CALAIS AT PELICAN BAY CONDOMINIUM ASSOCIATION, INC.
NAPLES, FLORIDA
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023

Myers Brettholtz & COMPANY, PA

CPAs and Consultants

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Myers Brettholtz & COMPANY, PA
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Calais at Pelican Bay Condominium Association, Inc.

Opinion

We have audited the accompanying financial statements of Calais at Pelican Bay Condominium Association, Inc., which comprise the balance sheet as of March 31, 2023, and the related statements of revenue, expenses and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Calais at Pelican Bay Condominium Association, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Calais at Pelican Bay Condominium Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Calais at Pelican Bay 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.

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To the Board of Directors
of Calais at Pelican Bay Condominium Association, Inc.

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 Calais at Pelican Bay Condominium Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Calais at Pelican Bay Condominium Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements on page 14 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.

To the Board of Directors
of Calais at Pelican Bay Condominium Association, Inc.

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 fund revenue and expenses - budget to actual, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the portion marked "unaudited," 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 any assurance on it.

Myers, Brettholtz & Company, PA

MYERS, BRETTHOLTZ & COMPANY, PA
Fort Myers, Florida
December 5, 2023

CALAIS AT PELICAN BAY CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
MARCH 31, 2023

	Operating Fund	Replacement Fund	Total
Assets			
Cash	$ 1,541,933	$ 491,569	$ 2,033,502
Assessments receivable	175	-	175
Prepaid insurance	69,564	-	69,564
Deposits	13,653	-	13,653
Due from (to) funds	(206,062)	206,062	-
Total assets	$ 1,419,263	$ 697,631	$ 2,116,894
Liabilities and Fund Balance			
Liabilities			
Accounts payable and accrued expenses	$ 17,854	$ -	$ 17,854
Social committee funds	3	-	3
Assessments received in advance	210,475	-	210,475
Deferred revenue	879,941	-	879,941
Contract liability	-	697,631	697,631
Total liabilities	1,108,273	697,631	1,805,904
Fund balance	310,990	-	310,990
Total liabilities and fund balance	$ 1,419,263	$ 697,631	$ 2,116,894

Read Independent Auditors' Report.
The accompanying notes are an integral part of the financial statements.

CALAIS AT PELICAN BAY CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2023

	Operating Fund	Replacement Fund	Total
Revenue			
Member assessments	$ 838,599	$ 24,656	$ 863,255
Interest	150	6,078	6,228
Late fees and interest	849	-	849
Application fees	3,301	-	3,301
Insurance proceeds	225,691	-	225,691
Special assessment	327,500	-	327,500
Total revenue	1,396,090	30,734	1,426,824
Expenses			
Utilities	100,396	-	100,396
Building	101,961	-	101,961
Grounds	88,900	-	88,900
Administration	507,283	-	507,283
Hurricane	616,460	-	616,460
Replacement	-	30,734	30,734
Total expenses	1,415,000	30,734	1,445,734
Excess of revenue over expenses	(18,910)	-	(18,910)
Fund balance, beginning of year	329,900	-	329,900
Fund balance, end of year	$ 310,990	$ -	$ 310,990

CALAIS AT PELICAN BAY CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

	Operating Fund	Replacement Fund	Total
Cash Flows From Operating Activities			
Excess of revenue over expenses	$ (18,910)	$ -	$ (18,910)
Adjustments to reconcile to net cash flows from operating activities:			
Changes in:			
Assessments receivable	29	-	29
Prepaid insurance	(27,196)	-	(27,196)
Deposits	(13,203)	-	(13,203)
Due from (to) funds	206,007	(206,007)	-
Accounts payable and accrued expenses	10,085	-	10,085
Assessments received in advance	9,430	-	9,430
Deferred revenue	879,941	-	879,941
Contract liability	-	292,766	292,766
Net cash provided by operating activities	1,046,183	86,759	1,132,942
Cash, beginning of year	495,750	404,810	900,560
Cash, end of year	$ 1,541,933	$ 491,569	$ 2,033,502
Supplemental Information			
Income tax paid	$ 31	$ -	$ 31
Interest paid	$ -	$ -	$ -

Read Independent Auditors' Report.
The accompanying notes are an integral part of the financial statements.

NOTE 1 - ORGANIZATION AND PURPOSE

Calais at Pelican Bay Condominium Association, Inc. (the "Association") was incorporated on August 4, 1989, under the laws of Florida as a corporation not-for-profit, to operate and manage Calais at Pelican Bay (the "Condominium"), consisting of 131 residential units, located in Naples, Florida. The owners of all units in the Condominium are the only members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The Association's governing documents provide guidelines for governing its financial activities. To ensure observance of limitations on 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.

Cash and Cash Equivalents

The Association considers all highly liquid investment instruments purchased with an original maturity of three months or less, at the date of purchase, to be cash equivalents.

Assessments Receivable

Assessments receivable represent amounts due from members for maintenance and other assessments and are stated at the amounts expected to be collected. All assessments receivable are presented in the operating fund.

Receivables are considered delinquent when the payment is not received on or before the due date. The portion of receivables which is considered delinquent is charged against the allowance when all collection efforts have been exhausted. Factors which influence management's judgment in determining the appropriate allowance for doubtful accounts, and for charging off uncollectible accounts, include past collection experience and industry standards. As of March 31, 2023, management determined that no allowance for doubtful accounts is needed.

The balances of assessments receivable as of the beginning and end of the year are $204 and $175, respectively.

Property and Equipment

The Association follows prevalent industry practice, as contained in ASC Subtopic 972-360, "Real Estate - Common Interest Realty Associations - Property, Plant and Equipment" in accounting for the common property of the Association, which it is responsible to preserve and maintain. Property is capitalized only if the Association has title or other evidence of ownership of the property, and either the Association can dispose of the property or the property is used by the Association to generate significant cash flow from members on the basis of usage or from nonmembers.

Property associated with the units is not capitalized. Property not directly associated with the units consists of a clubhouse, pool, parking areas and grounds. These items are not capitalized as they do not meet the capitalization criteria, since ownership of the commonly owned assets is vested in the members, those assets are not titled in the Association's name and disposition of those assets by the Board is restricted. Additions and improvements to common property are accounted for as major repair and replacement expenditures in the replacement fund.

Contract Liability

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 performance obligations related to the replacement fund assessments. During the year ended March 31, 2023, the Association assessed and received $317,478 in the replacement fund. The balance of contract liability as of the beginning and end of the year are $404,865 and $697,631, respectively.

Income Taxes

The Association can elect to file its income tax return as a Homeowners' Association, in accordance with Internal Revenue Code Section 528. Under that section, the Association is not taxed on uniform assessments to members and other income received from Association members solely as a function of their membership in the Association. The effect of the election is to tax the Association only on its "non-exempt function" income, reduced by a specific $100 deduction at a flat 30% rate. If such election is not made, the Association's net income is subject to tax at statutory corporate rates.

Management has analyzed its various federal filing positions and believes that the Association's income tax filing positions and deductions are well documented, supported and contain no uncertain tax positions. Additionally, management believes that no accruals for tax liabilities, interest or penalties are required. Therefore, no reserves for uncertain income tax positions have been recorded. Further, no interest or penalties have been included since no reserves were recorded. When applicable, such interest and penalties will be reported as income tax expense. The Association's federal income tax returns remain subject to examination by the Internal Revenue Service for three years from the date of filing.

The Association has elected to be taxed as a Homeowners' Association, which has resulted in an income tax liability of $1,281 for the year ended March 31, 2023, included in accounts payable and accrued expenses. There is no state income tax imposed on the Association.

Fair Value Measurements

The Association measures certain assets at fair value in accordance with current accounting standards on fair value measurements. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) as opposed to the price that would be paid to acquire the asset or received to assume the liability (an entry price). The Association has determined that there were no material differences between the cost and carrying values of its financial assets and liabilities as of March 31, 2023.

Assessment Revenue

Association members are subject to assessments to provide funds for the Association's operating expenses and major repairs and replacements. The Association's ability to collect assessments is affected by a variety of factors, including general economic conditions and each individual owner's financial capability. 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 performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. Any excess assessments at year-end are retained by the Association for use in the succeeding year.

Late fees and interest revenue is recognized when billed.

NOTE 3 - CONCENTRATIONS

Concentration of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash. The Association maintains cash balances at various financial institutions. Accounts at each commercial banking institution are insured by the Federal Deposit Insurance Corporation (the "FDIC") up to $250,000. As of March 31, 2023, the uninsured balance was $609,033, based on the bank statement balances, less the FDIC insurance.

NOTE 4 - ASSESSMENTS RECEIVED IN ADVANCE

Assessments received in advance consisted of future year assessments received by the Association prior to April 1, 2023.

NOTE 5 - DEFERRED REVENUE

Special assessment revenue is recognized as the related expenses are incurred. Unexpended amounts are recorded as deferred revenue until they are either expensed for the purpose of the original assessment, returned to the members, or used for another purpose as determined and approved by the Board.

During the year ended March 31, 2023, the Association billed $327,500 related to damages incurred when Hurricane Ian made landfall on September 28, 2022. The amounts expended during the year ended March 31, 2023 related to these funds was $390,769, included in hurricane expenses. As of March 31, 2023, the special assessment was fully expended.

During the year ended March 31, 2023, the Association received insurance advances totaling $1,105,632 related to damages incurred from Hurricane Ian. The amounts expended during the year ended March 31, 2023 related to these funds was $225,691, included in hurricane expenses. As of March 31, 2023, deferred insurance proceeds of $879,941 are included in deferred revenue.

NOTE 6 - PELICAN BAY FEES

Each unit owner in the Association is automatically a member of Pelican Bay Foundation, Inc. (the "Foundation"). The Foundation is responsible for the operation and maintenance of the common areas within the Pelican Bay development. The Foundation also provides cable television to the Association. Fees payable to the Foundation are not considered common expenses of the Association, but are collected by the Association and remitted to the Foundation on behalf of the members. The amount collected by the Association and remitted to the Foundation during the year ended March 31, 2023 was $334,312.

NOTE 7 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate $697,631, and are presented on the accompanying balance sheet as a contract liability as of March 31, 2023, are held in separate accounts and are generally not available for operating purposes. The Association's policy is to retain the interest income earned on such funds in the replacement fund and apply towards current year expenditures.

The Association has calculated funding for major repairs and replacements over the estimated useful lives of the components based on estimates of current replacement costs, and considering amounts previously accumulated in the replacement fund, in accordance with Florida Statutes. The calculated funding is based on estimates of future needs for repairs and replacements of common property components, based on a study provided by an independent appraiser. As provided by Florida Statutes, the members have adopted the pooling method for replacement funding. The 2022/2023 replacement funding requirement was $317,478.

The 2023/2024 proposed budgeted funding is $327,002, as shown in the unaudited supplementary information. The components' actual replacement costs, useful lives, and investment income may vary from the estimated amounts and the variation may be material. If additional funds are needed, the Association has the right, subject to the Board's approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 8 - CONTINGENCY

The Association incurred significant damage as a result of the landfall of Hurricane Ian on September 28, 2022. The Association has filed an insurance claim related to the damage and billed special assessments, as further described in Note 5. However, as of December 5, 2023, it is still unknown what the complete financial affect will be to the Association.

NOTE 9 - SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through December 5, 2023, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CALAIS AT PELICAN BAY CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS
MARCH 31, 2023
(Unaudited)

An independent appraiser conducted a study during 2021, to estimate the remaining lives and the replacement costs of the components of common property. The following table is based on the study and presents significant information about the components of common property. Amounts are based on normal operation and without the effect of potential catastrophic occurrences.

Components	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs	2023/2024 Proposed Budgeted Funding
Roofs	0 - 20	$ 1,862,523	
Painting and waterproofing	0 - 4	413,984	
Paving	5 - 12	617,214	
Elevators	-	932,000	
Mechanical and electrical	0 - 20	652,838	
Building components	0 - 24	1,196,080	
Miscellaneous site improvements	0 - 16	157,489	
Furniture, fixtures and equipment	0 - 3	80,888	
		$ 5,913,016	$ 327,002

Estimated current replacement costs are based on the assumption that the rate of investment income earned on replacement funds will be .25% - 3% and the rate of inflation 3%.

CALAIS AT PELICAN BAY CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND REVENUE AND EXPENSES -
BUDGET TO ACTUAL
FOR THE YEAR ENDED MARCH 31, 2023

	Budget *(Unaudited)*	Actual	Variance
Revenue			
Member assessments	$ 838,600	$ 838,599	$ (1)
Interest	-	150	150
Late fees and interest	-	849	849
Application fees	-	3,301	3,301
Insurance proceeds	-	225,691	225,691
Special assesment	-	327,500	327,500
Total operating fund revenue	838,600	1,396,090	557,490
Expenses			
Utilities			
Electricity	18,500	20,778	(2,278)
Water and sewer	43,000	55,575	(12,575)
Refuse removal and recycling	14,500	15,505	(1,005)
Telephone	10,500	7,951	2,549
Cell phone	1,000	587	413
Total utilities	87,500	100,396	(12,896)
Building			
Building maintenance	85,000	47,567	37,433
Roof repairs	10,000	1,063	8,937
Fountain replacement	1,000	-	1,000
Fountain maintenance	-	1,598	(1,598)
Exercise room	500	-	500
Janitorial and building supplies	5,000	2,817	2,183
Elevator	17,000	16,341	659
Emergency systems	10,000	20,441	(10,441)
Pool maintenance	7,500	7,041	459
Pool heat	3,500	5,093	(1,593)
Total building	139,500	101,961	37,539
Grounds			
Landscape contract	38,000	37,512	488
Fertilizer and exterminator	12,000	4,830	7,170
Sod, plantings, and rocks	20,000	21,319	(1,319)
Mulch	9,500	1,586	7,914
Sprinkler system	2,000	2,867	(867)
Tree trimming	15,000	18,678	(3,678)
Lake maintenance	2,000	1,952	48
Holiday decorations	6,000	156	5,844
Total grounds	104,500	88,900	15,600

CALAIS AT PELICAN BAY CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND REVENUE AND EXPENSES -
BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2023

	Budget *(Unaudited)*	Actual	Variance
Administration			
Management fee	23,000	23,614	(614)
Office	6,500	6,191	309
Applications	1,000	1,650	(650)
Social activities	850	-	850
Legal	2,000	2,195	(195)
Accounting	9,000	5,708	3,292
Consulting fees	1,000	4,450	(3,450)
Fees to division	600	-	600
Licenses	750	750	-
Taxes	-	1,281	(1,281)
Insurance	302,400	302,089	311
Site personnel	160,000	159,355	645
Total administration	507,100	507,283	(183)
Hurricane	-	616,460	(616,460)
Total operating fund expenses	838,600	1,415,000	(576,400)
Excess of revenue over expenses	$ -	$ (18,910)	$ (18,910)