

**THE PRESIDENT OF PALM BEACH - A
CONDOMINIUM, INC.**

Financial Statements

***For the year ended
March 31, 2023***

HAFER

Certified Public Accountants and Consultants

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CONTENTS

Independent Auditor's Report	1
Financial Statements	
Balance Sheet	3
Statement of Revenues and Expenses and Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Independent Auditor's Report on Supplementary Information	13
Supplementary Information	
Schedule of Operating Expenses Compared to Budget	14
Schedule of Future Major Repairs and Replacements (Unaudited)	16

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, Inc.

Opinion

We have audited the accompanying financial statements of THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, Inc. ("the Association"), which comprise the balance sheet as of March 31, 2023, and the related statement of revenues and expenses and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, Inc. as of March 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 this report. We are required to be independent of THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, Inc.
Independent Auditor's Report (Continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, 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.



Palm Beach, Florida
October 16, 2023

THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, INC.
BALANCE SHEET
March 31, 2023

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
Assets			
Cash and cash equivalents	\$ 469,855	\$ 209,110	\$ 678,965
Assessments receivable (Note 3)	23,533	-	23,533
Prepaid expenses	317,783	-	317,783
Utility deposits	735	-	735
Due from (to) funds (Note 9)	24,084	(24,084)	-
Total assets	<u>\$ 835,990</u>	<u>\$ 185,026</u>	<u>\$ 1,021,016</u>
Liabilities and fund balances			
Accounts payable and accrued expenses	\$ 185,298	\$ 4,748	\$ 190,046
Insurance payable (Note 6)	305,763	-	305,763
Prepaid assessments	13,207	-	13,207
Deferred special assessment revenue (Note 7)	32,208	-	32,208
Refundable deposits	9,700	-	9,700
Contract liabilities (Note 10)	-	180,278	180,278
Total liabilities	546,176	185,026	731,202
Fund balances	<u>289,814</u>	<u>-</u>	<u>289,814</u>
Total liabilities and fund balances	<u>\$ 835,990</u>	<u>\$ 185,026</u>	<u>\$ 1,021,016</u>

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

THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, INC.
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES
For the year ended March 31, 2023

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
Revenues			
Maintenance assessments	\$ 966,218	\$ 60,304	\$ 1,026,522
Special assessments (Note 7)	698,472	-	698,472
Rental income	19,195	-	19,195
Interest income	-	39	39
Other income	15,672	-	15,672
	<u>1,699,557</u>	<u>60,343</u>	<u>1,759,900</u>
Total revenues			
Expenses			
Administration	286,870	-	286,870
Building operations and maintenance	67,213	-	67,213
Landscaping	38,439	-	38,439
Payroll and related expenses	547,677	-	547,677
Pool, driveway and dock	13,685	-	13,685
Supplies	12,765	-	12,765
Utilities	76,494	-	76,494
Special assessments (Note 7)	698,472	-	698,472
Major repairs and replacements	-	60,343	60,343
	<u>1,741,615</u>	<u>60,343</u>	<u>1,801,958</u>
Total expenses			
Deficiency of revenues over expenses	(42,058)	-	(42,058)
Fund balances, beginning	<u>331,872</u>	<u>-</u>	<u>331,872</u>
Fund balances, ending	<u>\$ 289,814</u>	<u>\$ -</u>	<u>\$ 289,814</u>

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

THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, INC.
STATEMENT OF CASH FLOWS
For the year ended March 31, 2023

	Operating Fund	Replacement Fund	Total Funds
Cash flows from operating activities			
Deficiency of revenues over expenses	\$ (42,058)	\$ -	\$ (42,058)
<u>Adjustments to reconcile deficiency of revenues over expenses to net cash provided by operating activities:</u>			
<u>Changes in assets and liabilities:</u>			
Assessments receivable	59,187	-	59,187
Prepaid expenses	(83,885)	-	(83,885)
Accounts payable and accrued expenses	160,071	4,748	164,819
Prepaid assessments	(23,044)	-	(23,044)
Deferred special assessment revenue	(22,205)	-	(22,205)
Refundable deposits	(1,000)	-	(1,000)
Contract liabilities	-	173,621	173,621
	47,066	178,369	225,435
Net cash provided by operating activities			
Cash flows from (to) financing activities			
Proceeds from insurance payable	329,999	-	329,999
Payments on insurance payable	(233,390)	-	(233,390)
Interfund borrowing	4,197	(4,197)	-
	100,806	(4,197)	96,609
Net cash provided (used) by financing activities			
Net increase in cash and cash equivalents	147,872	174,172	322,044
Cash and cash equivalents, beginning	321,983	34,938	356,921
Cash and cash equivalents, ending	\$ 469,855	\$ 209,110	\$ 678,965

Supplemental disclosures of cash flow information (Note 11)

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

THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE 1: Organization

THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, Inc. ("the Association") was incorporated under the laws of the State of Florida as a not-for-profit corporation on November 11, 1970. The Association is responsible for maintaining and preserving the common property of the Association in accordance with the terms of Chapter 718, Florida Statutes ("FS §718") and the provisions of its governing documents. The Association consists of three seven-story buildings containing 94 residential units located in Palm Beach, Florida.

NOTE 2: Summary of significant accounting policies

Fund accounting

The Association prepares its financial statements on the accrual basis of accounting and presents them using fund accounting, using separate funds for operations and future major repairs and replacements. Disbursements from the operating fund are generally for the day-to-day operations and non-recurring unanticipated expenditures of the Association and are made at the discretion of the Board of Directors. Disbursements from the replacement fund generally are made only for designated purposes.

Estimates

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

Short-term financial instruments

The carrying amount of the Association's financial instruments, which include cash and cash equivalents, assessments receivable, prepaid expenses, accounts payable and accrued expenses, prepaid assessments, and other assets and liabilities, approximate their fair values due to their short-term maturities.

Cash and cash equivalents

Cash and cash equivalents include all monies in banks including money market funds. Cash equivalents include highly liquid securities, including certificates of deposit, with original maturities of 90 days or less.

Owners' assessments and allowance for credit losses

Quarterly assessments to owners are based upon a share of the budgeted operating expenses and future major repairs and replacements. The Association retains excess operating funds at the end of the year for use in future operating periods. Assessments receivable at the balance sheet date represent fees due from owners. Assessments paid in advance are included on the balance sheet as prepaid assessments. The Association's policy is to retain legal counsel and place liens or foreclose on units of members whose assessments are delinquent. When necessary, the Association's estimate of the allowance for credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of reported amounts.

Property and equipment

Common property of the Association is accounted for in accordance with ASC 972-360 and prevalent industry practices. As such, real property and common area acquired from the developer and related improvements to such property are not reflected on the Association financial statements because those assets are owned by the unit owners in common, and not by the Association. The Association capitalizes, at cost, certain personal and real property which it purchases. Capitalized property and equipment are depreciated over the estimated useful lives of the assets using the straight-line method of depreciation.

THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE 2: Summary of significant accounting policies (continued)

Revenue recognition

Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the considerations we expect to be entitled to in exchange for those goods or services. The Association derives its revenue from operating assessments, reserve assessments, special assessments, and other ancillary sources. The Association has applied FASB ASC 606-10-10-4 since all contracts with its customers have similar characteristics and the Association expects that the effects on the financial statements of applying this guidance would not differ materially from applying the guidance to the individual contracts.

The Association has identified the following performance obligations:

- *Operating assessments* – the performance obligation is the maintenance and management of the common area property and is met on a periodic basis throughout the year. Operating assessments revenue is recognized on a periodic basis, as billed, and it is probable it will be collected.
- *Reserve assessments* – the performance obligation is the expenditure of the assessed funds for the intended purpose. Reserve assessments revenue is recognized when the related expenditures are recognized, except for those related to capitalized property and equipment. Reserve assessments revenue related to capitalized property and equipment is recognized when the expenditures are made and the property and equipment is placed in service.
- *Special assessment revenue* – the performance obligation is the purpose for which the special assessment was levied. Special assessment revenue is recognized as the purpose of the special assessment is satisfied.
- *Other ancillary revenues* – the performance obligation is delivery of the underlying services. Revenue is recognized as the services are rendered.

In evaluating whether collectability of an amount of consideration is probable, the Association must consider the customer's (owner's) ability and intention to pay that amount of consideration when it is due. In instances where the Association's collection of fees is not probable (delinquent owners, foreclosures, etc.), it cannot recognize revenue.

Contract liabilities

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of the performance obligations.

Interest earned

Interest earned by each fund is allocated to the appropriate fund. Income taxes on the interest earned are paid from the operating fund.

Compensated absences

Employees of the Association are entitled to paid vacations, sick days, and other time off depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Association's policy is to recognize the costs of compensated absences when paid to employees.

THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE 2: Summary of significant accounting policies (continued)

Income taxes (Form 1120-H)

The Association makes a yearly election to be taxed either under Internal Revenue Code (“IRC”) §528 as a homeowners' association or under IRC §277 as a regular corporation. For the year ended March 31, 2023, the Association elected to be taxed under §528. Under this election, the Association is generally taxed only on non-exempt function income, such as interest earnings, at applicable rates. From time to time, certain temporary differences may arise between financial and taxable income, the overall effects of which are not material to the financial statements taken as whole. As such, the Association has not recorded deferred income taxes at March 31, 2023. The Association’s policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of income tax expense. The Association’s tax filings are generally subject to examination by taxing authorities for three years after the returns are filed.

Legislative update

During May 2022, the Florida Legislature passed legislation, which amends Florida’s Building Codes Act, Condominium Act, and Cooperative Act; the legislation was signed by the Governor on May 26, 2022. The new law enacts new requirements meant to address concerns raised in the aftermath of the Champlain Towers South collapse in Surfside, Florida. The new requirements include, but are not limited to, the following:

- Effective December 31, 2024, members of an association or the developer may not waive collecting of reserves or collect less reserve funds than required for items that are required to be inspected in a structural integrity reserve study (items are detailed below).
- Effective December 31, 2024, members of an association may not vote to use reserve funds, or the interest accruing thereon, for purposes other than their intended purposes.
- By December 31, 2024, requires “structural integrity reserve studies” for condominium and cooperative associations at least every 10 years, for each building that is three stories or higher in height, which includes, at a minimum, a study of the following items as related to the structural integrity and safety of the building: roof, load-bearing walls or other primary structural members, floor, foundation, fireproofing and fire protection systems, plumbing, electrical systems, waterproofing and exterior painting, windows, and any other items that has a deferred maintenance expense or replacement cost that exceeds \$10,000 and the failure to replace or maintain such item negatively affects the items listed above as determined by the licensed engineer or architect performing the visual inspection portion of the structural integrity reserve study.
- By December 31, 2024, requires milestone structural inspections for condominium and cooperative buildings three stories in height and 30-years old by a licensed architect or engineer.
- By January 1, 2023, requires condominium and cooperative associations to provide the following information to the Florida Division of Condominiums, Timeshares and Mobile Homes:
 - The number of buildings in the association that are three stories or higher in height,
 - The number of units in such buildings,
 - The address of such buildings, and
 - The counties in which all buildings are located.

THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE 3: Assessments receivable, net

The Association's assessments receivable was as follows at March 31, 2023:

Assessments receivable	\$ 23,533
Less: allowance for credit losses	-
	<u>\$ 23,533</u>

NOTE 4: Concentration of credit risk

The Association maintains its cash and cash equivalents at various financial institutions whereby deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation. At March 31, 2023, the Association had uninsured deposits in the amount of \$389,825.

NOTE 5: Commitments and contingencies

Insurance windstorm deductible

In the event of a loss due to a hurricane the Association would be responsible for a deductible of 3% of the total insured value of the property under the provisions of the hurricane loss insurance contract.

Litigation

The Association, from time-to-time, may become party to various legal actions normally associated with condominium associations, such as the collection of delinquent assessments and covenant compliance matters, the aggregate effect of which, in management's opinion, would not be material to the future financial condition of the Association.

Other commitments and contingencies

The Association has contracted with various vendors for various services to maintain the common property related to certain administration, building operations and maintenance, landscaping, pool, driveway and dock, and supplies expenses. These contracts are approved, as necessary, by the Board of Directors and have varying expiration dates and renewal terms.

NOTE 6: Insurance payable

During the year ended March 31, 2023, the Association financed its insurance premiums. The total amount financed was \$282,613 and is payable in monthly and quarterly installments, including interest, through February 2024. The financing is secured by any unearned premiums or other sums which may become collectible under the terms of the agreement. At March 31, 2023, the outstanding balance, including accrued interest, was \$305,763.

NOTE 7: Special assessments

On June 16, 2020, the Association approved a special assessment in the amount of \$137,292 for the purpose of boardwalk construction, boardwalk landscaping, boardwalk rail cabling, storm sewers replacement, and center elevator piston replacement. As of March 31, 2021, the Association expended and recognized \$69,825 towards its designated purposes. For the year ended March 31, 2022, the Association expended and recognized \$37,432.

THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE 7: Special assessments (continued)

On August 27, 2021, the Association approved a special assessment in the amount of \$127,265 for the purpose of the shortfall from the 2020 special assessment, grounds lighting, lighting installation, electrical lines underground, dock lighting and plumbing, pool furniture, underground storm sewer branches replacement, underground sanitary branches replacement, video sanitary branches, and video storm branches. The special assessment was payable 30 days from the date of billing. For the year ended March 31, 2022, the Association expended and recognized \$102,887. For the year ended March 31, 2023, the Association expended and recognized \$39,216. Therefore, at March 31, 2023, the Association has recorded deferred special assessment revenue in the amount of \$15,197 until satisfaction of the performance obligation.

On June 16, 2022, the Association approved a special assessment in the amount of \$676,267 for the purposes of concrete restoration, painting building, electrical panel at pool island, replace all common area doors, replace ground floor spray deck, and dock repairs. The special assessment is payable in one lump payment or in 4 monthly consecutive installments commencing on July 1, 2022. For the year ended March 31, 2023, the Association expended and recognized \$659,256. Therefore, at March 31, 2023, the Association has recorded deferred special assessment revenue in the amount of \$17,011 until satisfaction of the performance obligation.

NOTE 8: Future major repairs and replacements

The Association's governing documents and FS §718 require that the Association's annual budget include budgeted assessments for future major repairs and replacements (reserves), unless waived in whole or in part by a vote of the owners in accordance with the governing documents and Florida law. Accumulated funds are held in separate interest-bearing accounts and are generally not available for operating purposes.

Reserve funds are accumulated based on estimated current costs of the components of common property. Actual expenditures may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

During 2022, the Board of Directors contracted with a reserve specialist to conduct an independent study to estimate the useful lives, the remaining useful lives, and replacement costs of the common property components. The schedule included in the required supplementary information on future major repairs and replacements is based upon this study.

For the year ended March 31, 2023, the Association's unit owners voted to partially fund reserves in the amount of \$233,925. For the year ending March 31, 2024, the Association's unit owners voted to partially fund reserves in the amount of \$394,950.

THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE 8: Future major repairs and replacements (continued)

Components of the replacement fund are as follows:

	Contract Liabilities and Fund Balance, April 1, 2022	Additions	Interest Income	Expenses	Transfers	Contract Liabilities and Fund Balance, March 31, 2023
Pooled reserves	\$ 6,657	\$ 233,925	\$ 39	\$ 60,343	\$ -	\$ 180,278

Details of expenses:

Air conditioner	\$ 5,602
Electrical	339
Mechanical	19,069
Pool	19,429
Reserve study	1,500
Storm drains	14,404
	<u>\$ 60,343</u>

A reconciliation of the table above to the balance sheet replacement fund reporting is as follows:

Contract liabilities	\$ 180,278
Fund balance	-
	<u>\$ 180,278</u>

NOTE 9: Interfund borrowings

At March 31, 2023, the Association's replacement fund owed its operating fund \$24,084. This interfund borrowing was for investment purposes and was therefore permitted under FS §718.

NOTE 10: Contract liabilities

A schedule of contract liabilities at March 31, 2023 is as follows:

Contract liabilities, beginning	\$ 6,657
Plus: amounts assessed	233,925
Less: amounts recognized as performance obligations have been satisfied	<u>(60,304)</u>
Contract liabilities, ending	<u>\$ 180,278</u>

THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE 11: Supplemental disclosures of cash flow information

Non-cash financing activities for the year ended March 31, 2023 were as follows:

Cost of insurance coverage acquired via financing agreements	\$ 324,016
Cash paid related to financing agreements (down payments)	<u>(41,403)</u>
Liabilities assumed	<u>\$ 282,613</u>

NOTE 12: Subsequent events

Management has evaluated subsequent events through October 16, 2023, the date the financial statements were available to be issued.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, Inc.

Report on the Financial Statements

We have audited the financial statements of THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, Inc. ("the Association") as of and for the year ended March 31, 2023, and our report thereon dated October 16, 2023, which expressed an unmodified opinion on those financial statements, appears on Page 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating expenses compared to budget on Pages 14 and 15, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for the portion marked "unaudited," 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. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide assurance on it.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Future Major Repairs and Replacements on Page 16 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Palm Beach, Florida
October 16, 2023

THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, INC.
SCHEDULE OF OPERATING EXPENSES COMPARED TO BUDGET
For the year ended March 31, 2023

	<u>Actual</u>	<u>Budget (Unaudited)</u>	<u>Variance Favorable (Unfavorable)</u>
Administration			
Background checks	\$ 575	\$ 1,500	\$ 925
Bank charges	405	200	(205)
CPA fees	5,100	4,900	(200)
DBPR fees	597	600	3
Dues and subscriptions	2,600	2,500	(100)
Insurance - building	159,419	158,040	(1,379)
Insurance - flood	76,874	75,350	(1,524)
Internet service / DSL	6,852	5,000	(1,852)
Legal fees	20,700	5,000	(15,700)
Month end accounting fees	4,725	3,000	(1,725)
Office supplies	1,544	2,000	456
Postage	610	1,300	690
Professional fees - other	-	500	500
Technical support	6,869	6,000	(869)
	<u>286,870</u>	<u>265,890</u>	<u>(20,980)</u>
Building operations and maintenance			
Air conditioner maintenance and repair	-	500	500
Building maintenance	10,114	8,000	(2,114)
Cable TV	6,907	6,000	(907)
Contingency	968	500	(468)
Door maintenance and repair	200	1,500	1,300
Electrical maintenance and repair	3,556	500	(3,056)
Elevator repair and maintenance	13,756	11,000	(2,756)
Entrance mats	4,577	5,000	423
Extermination	3,949	5,400	1,451
Fire alarm monitoring	5,707	4,500	(1,207)
Holiday lighting	5,559	5,000	(559)
Laundry room maintenance and repair	36	500	464
Plumbing maintenance and repair	7,866	2,000	(5,866)
Roof maintenance and repair	1,425	1,300	(125)
Trash pickup	2,176	2,600	424
Uniforms	417	1,000	583
Unit 209 repair and maintenance	-	500	500
	<u>67,213</u>	<u>55,800</u>	<u>(11,413)</u>
Landscaping			
Grounds maintenance	775	1,000	225
Landscaping plants and supplies	17,664	1,500	(16,164)
Landscaping tools and equipment	12,554	2,000	(10,554)
Pest and fertilization expense	7,446	7,500	54
	<u>\$ 38,439</u>	<u>\$ 12,000</u>	<u>\$ (26,439)</u>

See auditor's report on supplementary information.

THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, INC.
SCHEDULE OF OPERATING EXPENSES COMPARED TO BUDGET (CONTINUED)
For the year ended March 31, 2023

	<u>Actual</u>	<u>Budget (Unaudited)</u>	<u>Variance Favorable (Unfavorable)</u>
Payroll and related expenses			
Employee benefits	\$ 58,217	\$ 68,000	\$ 9,783
Payroll processing fees	2,199	1,750	(449)
Payroll tax expense	35,394	33,000	(2,394)
Salaries and wages	442,045	455,000	12,955
Workers comp insurance	9,822	10,500	678
	<u>547,677</u>	<u>568,250</u>	<u>20,573</u>
 Pool, driveway and dock			
Docks	748	500	(248)
Pool and beach	12,937	6,000	(6,937)
	<u>13,685</u>	<u>6,500</u>	<u>(7,185)</u>
 Supplies			
Cleaning supplies	1,252	2,000	748
Common element damage repairs	2,665	500	(2,165)
Decorating and furnishing	2,000	600	(1,400)
Electric supplies	32	200	168
Hardware	447	1,000	553
Lighting supplies	4,084	1,500	(2,584)
Miscellaneous	1,385	1,000	(385)
Paint and epoxy	900	2,000	1,100
Plumbing supplies	-	500	500
Tools and equipment	-	1,000	1,000
	<u>12,765</u>	<u>10,300</u>	<u>(2,465)</u>
 Utilities			
Electricity	22,893	23,000	107
Gas and fuel	10,830	6,900	(3,930)
Telephone	2,603	2,500	(103)
Water	40,168	45,000	4,832
	<u>76,494</u>	<u>77,400</u>	<u>906</u>
 Total budgeted expenses	1,043,143	<u>\$ 996,140</u>	<u>\$ (47,003)</u>
 Special assessments (Note 7)	<u>698,472</u>		
 Total expenses	<u>\$ 1,741,615</u>		

See auditor's report on supplementary information.

THE PRESIDENT OF PALM BEACH - A CONDOMINIUM, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)
March 31, 2023

During 2022, the Board of Directors conducted an independent study to estimate the remaining useful lives and replacement costs of the common property components. The schedule provides information about components of common property.

<u>Component</u>	<u>Estimated Useful Life (years)</u>	<u>Estimated Remaining Life (years)</u>	<u>Estimated Replacement Cost</u>	<u>Contract Liabilities and Fund Balance, March 31, 2023</u>	<u>Approved Budgeted Funding March 31, 2024</u>
Roofing	10-25	4-7	\$ 1,308,691	\$ -	\$ -
Painting	3-16	2-7	281,141	-	-
Paving	10-50	4-32	266,470	-	-
Elevators	0-50	0-26	610,350	-	-
Mechanical items	0-40	0-39	511,690	-	-
Air conditioning	10-20	0-14	32,200	-	-
Pool	0-50	0-32	255,350	-	-
Interiors	0-30	0-24	459,908	-	-
Replace and restoration	0-60	0-49	3,226,967	-	-
Seawall and dock	0-60	0-35	1,154,528	-	-
Drainage	0-50	0-47	445,000	-	-
Pooled reserves	-	-	-	180,278	394,950
			<u>\$ 8,552,295</u>	<u>\$ 180,278</u>	<u>\$ 394,950</u>

See auditor's report on supplementary information.