

CENTURY PARK
CONDOMINIUM NO.2 ASSOCIATION, INC.
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

DE VARONA, CPA, P.A.
CERTIFIED PUBLIC ACCOUNTANT

CENTURY PARK
CONDOMINIUM No.2 ASSOCIATION, INC.
DECEMBER 31, 2023

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Sergio de Varona, CPA, PA

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Century Park
Condominium No. 2 Association, Inc.
Miami, Florida

We have audited the accompanying financial statements of Century Park Condominium No. 2 Association, Inc., 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.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Century Park Condominium No. 2 Association, Inc. as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that supplementary information as future major repairs and replacements on page 11 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, 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.



De Varona, CPA, PA

Coral Gables, Florida

August 20, 2024

CENTURY PARK CONDOMINIUM NO. 2 ASSOCIATION, INC.
Statement of Revenues, Expenses and Changes in Fund Balance
Year Ending December 31, 2023

	Operating Fund	Reserve Fund	Total
<u>REVENUES</u>			
Assessment	\$1,242,899	\$274,445	\$1,517,344
Spl. Assessment-Insurance	83,694		83,694
Interest Income	143	453	596
Clubhouse Rental	274		274
Decal/Keys/Cards	6,850		6,850
Late Fees	8,072		8,072
Parking	11,215		11,215
Other Income	0		0
<u>TOTAL REVENUE</u>	<u>\$1,353,147</u>	<u>\$274,898</u>	<u>\$1,628,045</u>
<u>EXPENSES</u>			
Alarm Monitoring	\$98,181		\$98,181
Bank Charges	372		372
Contingencies	13,275		13,275
Depreciation Expense	3,650		3,650
Fire Alarm Maintenance/Monitoring	42,543		42,543
Insurance	390,757		390,757
Janitorial Services/Supplies	84,000		84,000
Landscaping/Improvements	27,138		27,138
Lawn Maintenance/Irrigation	100,950		100,950
License and Fees	3,173		3,173
Management Fees/Bookeeping	52,900		52,900
Miscellaneous	5,801		5,801
Office Supplies and Expense	8,097		8,097
On-Site Personnel	68,958		68,958
Pest Control/Lawn Spray/Fertilize	8,572		8,572
Printing and Postage	8,946		8,946
Pool Maintenance and Repairs	10,623		10,623
Professional-Accounting/Legal	57,199		57,199
Reserves Expenses (used)		274,445	274,445
Repairs and Maintenance	85,687		85,687
Security	167,665		167,665
Tree Trimming	42,655		42,655
Telephone	3,014		3,014
Utilities - Electricity/Water	77,807		77,807
Waste Collection	88,537		88,537
<u>TOTAL EXPENSES</u>	<u>\$1,450,500</u>	<u>\$274,445</u>	<u>\$1,724,945</u>
Excess Revenues (Expenses)	-\$97,353	\$453	-\$96,900
Contributed Capital	161,746		161,746
Fund Balance Beginning	-63,393	31,594	-31,799
Transfer to Reserve		-31,668	-31,668
Interest reserve adj	0	-96	-96
<u>FUND BALANCE END</u>	<u>\$1,000</u>	<u>\$284</u>	<u>\$1,284</u>

CENTURY PARK CONDOMINIUM NO. 2 ASSOCIATION, INC.
Statement of Cash Flows
Year Ending December 31, 2023

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
<u>Cash flows from operating activities</u>			
Excess Revenues (Expenses)	-\$97,353	\$453	-\$96,900
Depreciation	3,650		3,650
Increase in Receivables	-21,627	-\$39,776	-61,403
Increase in Prepaid Expenses	-19,837		-19,837
Increase in Accounts Payable and Accruals	83,361		83,361
Decrease in Performance Obligations (Reserves)		-10,847	
Increase in Insurance Payable	20,640		20,640
Increase in Prepaid Assessments	7,901		7,901
Increase in Deposits	7,020		7,020
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>-\$16,245</u>	<u>-\$50,170</u>	<u>-\$66,415</u>
<u>Cash flows from investing activities</u>			
Increase in Fixed Assets	-\$5,900		-\$5,900
<u>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</u>	<u>-\$5,900</u>		<u>-\$5,900</u>
<u>Cash flows from financing activities</u>			
Equity adj.	-739	-31,764	-32,502
Prior Year Adjustment Expenses	181		
Increase in Capital Contribution	-13,847		
<u>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</u>	<u>-\$14,404</u>	<u>-\$31,764</u>	<u>-\$46,168</u>
NET INCREASE (DECREASE) IN CASH	<u>-\$36,549</u>	<u>-\$81,934</u>	<u>-\$118,483</u>
Increase in Due to Operating from Reserves	-3,650	3,650	
BEGINNING CASH BALANCE	<u>231,160</u>	<u>951,641</u>	<u>1,182,801</u>
ENDING CASH BALANCE	<u>\$190,961</u>	<u>\$873,357</u>	<u>\$1,064,318</u>

CENTURY PARK CONDOMINIUM NO.2 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. NATURE OF ORGANIZATION

Century Park Condominium No.2 Association, Inc. (The Association) is a non-for-profit corporation, incorporated in the State of Florida on October 1, 2001. The Association is responsible for the operation and maintenance of the common property of Century Park Condominium No. 2 Association, Inc., which consists of 373 residential units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions in the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose.

Operating Fund. – This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund – This fund is used to accumulate financial resources designated for future major repairs and replacements. In 2004, The Association started to maintain funds for the replacement and repairs of major items as follows: roof, exterior painting, pavement and seal and stripping. The reserve funds are combined into Mandatory Reserve account and should be segregated in specific bank accounts.

Contract Liabilities

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (deferred revenue-reserves) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The balances of contract liabilities as of the beginning and end of the year are \$920,047 and \$909,200 respectively.

CENTURY PARK CONDOMINIUM NO. 2 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2023

Concentration of Credit Risk

The Association Maintains its cash in bank accounts, which, at times, may exceed federally insured credit limits. The Association has not experienced any losses in the accounts and believes it not exposed to significant credit risk on its cash or cash equivalents.

Use of Estimates

The Association uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were used.

Shared Facilities

On July 9, 2004 a Use Agreement was entered into by The Association and Century Park Condominium Association, Inc., known as Condo 1, whereas the following facilities will be shared by both communities:

- One recreational building, and
- One swimming pool with pool deck.

This agreement was terminated as indicated in the Board minutes of September 2023 and confirmed by legal counsel by correspondence dated October 06, 2023.

3. PROPERTY AND EQUIPMENT

Property and Equipment are recorded at cost and consists of the following as of December 31, 2023

Furniture and Fixtures	\$ 38,674
Property and Equipment	156,510
Less; accumulated depreciation	<u>(180,395)</u>
Book value	<u>\$ 14,789</u>

CENTURY PARK CONDOMINIUM NO. 2 ASSOCIATION, INC
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2023

4. MEMBER ASSESSMENTS

The Association Declaration provides that each owner is chargeable for his or her share of Common expenses based upon the budget adopted. The Association has lien rights in the event of delinquent assessments, which can be exercised through foreclosure proceedings. The Association may provide an allowance for losses on receivables based on a review of the current status of existing receivables, where applicable.

5. INCOME TAXES

The Association may be taxed as either a homeowners' association or a regular corporation. As a homeowners' association, membership income is exempt from taxation and the Association is taxed on its non-membership income such as earned interest, facilities rental, cards and decals, screening fees and other taxable income, at regular federal and state corporate rates.

The Association filed its 2023 Federal Income Tax Return on Form 1120-H under Section 528 of the Internal Revenue Code.

6. SECURITY DEPOSITS

The Association holds security deposits for the rented units, which are returned at lease-end. As of December 31, 2023 these deposits, which are kept in a separate bank account, amounted to \$128,180

7. COMMITMENTS, CONTRACTS, AND OTHER MATTERS

The Association is committed with annual contracts for monthly services during 2023, as follows:

Luis Garcia Land Services Corp.	\$1,200 per cut
Gables Professional Management	4,408
Blue Knight Protective Services	13,972 appx.
ADI Security, Inc. (alarm monitoring)	8,182
Crystal Pool (month to month)	760
Go to my Controls (fire alarm)	1,391
Kendall Star (janitorial/maintenance)	7,000
Magic Waste Management Corp.	7,249
Everlasting Rain System Inc	1,200

CENTURY PARK CONDOMINIUM NO. 2 ASSOCIATION, INC
 NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2023

The Association is subject to legal matters, which may arise, primarily in the ordinary course of business. The Association does not anticipate any losses with respect to such existing or pending matters at December 31, 2023

8. LONG TERM COMMITMENT

On March 30th, 2023, The Association signed an Xfinity Communities Service Agreement with Comcast Cable Communications Management, LLC by which Comcast is granted the exclusive use of the home run wiring and non-exclusive use of home wiring. The Association received compensation of \$135 per unit, totaling \$50,355. The agreement has a term of 11 years and is automatically renewed every 2 years unless a notice of intention not to renew is provided by either party.

9. RESERVE FUNDS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. As of December 31, 2023, these funds totaled approximately \$909,200, plus interest of \$284 and should be maintained in separate accounts and are generally not available for operating expenditures.

The Association started funding such major repairs and replacements over the estimated useful life of the components, based on the study's estimates of current replacement cost and considering amounts previously designated for future repairs and replacements. Actual expenditures, however, may vary from the estimated amounts, and the variances could be material. Therefore, amounts designated for future repairs and replacement may not be adequate for to meet future needs. If additional funds are required, however, the Association has the right, subject to members' approval, of increasing the regular assessment, levy special assessments or hold the major repairs until funds become available.

The Association is using the pooling method of funding reserves.

The detail of these funds as of December 31, 2023 is as follows

	Balance <u>12/31/22</u>	Assessments/ <u>Interest</u>	Expenditures/ <u>Adjustments</u>	Balance <u>12/31/23</u>
Recreational	62,937	14,624	(12,925)	64,635
Hurricane Contingency	58,000	9,000		67,000
Pooling (cash flow)	<u>799,110</u>	<u>224,489</u>	<u>(246,034)</u>	<u>777,564</u>
	<u>\$920,047</u>	<u>\$248,113</u>	<u>\$(258,959)</u>	<u>\$909,200</u>

CENTURY PARK CONDOMINIUM NO. 2 ASSOCIATION, INC
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2023

10. 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. 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.

11. CONTINGENCY

The policies providing insurance coverage of all the buildings with the aggregate value of \$51,597,510 have a deductible clause of 5%.

In the event of property damage from a hurricane, the Association would have to pay up to the deductible for damages caused by the storm, before any funds could be received from the Insurance Company.

12. SUBSEQUENT EVENTS

The Association has evaluated its subsequent events through August 20th, 2023 the date the accompanying financial statements were issued. The Association had no material subsequent event requiring recording or disclosure.

Supplementary Information

CENTURY PARK CONDOMINIUM NO.2 ASSOCIATION, INC
 Supplementary Information on Major Repairs and Replacements
 December 31, 2023

The Association conducted an independent study to estimate the remaining useful lives and replacement costs of the components of common property.

Replacement costs were based on the estimated cost of repairs or replace the common property components following information gathered from the independent study. Actual expenditures may vary from the estimated amounts, and the variances could be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs.

If additional funds are required, the Association has the right to increase regular assessments, levy an special assessment or hold the repairs or replacements until funds become available.

The following presents information about the components of common property as of December 31, 2023

Components	Estimated remaining Useful life (years)	Designated for Repair/replacement December 31,2023
Recreational	Various	64,635
Hurricane Contingency		67,000
Pooled (cash flow)	Various	777,564
TOTAL		\$909,200

NOTE: The estimated useful life and replacement costs are from prior years. The Association should revise these estimates.

