

**Ocean Estates Neighborhood**

**Financial Statements**

**(Audited)**

**December 31, 2023**

Ocean Estates Neighborhood  
Financial Statements

December 31, 2023

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# **Martin & Associates, PL**

**Certified Public Accountants & Business Advisors**

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## Independent Auditors' Report

To the Board of Directors  
Ocean Estates Neighborhood  
Palm Coast, Florida

### **Opinion**

We have audited the accompanying financial statements of Ocean Estates Neighborhood , (the "Neighborhood") which comprise the balance sheet as of December 31, 2023, and the related statements of revenues, 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 the Neighborhood 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Neighborhood 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 Neighborhood's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 auditors' 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Neighborhood'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 Neighborhood'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 Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule shown in Exhibit I is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Neighborhood'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 supplementary information on future major repairs and replacements in Exhibit II 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.



Martin & Associates, PL  
Daytona Beach, FL

March 13, 2024

## **Financial Statements**

## Ocean Estates Neighborhood

### Balance Sheet

December 31, 2023

	Operating Fund	Replacement and Restrictive Fund	Capital Contributions Fund	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 99,695	\$ 646,544	\$ 9,687	\$ 755,926
Owners' assessments receivable allowance for bad debts of \$16,947	8,356	-	-	8,356
Interfund receivable	-	48	20,949	20,997
Total assets	\$ 108,051	\$ 646,592	\$ 30,636	\$ 785,279
 <b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 9,720	\$ -	\$ -	\$ 9,720
Owners' prepaid assessments	15,050	-	-	15,050
Interfund payable	48	20,949	-	20,997
Total liabilities	24,818	20,949	-	45,767
Fund balances and capital contributions	83,233	625,643	30,636	739,512
Total liabilities, fund balances and capital contributions	\$ 108,051	\$ 646,592	\$ 30,636	\$ 785,279

*See auditors' report and accompanying notes to financial statements.*

## Ocean Estates Neighborhood

### Statement of Revenues and Expenses and Changes in Fund Balances

For the Year Ended December 31, 2023

	Operating Fund	Replacement and Restrictive Fund	Capital Contributions Fund	Total
<b>Revenues</b>				
Owners' assessments	\$ 162,660	\$ -	\$ -	\$ 162,660
Reserve assessments	-	209,520	-	209,520
Special assessment	9,865	115,635	-	125,500
Late fees	5,873	-	-	5,873
Interest income	1,867	20,027	264	22,158
Other income	20	-	-	20
<b>Total revenues</b>	<b>180,285</b>	<b>345,182</b>	<b>264</b>	<b>525,731</b>
<b>Expenses</b>				
Administration	953	-	-	953
Bad debt expense	5,873	-	-	5,873
Insurance	3,582	-	-	3,582
Building and grounds maintenance	110,271	-	-	110,271
Management fees	10,503	-	-	10,503
Professional fees	6,350	-	-	6,350
Reserve expenses	-	386,992	-	386,992
Utilities	16,881	-	-	16,881
<b>Total expenses</b>	<b>154,413</b>	<b>386,992</b>	<b>-</b>	<b>541,405</b>
<b>Excess of revenues over expenses</b>	<b>\$ 25,872</b>	<b>\$ (41,810)</b>	<b>\$ 264</b>	<b>\$ (15,674)</b>
<b>Fund balance, beginning of the year</b>	<b>57,361</b>	<b>667,453</b>	<b>30,372</b>	<b>755,186</b>
<b>Fund balance, end of year</b>	<b>\$ 83,233</b>	<b>\$ 625,643</b>	<b>\$ 30,636</b>	<b>\$ 739,512</b>

See auditors' report and accompanying notes to financial statements.



## Ocean Estates Neighborhood

### Statement of Cash Flows

For the Year Ended December 31, 2023

	Operating Fund	Replacement and Restrictive Fund	Capital Contributions Fund	Total
Cash flows from operating activities:				
Excess of revenues (expenses) over expenses (revenues)	\$ 25,872	\$ (41,810)	\$ 264	\$ (15,674)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:				
(Increase) decrease in:				
Owners' assessments receivable	(3,555)	-	-	(3,555)
Increase (decrease) in:				
Accounts payable	1,071	-	-	1,071
Owners' prepaid assessments	4,834	-	-	4,834
Cash provided by (used in) operating activities	<u>28,222</u>	<u>(41,810)</u>	<u>264</u>	<u>(13,324)</u>
Cash flows from financing activities:				
Interfund payables	<u>(9,291)</u>	<u>30,240</u>	<u>(20,949)</u>	<u>-</u>
Cash provided by (used in) financing activities	<u>(9,291)</u>	<u>30,204</u>	<u>(20,949)</u>	<u>-</u>
Net increase (decrease) in cash	18,931	(11,606)	(20,685)	(13,360)
Cash balances at beginning of the year	<u>80,764</u>	<u>658,150</u>	<u>30,372</u>	<u>769,286</u>
Cash balances at end of the year	<u>\$ 99,695</u>	<u>\$ 646,544</u>	<u>\$ 9,687</u>	<u>\$ 755,926</u>
Cash paid for income tax	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash paid for interest expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See auditors' report and accompanying notes to financial statements.*

## Ocean Estates Neighborhood

### Notes to Financial Statements December 31, 2023

#### **1. Organization**

Ocean Estates Neighborhood (the "Neighborhood"), a division of Hammock Dunes Owners' Association (the "Master Association or HDOA"), was organized on December 17, 1993 for purposes of maintaining and preserving the common property of Ocean Estates Neighborhood, a section of Hammock Dunes, a private community, in conjunction with the Master Association. It was created pursuant to Article 7 of the Declaration of Protective Covenants, Conditions and Restrictions of the Master Association. Ocean Estates Neighborhood currently consists of 101 units. Common area acreage is approximately 2.4 acres. These financial statements present the financial position, results of operations, and cash flows of Ocean Estates Neighborhood only.

The Master Association, Hammock Dunes Owners' Association, is a homeowners' association organized in 1989 as a not-for-profit corporation under the laws of the State of Florida for purposes of maintaining and preserving the common property of Hammock Dunes, a private community. The Master Association currently consists of 1,182 units of which Ocean Estates Neighborhood and Granada Estates Neighborhood ("Granada") are a part.

These financial statements present the financial position, results of operations, and cash flows of the Neighborhood and not those of the Hammock Dunes Owners' Association.

#### **2. Summary of Significant Accounting Policies**

##### **Common Areas**

As provided in the Declaration of Covenants, Conditions and Restrictions, each owner owns an undivided share in the common elements of the Neighborhood. In conformity with industry practice, the Neighborhood recognized the following common property as assets:

- i) Common personal property used by the Neighborhood in operating, preserving, maintaining, repairing and replacing common property and providing other services.
- ii) Common real property to which the Neighborhood has title and that it can dispose of for cash while retaining the proceeds or that is used to generate significant cash flows from members on the basis of usage from nonmembers.

Additionally, as reflected in the Declaration of Covenants, Conditions and Restrictions, this neighborhood has "Neighborhood Limited Common Areas." Use of these facilities owned by the Neighborhood are limited to a particular lot or lots and are so designated on the Ocean Estates Property Plan. In Ocean Estates, the dunes walkovers are so designated. Once a facility is so designated, its use shall be limited to the Lot(s) designated and the cost of its maintenance and repair shall be assessed only against the Lot(s) benefitted by such Neighborhood Limited Common Areas. Furthermore, the Ocean Estates Property Plan designates exactly which lots are designated to a Walkover.

## Ocean Estates Neighborhood

### Notes to Financial Statements

December 31, 2023

## **2. Summary of Significant Accounting Policies (Continued)**

### **Fund Accounting**

The Neighborhood uses fund accounting which requires that funds, such as operating funds, funds designated for future major repairs and replacements, and funds restricted for use by the Board of Directors be classified separately for accounting and reporting purposes.

Disbursements from the operating fund are generally at the discretion of the Board of Directors. Disbursements from the restricted and replacement fund may generally be made only for designated purposes.

### **Cash and Cash Equivalents**

For purposes of reporting cash flows, the Neighborhood, Master Association, and Granada Estates considers all monies deposited with financial institutions in checking accounts, money market accounts, and certificates of deposit to be cash equivalents. The Neighborhood, Master Association, and Ocean have had no policy requiring collateral or other security to support its deposits, although all deposits with banks are federally insured up to \$250,000 under FDIC protection. The Neighborhood, Master Association, and Granada have demand deposits and certificates of deposit with multiple banks. The Association, Granada and the Neighborhood place its cash with high credit quality financial institutions and does not believe it is exposed to any significant credit risk on cash and cash equivalents. At December 31, 2023, the Neighborhood, Master Association, and Granada had combined amounts of demand deposits and money markets in one bank in excess of the \$250,000 amounting to approximately \$266,781.

### **Assessments Receivable**

The annual budget and owners' assessments are determined and approved by the Board of Directors. Annual budgets are approved and assessments are divided between the operating fund to meet normal operation costs and contributions to the restricted and replacement funding program. Additionally, those properties designated as benefiting from a "Neighborhood Limited Common Property" are also assessed for their portion of the repair/maintenance and reserve funding requirements. The Neighborhood retains excess operating funds at the end of the operating year, if any, for use in the future operating period. The Neighborhood's practice, if needed, is to allow the Master Association to place liens on the properties of homeowners whose assessments become delinquent. Net assessments receivable as of December 31, 2023 totaled \$8,356. The Neighborhood uses the allowance for doubtful accounts method for any member assessments that may be considered uncollectible.

Ocean Estates Neighborhood

Notes to Financial Statements  
December 31, 2023

**2. Summary of Significant Accounting Policies (Continued)**

**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. Actual results could differ from those estimates.

**Income Taxes**

For the year ended December 31, 2023, the Neighborhood is expected to file its federal income tax return as part of the Master Association federal and state tax returns. The interest income is subject to tax after certain limited deductions. The Master Association will pay any income tax liability.

The Master Association and Neighborhood are classified as a nonexempt membership organization for both federal and state income tax purposes for the year ended December 31, 2023. It does not qualify as an exempt organization. The Master Association and Neighborhood are subject to specific rulings and regulations applicable to nonexempt membership organizations. In general, the Master Association and Neighborhood are required to separate its taxable income and deductions into membership transactions, nonmembership transactions, and capital transactions.

For federal tax purposes, the Master Association and Neighborhood are taxed on all net income from nonmembership activities reduced only by losses from nonmembership activities for which a profit motive exists. Nonmembership income may not be offset by membership losses, and any excess membership deductions may only be carried forward to offset membership income of future tax periods. Any net membership income not applied to the subsequent tax year is subject to taxation. The Master Association files Form 1120, which has a 21% tax rate applied to net taxable income.

For state tax purposes, the Master Association and Neighborhood are taxed on all net income from nonmembership activities reduced only by losses from nonmembership activities for which a profit motive exists. Nonmembership income may not be offset by membership losses. Any net membership income is not subject to taxation. The tax rate is applied to net taxable income is 4.458 percent after the first \$50,000.

As of December 31, 2023, the tax years that remain subject to examination by taxing authorities begin with 2020.

Ocean Estates Neighborhood

Notes to Financial Statements  
December 31, 2023

**2. Summary of Significant Accounting Policies (Continued)**

**Management Review**

Subsequent events have been evaluated through to March 13, 2024 which is the date the financial statements were available to be issued.

**3. Concentration of Credit Risk**

The Neighborhood has one primary source of income, which are assessments paid by unit owners. Assessments receivable from the unit owners are from residents of the Neighborhood and may be secured by a lien on their property.

**4. Owners' Assessments**

For the year ended December 31, 2023 the Neighborhood's regular monthly assessments ranged from \$120 to \$403 which includes amounts from owners of certain lots who are also required to pay certain neighborhood limited common asset assessments.

The annual budget and owners' assessments are determined and approved by the Board of Directors. Annual budgets are approved and assessments are divided between the operating fund to meet normal operation costs and contributions to the restricted and replacement funding program, as well as the repair/maintenance and reserve contributions for the neighborhood limited common assets. The Neighborhood retains excess operating funds at the end of the operating year, if any, for use in the future operating period.

The Neighborhood uses the allowance for doubtful accounts method for any receivable that may be considered uncollectible. The allowance is estimated based on the judgment of the Board of Directors. As of December 31, 2023 the allowance for uncollectable accounts was estimated at \$16,947.

**5. Future Major Repairs and Replacements**

Florida Statutes and the Neighborhood's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate banking accounts and generally not available for expenditures for normal operations.

The Board of Directors periodically conducts a formal study to estimate the remaining useful lives and the replacement costs of the components of common property. The table included in the unaudited supplementary information on future major repairs and replacements and restricted funds is based upon a study completed in December 2020.

## Ocean Estates Neighborhood

### Notes to Financial Statements December 31, 2023

#### **5. Future Major Repairs and Replacements (Continued)**

Following the destruction by Hurricane Matthew of all dunes walkovers within Ocean Estates, it was determined that walkovers would only be rebuilt for lots with existing homes. The walkovers for the remaining lots would only be rebuilt at the time that a new home is constructed. Therefore, maintenance and walkover reserves would be calculated based upon the number of dunes walkovers already in place and be supplemented by the projected number of new dunes walkovers in the upcoming budget period(s).

The resultant maintenance/repair and reserve contributions for each sub-neighborhood are then allocated to the benefitting lot owners within the sub-Neighborhood who will then contribute to through their monthly HOA Assessment. As a result of this decision, there are multiple items that must be considered and managed in developing the annual walkover HOA assessments and determining not only the number of walkovers to be re-built, the number requiring major repair and the remaining estimated useful life of the existing walkover structures, but also identifying an appropriate cost when the nature of the structure that will be approved by the FEP (Florida Dept of Environmental Protection) at the time of the respective work, which is not fully known at the time of budgeting. As of December 31, 2023, of the 43 total potential dunes walkovers, only 26 have been rebuilt.

The replacement fund is based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, 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 Neighborhood has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

As of December 31, 2023, a remaining outstanding balance of \$48 is due to the Reserve Fund from the Operating Fund. These funds were utilized during 2018 and 2019 to fund the rebuild of the dunes walkovers; they are being repaid over a remaining 3 year period to the Reserve Fund.

#### **6. Capital Contributions**

Each unit owner was required to contribute two months of assessments for working capital at the time of closing on the sale of his or her unit.

## Ocean Estates Neighborhood

### Notes to Financial Statements December 31, 2023

#### **7. Commitments**

The Neighborhood Has entered into a management agreement with Southern States Management Group (“Management Company”). The contract is approximately \$858 per month, plus reimbursements of certain expenses incurred by the Management Company. For the year ended December 31, 2023, the management contract costs incurred were \$10,302.

In 2021, the Neighborhood entered a three-year landscape maintenance contract with Corey Enterprises, subject to certain cancellation provisions. For the year ended December 31, 2023, the landscape maintenance contract costs incurred were \$86,082.

#### **8. Related Party Transactions**

Ocean Estates Neighborhood reimbursed The Master Association for certain insurance costs for the Neighborhood which amounted to \$3,582 for the year ended December 31, 2023. In addition, the Neighborhood reimbursed the Master Association \$2,184 for maintenance engineering expenses.

## **Supplementary Information**



Exhibit I

Oceans Estates Neighborhood

Schedule of Changes in Replacement and  
Restrictive Fund Balance  
For the year ended December 31, 2023

<u>Component</u>	<u>Balance 12/31/2022</u>	<u>Amount Funded</u>	<u>Interest</u>	<u>Special Assessment</u>	<u>Replacement Expenditures</u>	<u>Balance 12/31/2023</u>
<b>Carino La Mer:</b>						
Restricted Reserves:						
Entry feature / fencing	\$ 75,500	\$ 1,144	\$ -	\$ -	\$ -	\$ 76,644
Lighting - street lights	17,057	136	-	-	-	17,193
Mailboxes	13,436	-	-	-	-	13,436
Driveways / drains	11,640	572	-	-	-	12,212
Walkovers	58,504	46,055	-	-	(77,993)	26,566
Subtotal	176,137	47,907	-	-	(77,993)	146,051
Unrestricted Reserves:						
Plant replacement / irrigation	\$ 13,157	\$ 2,568	\$ -	\$ -	\$ -	\$ 15,725
Legal fees	683	-	-	-	-	683
Maintenance contingency	8,952	8,952	-	-	-	17,904
Interest to be allocated	302	-	11,552	-	-	11,854
Nature disaster	57,541	5,256	-	-	-	62,797
Subtotal	80,635	16,776	11,552	-	-	108,963
Total Carino Lar Mar	\$ 256,772	\$ 64,683	\$ 11,552	\$ -	\$ (77,993)	\$ 255,014
<b>Grande Mer:</b>						
Restricted Reserves:						
Entry feature / fencing	\$ 14,357	\$ 576	\$ -	\$ -	\$ -	\$ 14,933
Lighting - street lights	17,673	168	-	-	-	17,841
Paving / roads / appurtenances	7,980	1,812	-	-	-	9,792
Pavers	19,411	384	-	-	-	19,795
Bike path	2,244	-	-	-	-	2,244
Walkovers	5,383	14,400	-	11,162	(24,000)	6,945
Subtotal	67,048	17,340	-	11,162	(24,000)	71,550
Unrestricted Reserves:						
Plant replacement / irrigation	\$ 13,145	\$ -	\$ -	\$ -	\$ -	\$ 13,145
Maintenance contingency	4,248	4,248	-	-	-	8,496
Legal fees	2,670	984	-	-	-	3,654
Deferred maintenance	1,942	-	-	-	-	1,942
Interest	36	-	3,719	-	-	3,755
Nature disaster	20,550	5,316	-	-	-	25,866
Subtotal	42,591	10,548	3,719	-	-	56,858
Total Grande Mer	\$ 109,639	\$ 27,888	\$ 3,719	\$ 11,162	\$ (24,000)	\$ 128,408

(continued)

See auditors' report.

Exhibit I

Oceans Estates Neighborhood

Schedule of Changes in Replacement and  
Restrictive Fund Balance  
For the year ended December 31, 2023

(continued)

Component	Balance 12/31/2022	Amount Funded	Interest	Special Assessment	Replacement Expenditures	Balance 12/31/2023
<b>Playa del Sur:</b>						
Restricted Reserves:						
Entry feature / fencing	\$ 21,992	\$ 30	\$ -	\$ -	\$ -	\$ 22,022
Lighting - street lights	9,620	388	-	-	-	10,008
Paving / roads / appurtances	70,501	8,519	-	-	-	79,020
Pavers	9,690	104	-	-	-	9,794
Sidewalks / bike path	34,834	248	-	-	-	35,082
Roads and appurtances	-	-	-	-	-	-
Signage	5,234	218	-	-	-	5,452
Walkovers	59,099	86,544	-	104,473	(250,085)	31
Subtotal	210,970	96,051	-	104,473	(250,085)	161,409
Unrestricted Reserves:						
Bulkhead seawall	\$ 31,567	\$ 728	\$ -	\$ -	\$ -	\$ 32,295
Plant replacement / irrigation	11,858	1,036	-	-	-	12,894
Low voltage lights	16,144	128	-	-	-	16,272
Maintenance contingency	5,892	982	-	-	(6,874)	-
Lake overlooks	1,602	-	-	-	-	1,602
Professional fees	2,089	-	-	-	-	2,089
Insurance	1,032	-	-	-	-	1,032
Legal fees	1,032	-	-	-	-	1,032
Interest to be allocated	4	-	4,756	-	-	4,760
Walkover damage allowance	-	17,398	-	-	(8,699)	8,699
Nature disaster	18,852	626	-	-	(19,342)	136
Subtotal	90,072	20,898	4,756	-	(34,915)	80,811
Total Playa del Sur	\$ 301,042	\$ 116,949	\$ 4,756	\$ 104,473	\$ (285,000)	\$ 242,220
Total	\$ 667,453	\$ 209,520	\$ 20,027	\$ 115,635	\$ (386,993)	\$ 625,642

Exhibit II  
Ocean Estates Neighborhood

Supplementary Information on  
Future Major Repairs and Replacements

For the year ended December 31, 2023  
Unaudited

<u>Replacement:</u>	<u>Estimated Remaining Useful life (Years)</u>	<u>Estimated Current Replacement Cost</u>	<u>2024 Budgeted Requirement</u>
<b>Carino Lar Mer:</b>			
Restricted Reserves:			
Entry feature / fencing	6 Years	\$ 123,501	\$ 6,858
Lighting - street lights	1 Year	17,053	812
Mailboxes	5 Years	3,638	-
Driveways / drains	19 Years	80,230	3,430
Walkovers	30 Years	<u>577,290</u>	<u>36,800</u>
Subtotal		801,712	47,900
Unrestricted Reserves:			
Plant replacement / irrigation	10 Years	\$ 41,475	\$ 2,574
Maintenance contingency	NA	-	8,957
Natural disaster	6 Years	<u>52,500</u>	<u>5,261</u>
Subtotal		<u>93,975</u>	<u>16,792</u>
Total Carino Lar Mer		<u>\$ 895,687</u>	<u>\$ 64,692</u>
<b>Grande Mer:</b>			
Restricted Reserves:			
Entry feature / fencing	5 Years	\$ 17,850	\$ 581
Lighting - street lights	12 Years	19,488	172
Paving / roads / appurtances	18 Years	40,695	1,817
Pavers	17 Years	26,250	380
Walkovers	30 Years	<u>247,149</u>	<u>14,400</u>
Subtotal		351,432	17,350
Unrestricted Reserves:			
Plant replacement / irrigation	6 Years	21,000	980
Maintenance contingency	NA	-	4,249
Nature disaster	5 Years	<u>52,500</u>	<u>5,321</u>
Subtotal		<u>73,500</u>	<u>10,550</u>
Total Grande Mer		<u>\$ 424,932</u>	<u>\$ 27,900</u>
<b>Playa del Sur:</b>			
Restricted Reserves:			
Entry feature / fencing	14 Years	\$ 24,778	\$ 185
Lighting - street lights	2 Years	16,590	2,324
Paving / roads / appurtances	5 Years	91,350	3,474
Pavers	17 Years	22,671	628
Sidewalks / bike path	30 Years	64,575	1,490
Signage	14 Years	24,778	1,307
Walkovers	30 Years	<u>901,036</u>	<u>86,541</u>
Subtotal		1,145,778	95,949

(continued)

Exhibit II  
Ocean Estates Neighborhood

Supplementary Information on  
Future Major Repairs and Replacements

For the year ended December 31, 2023  
Unaudited

(continued)

<u>Replacement:</u>	<u>Estimated Remaining Useful life (Years)</u>	<u>Estimated Current Replacement Cost</u>	<u>2024 Requirement</u>
<b>Playa del Sur:</b>			
Unrestricted Reserves:			
Bulkhead seawall	36 Years	\$ 193,000	\$ 4,363
Plant replacement / irrigation	3 Years	67,657	6,222
Lighting - low voltage	1 Year	16,144	768
Maintenance contingency	NA	-	5,891
Nature disaster	5 Years	52,500	3,755
Subtotal		<u>329,301</u>	<u>20,999</u>
Total Playa del Sur		<u>\$ 1,475,079</u>	<u>\$ 116,948</u>
 Total		 <u>\$ 2,795,698</u>	 <u>\$ 209,540</u>

The State of Florida requires certain associations to have reserves for the future replacement of common property and for deferred maintenance. The Board of Directors is required to present a budget that reflects full funding of reserve items. However, the members of the Association may vote to reduce, consolidate, or eliminate reserve items.

The Association's current policy is to assess each unit owners a monthly assessment to meet all future replacement and major repair costs. This policy is based on an independent study of what funds might be needed. The Association had a professional reserve study prepared in December of 2020 for the 2021 fiscal year. The reserve study is utilized by the Board of Directors as a guide and the Board may make changes as necessary.

Future replacement and major repair costs may exceed the accumulated funds. In that event, the Association, based on provisions in its Declaration, has the authority to assess unit owners for additional funds needed at the time of replacement or major repair, or may delay major repairs and replacements until funds are available.

The Association adopted a budget with \$209,540 reserve funding for the year ended December 31, 2023.