it is no longer subject to income tax examinations for years prior to 2020.

#### **NOTE 7: CREDIT RISK**

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

### **NOTE 8: CERTIFICATES OF DEPOSIT**

At December 31, 2023, the Association had \$329,475 of replacement fund monies in certificates of deposits at a local financial institution. The carrying value of these certificates of deposits is cost plus accrued interest, which approximates fair value.

### **NOTE 9: PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

December 31,	2023
Machinery and equipment	\$ 63,817
Accumulated depreciation	(62,676)
Property and equipment, net	\$ 1,141

Depreciation expense for the year ended December 31, 2023 was \$700.

#### **NOTE 10: SHORT-TERM BORROWINGS**

The Association has a secured a line of credit with a financial institution with a maximum borrowing potential of \$350,000 and a variable interest rate of prime plus .75%. The line expires on September 8, 2026, which required monthly payments of interest, and was secured by assignment of owners' assessments.

### **NOTE 11: CAPITAL CONTRIBUTIONS**

Per the Declaration of Condominium/Covenants, each new owner shall pay a one-time start-up fee for working capital in the amount of 2 months of the total general assessment applicable to such lot for the year in which the purchase occurs. For the year ended December 31, 2023, capital contributions totaled \$22,920 as shown on the accompanying statement of revenue, expenses and changes in fund balance.

#### **NOTE 12: CABLE AGREEMENT AND SETTLEMENT**

In 2011, the Association signed a Cable Agreement allowing the Developer ("SignhCo" dba "Singh Cable") to retain ownership of the Telecommunications Parcel and all cable infrastructure on the Association's property. As part of this Cable Agreement, the Developer had the exclusive right to provide basic bulk cable services without limitation to all unit owners in the Association as of the effective date of the agreement and through all times in the future.

In June 2021, the Association reached a settlement with Singh Cable to purchase the Telecommunications Parcel and all cable infrastructure. The total settlement fees were \$2.7 million which were reported as settlement fee expense in the 2021 statement of revenue, expenses and changes in fund balance. The settlement fee expense was funded by the \$3 million note payable with Truist Bank described in Note 13 below. This settlement allows the Association to negotiate directly with the actual cable service provider, instead of with the Developer, for bulk cable services at significantly lower rates for all future years. The Association has not capitalized the telecommunication parcel, cable infrastructure and cable rights since these assets are considered common property and has not resulted in additional significant cash flows for the Association from its members. See Note 2 for further details on the Association capitalization policy.

### **NOTE 13: NOTE PAYABLE**

In June 2021, the Association signed a promissory note payable agreement with Truist Bank to receive \$3 million to pay for the settlement with Singh Cable. Of the \$3 million borrowed, \$2.7 million went to Singh Cable for the settlement, and the Association has negotiated a new agreement with a cable service provider. The fixed interest rate on the loan is 3.85% per annum. Monthly principal and interest payments of \$22,078 were due commencing on July 20, 2021 and will conclude on May 20, 2036. The loan is secured by current and future Association member assessments and receivables.

A schedule of maturities of long-term debt is as follows:

For the years ending December 31,	2023
2024	\$ 167,446
2025	174,008
2026	180,827
2027	187,913
2028	195,276
Thereafter	1,704,241
Total	\$ 2,609,711

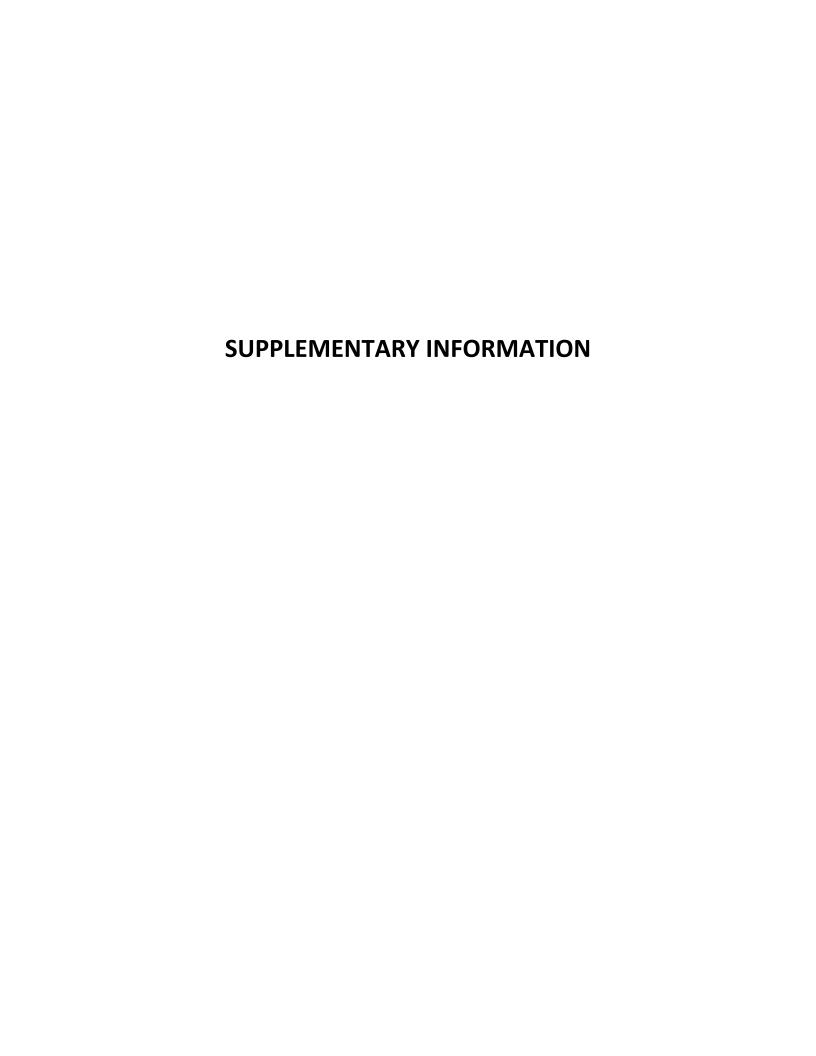
The Association believes that it is in material compliance with it loan covenants.

### **NOTE 14: DEFICIT FUND BALANCE AND MANAGEMENT'S PLANS**

At December 31, 2023, the Association has a fund balance deficit totaling approximately \$2.6 million, which was the result of a 2021 year cable settlement payment. Management funded this deficit by obtaining an installment loan in 2021 for \$3,000,000 that matures in May 20, 2036. The Association has budgeted annual increases to its assessments to provide the Association with resources to service the annual debt requirements for this loan. The Association has paid this loan down by approximately \$390,000 as of December 31, 2023. Management believes that the level of assessment fees levied in 2023 through 2036 will completely eliminate the Association's fund balance deficit by May 2036.

#### **NOTE 15: SPECIAL PROJECT – LIFT STATION**

In 2023, the Association experienced issues with the lift station and levied two special assessments totaling \$479,700, as reported in the statement of revenue, expenses, and changes in fund balance. Project expenses totaled \$953,382, of which \$379,303 was paid for out of the replacement fund and transferred to the operating fund. See Note 3 for more detail.



# Key West Golf Club Homeowners' Association, Inc. Schedule of Changes in Accumulated Funds for Future Major Repairs and Replacements

For the year ended December 31	,					2023			
	В	eginning							Ending
Component		Balance	А	dditions	Sub	tractions	7	Transfers	Balance
Pooled items:									
Site elements					\$	(45,633)			
Pool						(2,499)			
Total	\$	612,966	\$	149,609	\$	(48,132)	\$	(379,303)	\$ 335,140
December 31,									2023
Performance obligation liability									\$ 335,140
Replacement fund balance									
Total									\$ 335,140

## Key West Golf Club Homeowners' Association, Inc. Schedule of Operating Fund Revenue and Expenses – Budget and Actual

For the year ended December 31,			2023				
					Variance		
			- 1		Favorable		
	A -+l		Budget*	•	nfavorable)		
	Actual	((	Jnaudited)	()	Jnaudited)		
Revenue							
Regular assessments	\$ 1,686,913	\$	1,686,913	\$	-		
Cable assessments	162,087		162,087		-		
Special assessments	479,700		-		479,700		
Interest income	2,572		240		2,332		
Miscellaneous income	15,504		2,130		13,374		
Total revenue	2,346,776		1,851,370		495,406		
Expenses							
Administrative	224,776		206,874		(17,902)		
Courtesy patrol	378,954		342,957		(35,997)		
Cable	162,087		161,280		(807)		
Depreciation	700		-		(700)		
Insurance	43,559		40,542		(3,017)		
Interest	105,260		108,000		2,740		
Landscaping	262,194		301,600		39,406		
Maintenance and repairs	320,290		302,954		(17,336)		
Special project - lift station	953,382		-		(953,382)		
Professional fees	143,480		131,734		(11,746)		
Utilities	231,999		208,000		(23,999)		
Total expenses	2,826,681		1,803,941		(1,022,740)		
Excess (deficit) of revenue over expenses	\$ (479,905)	\$	47,429	\$	(527,334)		

<sup>\*</sup> Budget includes a surplus of \$47,429, which includes partial funding for note payable principle payments

# Key West Golf Club Homeowners' Association, Inc. Supplementary Information on Future Major Repairs and Replacements (Unaudited)

The following table is based on the Board's review and presents significant information about the components of common property:

Component	Estimated Remaining Estimated Useful Life Replacement (Years) Cost		ccumulated Funds at 12/31/23	
Pooled items				
Clubhouse	0 - 12	\$	211,025	
Site elements	0 - 16	*	538,574	
Painting	1-3		51,763	
Paving	0 - 21		831,723	
Pool	0 - 21		453,009	
Total		\$	2,086,093	\$ 335,140