

**Citation Way Condominium  
Association, Inc.**

**FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2022  
TOGETHER WITH INDEPENDENT  
AUDITOR'S REPORT**

**A. John Bono**  
Certified Public Accountant

**Citation Way Condominium Association, Inc.  
Financial Statements As Of December 31, 2022**

**INDEX**

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Assets, Liabilities, and Fund Balances (Deficit)	2
Statement of Assessments, Revenues, and Expenditures and Changes in Fund Balances	3
Statement of Cash Flows	4
Notes to Financial Statements	5 – 8
Supplementary Information on Operating Expenditures	9

**Citation Way Condominium Association, Inc.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 1 – ORGANIZATION AND BASIS OF ACCOUNTING

Citation Way Condominium Association, Inc. (The Association) was incorporated under the laws of the State of Florida as a not-for-profit corporation for the purpose of operating and administering common property of 272 residential unit owners located in Coral Springs, Florida.

The Association requires that the financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Expenditures from the operating fund are generally at the discretion of the Board of Directors and the management company. Expenditures from the replacement fund generally may be only for designated purposes. The Association does not have a replacement fund.

Ownership of commonly owned property and improvements is vested directly or indirectly with the unit owners and is not capitalized in the Association's financial statements. Replacements and major repairs; and the purchase of additional commonly owned property or improvements are included in fund expenditures in the year of addition.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

For purposes of the statement of cash flows, the Association considers all highly liquid investments and investments with an initial maturity of three months or less to be cash equivalents.

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

The Association has determined that there were no material differences between the carrying value of its financial assets and liabilities at December 31, 2022, therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2022.

The Association recognizes interest income on the operating fund and the replacement fund when earned. The Association's policy is to account for fund expenditures using fund interest income before fund assessment income.

The By-Laws of the corporation require that The Association maintain adequate liability, crime, directors and officers and hazard insurance.

**Citation Way Condominium Association, Inc.**  
NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2022

NOTE 2 – MEMBER ASSESSMENTS

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

The Association's policy is to retain legal counsel and place liens on properties of unit owners whose assessments are delinquent. Any excess assessments at year end are retained by the Association for future operating periods. At December 31, 2022, no allowance for uncollectible accounts is deemed necessary.

NOTE 3 – INCOME TAXES

Condominium and residential real estate management associations may elect annually to be treated as a tax-exempt organization under Section 528 of the Internal Revenue Code. Tax-exempt status protects an association from taxation on its "Exempt Function Income," such as membership assessments. Non-exempt income, such as interest is taxed at regular corporate rates. There are no income taxes due for 2022.

The Association has evaluated its tax position and concluded that there are no material uncertain tax positions that were identified.

NOTE 4 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Board of Directors and the management company estimate the remaining useful lives and the replacement costs of the components of common property as part of its budget process. Funding of \$52,600 has been included in the Association's 2023 budget.

The balance in the replacement fund (contract liabilities) consists of:

Components	Balance 12/31/2021	Interest/ Assessments	Expenditures	Balance 12/31/2022
General - Unallocated	\$ -	\$ 52,626	\$ -	\$ 52,626
Total	<u>\$ -</u>	<u>\$ 52,626</u>	<u>\$ -</u>	<u>\$ 52,626</u>

Actual expenditures may vary from the estimated future expenditures, and the variations may be material. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs or replacements until funds are available.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Association has various contracts including cable, management and other services to maintain common property. These contracts have various expiration dates and renewal terms.

Wind and hail insurance is subject to a 5% insurance deductible.

**Citation Way Condominium Association, Inc.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 5 – COMMITMENTS AND CONTINGENCIES – CONTINUED

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

NOTE 6 – CONCENTRATION OF CREDIT RISK

The Association invests its excess cash in both deposits and high-quality short-term liquid money market accounts and a Certificate of Deposit, with a major bank and carrying value approximates fair value. Cash balances do not exceed the FDIC deposit limit of \$250,000 as of December 31, 2022.

NOTE 7 – DEFERRED CABLE REVENUE

The Association is amortizing incentive Cable revenue over the estimated life of the exclusive agreement.

NOTE 8 – SPECIAL ASSESSMENT

On March 9, 2022, the Board of Directors approved a special assessment of \$250,000 to fund unbudgeted expenses during the painting and concrete restoration project. The assessment was payable on April 9, 2022 and was matched with related special assessment expenditures in 2022.

NOTE 9 - FASB ASC TOPIC 842 – LEASES – NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 842, Leases, in the Accounting Standards Classification (ASC). Topic 842 supersedes the leasing requirements of Topic 840, Leases, and requires entities to recognize substantially all operating and finance leases separately on their balance sheets as lease liabilities with a corresponding right-of-use asset, and to disclose certain information concerning the nature of the lease, significant judgements in measuring the lease, and information adequate to assess the amount, timing, and uncertainty of cash flows arising from such leases.

The Association adopted the requirements of the new guidance as of December 15, 2022, using a modified retrospective approach. The Association applied the new guidance using the practical expedient provided in Topic 842 that allows the new guidance to be applied only to leases finalized after the implementation date. Leases executed prior to the implementation date will continue to be accounted for under the previous FASB ASC Topic 840, unless modifications are made to the lease.

The Association has evaluated the new standard (Topic 842) and has concluded that no material modifications should be made to the Association's financial statements at December 31, 2022.

**Citation Way Condominium Association, Inc.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 10 - CONDOMINIUM STRUCTURAL SAFETY FUNDING REQUIREMENTS

On May 26, 2022, the Governor of the State of Florida signed into law Senate Bill 4D, creating Florida Statute 553.899 and amending Florida Statutes 718 and 719. Florida Senate Bill 154 further amended and clarified the provisions enacted by Florida Senate Bill 4D, and will take effect on July 1, 2023.

Under the new Florida Statute 553.899, Condominium and Cooperative residential Associations that are three (3) stories or more are required to complete a building Milestone Inspection. Buildings that are at least thirty (30) years old, as of July 1, 2022, must complete the building Milestone Inspection by December 31, 2024. Buildings that are less than thirty (30) years old, as of July 1, 2022, must complete the building Milestone Inspection by December 31, 2025. Local enforcement agencies may require an Association to complete the Milestone Inspection before the building reaches 25 years of age.

An Association must further complete a Structural Integrity Reserve Study, as defined by Florida Statutes 718 and 719, by December 31, 2026. Associations must then complete a Structural Integrity Reserve Study every ten (10) years thereafter, or earlier, if determined by local enforcement agencies.

The provision with the largest potential impact on the Association is the prohibition of waiving the funding for certain structural reserves, as defined in Florida Statutes 718 and 719. The financial impact on the Association and its unit owners is not known as of the date of this Audit Report.

NOTE 11 - DATE OF MANAGEMENT REVIEW

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

## INDEPENDENT AUDITOR'S REPORT

### **To the Board of Directors of Citation Way Condominium Association, Inc.:**

I have audited the accompanying Financial Statement of Citation Way Condominium Association, Inc. which comprise the Statement of Assets, Liabilities, and Fund Balances (Deficit) as of December 31, 2022, and the related Statements of Assessments, Revenues, Expenditures, and Changes in Fund Balances and Cash Flows for the year then ended and the related Notes to the Financial Statements.

In my opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of Citation Way Condominium Association, Inc. as of December 31, 2022, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### **Basis For Opinion**

I conducted my Audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Citation Way Condominium Association, Inc., and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my Audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 the 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 Citation Way Condominium 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.

## **INDEPENDENT AUDITOR'S REPORT**

**Page 2**

### **Auditor's Responsibilities For The Audit Of The Financial Statements**

My 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 my opinion. Reasonable assurance is a high level of assurance but it 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 in 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, I:

- ❖ 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 procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Citation Way Condominium Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- ❖ Evaluate the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Financial Statements.
- ❖ Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Citation Way Condominium Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of my Audit, significant Audit findings, and certain internal control related matters that I identified during the Audit.

## **INDEPENDENT AUDITOR'S REPORT**

**Page 3**

### **Report on Supplementary Information**

My Audit was made for the purpose of forming an opinion on the basic Financial Statements taken as a whole. The accompanying supplementary information on operating expenditures (actual to budget), which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the basic Financial Statements. Such information, except for that information marked "unaudited" on which I express no opinion, 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 basic Financial Statements and, in my opinion, is fairly stated in all material respects in relation to the basic Financial Statements taken as a whole.

### **Omission of Required Information About Future Major Repairs and Replacements**

Management has omitted supplementary information on future major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic Financial Statements, is required by the Financial Accounting Standards Board (FASB), who considers it to be an essential part of financial reporting for placing the basic Financial Statements in appropriate operational, economic, or historical context. My opinion on the basic Financial Statements is not affected by the missing information.

***A. John Bono, CPA, LLC***  
***Certified Public Accountant***  
***Fort Lauderdale, Florida 33308***

***August 22, 2024***

**Citation Way Condominium Association, Inc.**  
**Statement of Assets, Liabilities and Fund Balances (Deficit)**  
**December 31, 2022**

	<b>2022</b>		
	Operating Fund	Replacement Fund	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 31,868	\$ 48,242	\$ 80,110
Receivables From Unit Owners			
Member Assessment and Other	5,919	-	5,919
Prepaid Insurance and Other	15,390	-	15,390
Due To / From Funds	(4,384)	4,384	-
TOTAL ASSETS	\$ 48,793	\$ 52,626	\$ 101,419
<u>LIABILITIES</u>			
Accounts Payable and Accruals	\$ 15,002	\$ -	\$ 15,002
Prepaid Member Assessments	26,420	-	26,420
Security Deposits	9,000	-	9,000
Contract Liabilities (Assesments			
Received In Advance -			
Replacement Fund)	-	52,626	52,626
Deferred Cable Revenue	33,093	-	33,093
TOTAL LIABILITIES	83,515	52,626	136,141
<u>FUND BALANCES (DEFICIT)</u>	(34,722)	-	(34,722)
TOTAL LIABILITIES AND FUND BALANCES	\$ 48,793	\$ 52,626	\$ 101,419

The Accompanying Notes Are An Integral Part Of These Financial Statements.

**Citation Way Condominium Association, Inc.**  
**Statement of Assessments, Revenues and Expenditures and**  
**Changes in Fund Balances**  
**For the Year Ended December 31, 2022**

	<b>2022</b>		
	Operating Fund	Replacement Fund	Total
<u>ASSESSMENTS AND REVENUE</u>			
Member Assessments	\$ 952,328	\$ -	\$ 952,328
Special Assessment	249,925	-	249,925
Cable Incentive Revenue	8,706	-	8,706
Other Revenues	9,155	-	9,155
Interest	-	-	-
TOTAL	1,220,114	-	1,220,114
<u>EXPENDITURES</u>			
Utilities	293,337	-	293,337
Contract Services	181,051	-	181,051
Maintenance - Other	44,609	-	44,609
Special Assessment	249,925	-	249,925
Community Building and Pool	20,755	-	20,755
Salaries and Related Costs	97,088	-	97,088
Site Improvement	26,692	-	26,692
Management Fees	36,000	-	36,000
Insurance	228,404	-	228,404
Administrative and Office	32,881	-	32,881
Provision for Bad Debts	-	-	-
TOTAL	1,210,742	-	1,210,742
EXCESS OF FUND			
ASSESSMENTS AND REVENUES			
OVER EXPENDITURES	9,372	-	9,372
PRIOR PERIOD ADJUSTMENT	130	-	130
FUND BALANCES (DEFICIT),			
BEGINNING OF YEAR	(44,224)	-	(44,224)
FUND BALANCES, (DEFICIT)			
END OF YEAR	\$ (34,722)	\$ -	\$ (34,722)

The Accompanying Notes Are An Integral Part Of These Financial Statements.

**Citation Way Condominium Association, Inc.**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2022**

	<b>2022</b>		
	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Member Assessments	\$ 931,809	\$ -	\$ 931,809
Special Assessment	249,925	-	249,925
Other Revenues	9,155	-	9,155
Contract Liabilities	-	52,626	52,626
Cable Incentive	3,266	-	3,266
Cash Paid For Operating and Other Expenditures	(1,214,258)	-	(1,214,258)
Replacement/Major Repairs Paid	-	-	-
Net Cash Provided (Used) By Operating Activities	(20,103)	52,626	32,523
PRIOR PERIOD ADJUSTMENT DUE TO / FROM FUNDS	130	-	130
	4,384	(4,384)	-
CASH AND EQUIVALENTS, BEGINNING OF YEAR	47,457	-	47,457
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 31,868</u>	<u>\$ 48,242</u>	<u>\$ 80,110</u>
<u>RECONCILIATION OF EXCESS (DEFICIT) OF FUND ASSESSMENTS AND REVENUES OVER EXPENDITURES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>			
Excess of Fund Assessments And Revenues Over Expenditures	\$ 9,372	\$ -	\$ 9,372
(Increase) Decrease In:			
Receivables	5,054	-	5,054
Prepaid Insurance and Other	(6,779)	-	(6,779)
Utility Deposits	-	-	-
Increase (Decrease) In:			
Accounts Payable and Accruals	7,263	-	7,263
Prepaid Assessments	(25,573)	-	(25,573)
Security Deposits	(4,000)	-	(4,000)
Contract Liabilities	-	52,626	52,626
Deferred Cable Incentive	(5,440)	-	(5,440)
Net Cash Provided (Used) By Operating Activities	<u>\$ (20,103)</u>	<u>\$ 52,626</u>	<u>\$ 32,523</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements.

**Citation Way Condominium Association, Inc.**  
**SUPPLEMENTARY INFORMATION ON OPERATING EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Actual</u>	<u>Budgeted (Unaudited)</u>	<u>Over (Under) Budget (Unaudited)</u>
<b>UTILITIES</b>			
Water and Sewer	\$ 267,631	\$ 242,000	\$ 25,631
Electricity	23,684	25,000	(1,316)
Telephone	2,022	5,000	(2,978)
	<u>\$ 293,337</u>	<u>\$ 272,000</u>	<u>\$ 21,337</u>
<b>CONTRACT SERVICES</b>			
Lawn Maintenance	\$ 57,600	\$ 58,800	\$ (1,200)
Trash Removal	96,668	45,000	51,668
Extermination	8,172	5,000	3,172
Alarm Services	14,424	800	13,624
Fertilization	-	8,000	(8,000)
Janitorial and Supplies	4,187	4,000	187
	<u>\$ 181,051</u>	<u>\$ 121,600</u>	<u>\$ 59,451</u>
<b>MAINTENANCE - OTHER</b>			
Tree Maintenance	\$ 7,900	\$ 10,000	\$ (2,100)
General Maintenance	33,816	79,000	(45,184)
Irrigation	729	8,000	(7,271)
Lake Maintenance	2,164	2,200	(36)
Life Safety	-	4,800	(4,800)
Health Safety	-	1,000	(1,000)
	<u>\$ 44,609</u>	<u>\$ 105,000</u>	<u>\$ (60,391)</u>
<b>SPECIAL ASSESSMENT</b>	<u>\$ 249,925</u>	<u>\$ -</u>	<u>\$ 249,925</u>
<b>COMMUNITY BUILDING AND POOL</b>	<u>\$ 20,755</u>	<u>\$ 23,000</u>	<u>\$ (2,245)</u>
<b>SALARIES AND RELATED COSTS</b>	<u>\$ 97,088</u>	<u>\$ 80,000</u>	<u>\$ 17,088</u>
<b>SITE IMPROVEMENT</b>	<u>\$ 26,692</u>	<u>\$ 100,000</u>	<u>\$ (73,308)</u>
<b>MANAGEMENT FEES</b>	<u>\$ 36,000</u>	<u>\$ 36,000</u>	<u>\$ -</u>
<b>INSURANCE</b>	<u>\$ 228,404</u>	<u>\$ 200,000</u>	<u>\$ 28,404</u>
<b>ADMINISTRATIVE AND OFFICE</b>			
Legal	\$ 4,258	\$ 3,500	\$ 758
Audit	4,000	4,000	-
Licenses and Fees	6,790	3,000	3,790
Office and Other	2,533	2,500	33
Application Fees	15,300	-	15,300
	<u>\$ 32,881</u>	<u>\$ 13,000</u>	<u>\$ 19,881</u>
<b>PROVISION FOR BAD DEBTS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 1,210,742</u></u>	<u><u>\$ 950,600</u></u>	<u><u>\$ 260,142</u></u>

The Accompanying Auditor's Report And Notes Are An Integral Part Of These Financial Statements.