

SANIBEL MOORINGS
CONDOMINIUM ASSOCIATION,
INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION

September 30, 2023



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors and Members
Sanibel Moorings Condominium Association, Inc.
Sanibel, Florida

We have reviewed the accompanying financial statements of Sanibel Moorings Condominium Association, Inc. which comprise the balance sheet as of September 30, 2023, and the related statements of assessments, revenues and expenses and changes in fund balance and statement of cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United State of America. We believe that the results of our procedures provide reasonable basis for our conclusion.

We are required to be independent of Sanibel Moorings Condominium Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion on the Financial Statements

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 13 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management. We have compiled the supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on it.

WELKER HARRIS & COMPANY

Certified Public Accountants
Fort Myers, Florida

January 26, 2024

Sanibel Moorings Condominium Association, Inc

Balance Sheet

September 30, 2023

	2023		
	Operating Fund	Replacement Fund	Total
ASSETS			
Cash and cash equivalents	\$ 372,797	\$ 17,750	\$ 390,547
Investments - available-for-sale	-	1,619,249	1,619,249
Investments - held-to-maturity	-	429,957	429,957
Accounts receivable – members	135,515	-	135,515
Interest receivable	-	3,042	3,042
Inventories	9,287	-	9,287
Prepaid expenses	176,729	-	176,729
Costs of Hurricane Reconstruction (net of Insurance and Special Assessments)	4,428,298	-	4,428,298
Property and equipment, (net of accumulated depreciation)	414,471	-	414,471
Deposits	1,115	-	1,115
Due from (to) funds	95,193	(95,193)	-
Total Assets	<u>\$ 5,633,405</u>	<u>\$ 1,974,805</u>	<u>\$ 7,608,210</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Advance deposits	\$ 945,356	\$ -	\$ 945,356
Accounts payable and accrued expenses	3,437,991	-	3,437,991
Note Payable	900,000	-	900,000
Deferred tax liability	-	61,152	61,152
Contract liability	-	1,339,433	1,339,433
Total Liabilities	<u>5,283,347</u>	<u>1,400,585</u>	<u>6,683,932</u>
FUND BALANCES			
Total Fund Balances	<u>350,058</u>	<u>574,220</u>	<u>924,278</u>
Total Liabilities and Fund Balances	<u>\$ 5,633,405</u>	<u>\$ 1,974,805</u>	<u>\$ 7,608,210</u>

Read accompanying notes and accountants' review report.

Sanibel Moorings Condominium Association, Inc
Statement of Assessments, Revenues and Expenses and Changes in Fund Balance
For the year ended September 30, 2023

	2023		
	Operating Fund	Replacement Fund	Total
ASSESSMENTS AND REVENUES			
Owner assessments	\$ 1,069,086	\$ 307,996	\$ 1,377,082
Administrative income	3,824	-	3,824
Interest and dividends	-	68,573	68,573
Realized gain on fair value investments	-	168,240	168,240
Unrealized gain on fair value investments	-	207,252	207,252
Total Assessments and Revenues	<u>1,072,910</u>	<u>752,061</u>	<u>1,824,971</u>
EXPENSES			
Administrative	702,686	3,449	706,135
Major repair and replacement Fund	-	307,996	307,996
Building and grounds maintenance	313,724	-	313,724
Insurance and taxes	671,414	-	671,414
Housekeeping	65,053	-	65,053
Total Expenses	<u>1,752,877</u>	<u>311,445</u>	<u>2,064,322</u>
Excess of Assessments and Revenue (under) over Expenses	(679,967)	440,616	(239,351)
Fund balance, beginning of year	<u>1,030,025</u>	<u>133,604</u>	<u>1,163,629</u>
Fund balance, end of year	<u>\$ 350,058</u>	<u>\$ 574,220</u>	<u>\$ 924,278</u>

Read accompanying notes and accountants' review report.

Sanibel Moorings Condominium Association, Inc

Statement of Cash Flows

For the year ended September 30, 2023

	2023		
	Operating Fund	Replacement Fund	Total
RECONCILIATION OF EXCESS OF ASSESSMENTS AND REVENUES OVER (UNDER) EXPENSES:			
Excess of assessments and revenues (under) over expenses	\$ (679,967)	\$ 440,616	\$ (239,351)
ADJUSTMENTS TO RECONCILE EXCESS OF ASSESSMENTS AND REVENUES OVER (UNDER) EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Unrealized gain on fair value investments	-	(207,252)	(207,252)
Depreciation and Amortization	58,040	3,449	61,489
Deferred income tax	-	2,316	2,316
Decrease (increase) in:			
Due from unit owners	(52,841)	-	(52,841)
Other receivables	49,600	653	50,253
Inventories	(1,310)	-	(1,310)
Prepaid expenses	122,746	-	122,746
Costs of Hurricane Reconstruction	(4,428,298)	-	(4,428,298)
Due (to) from funds	(159,135)	-	(159,135)
Increase (decrease) in:			
Advance deposits	(1,062,175)	-	(1,062,175)
Contract liability	-	307,996	307,996
Accounts payable and accrued expenses	3,285,674	-	3,285,674
Total adjustments	(2,187,699)	107,162	(2,080,537)
Net Cash (Used) Provided by Operating activities	\$ (2,867,666)	\$ 547,778	\$ (2,319,888)

Read accompanying notes and accountants' review report.

Sanibel Moorings Condominium Association, Inc

Statement of Cash Flows

For the year ended September 30, 2023

	2023		
	Operating Fund	Replacement Fund	Total
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(241,579)	-	(241,579)
Proceeds from sale of securities	-	2,491,295	2,491,295
Purchase of securities	-	(788,378)	(788,378)
Net cash (used) provided by investing activities	(241,579)	1,702,917	1,461,338
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in borrowings	900,000	-	900,000
Interfund transfers	2,279,676	(2,279,676)	-
Net cash (used) provided by financing activities	3,179,676	(2,279,676)	900,000
Net increse (decrease) in cash	70,431	(28,981)	41,450
Cash and cash equivalents, beginning of year	302,366	46,731	349,097
Cash and cash equivalents, end of year	372,797	17,750	390,547
Supplemental Income			
Income Taxes paid	\$ -	\$ -	\$ -
Interest paid	\$ 25,654	\$ -	\$ 25,654

Read accompanying notes and accountants' review report.

SANIBEL MOORINGS CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Sanibel Moorings Condominium Association, Inc. (the "Association") was incorporated on November 3, 1971, under the laws of Florida as a corporation not-for-profit, to operate and manage the Sanibel Moorings Condominium, a condominium consisting of 122 units, located at 845 East Gulf Drive, Sanibel Island, Florida. The owners of the units are the only members. The Association provides for the operation and maintenance of the condominium and also administers a rental program. The Association obtains tenants, collects rents, and pays expenses on behalf of owners who are members of the rental program. There was no rental activity during the year ended September 30, 2023 as a result of Hurricane reconstruction.

Basis of Accounting

The Association prepares its financial statements on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America and presents them as separate funds based on its different funding policies for operations and major repairs and replacement.

The operating fund reflects the operating portion of the monthly assessments billed to members to meet the various day-to-day expenditures incurred in the administration, maintenance and operation of the Condominium and recreational facilities.

The replacement fund is composed of the portion of the monthly assessments designated in the budget to fund future major repair and replacements, as further described in Note 9.

Cash and Cash Equivalents

The Association considers all short-term debt securities with a maturity of three months or less to be cash equivalents.

Use of 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.

Investments

The Association classifies its debt and marketable equity securities into held-to-maturity or available-for-sale categories. Debt securities are classified as held-to-maturity when the Association has the positive intent and ability to hold the securities to maturity. Debt securities for which the Association does not have the intent or ability to hold to maturity and marketable equity securities are classified as available-for-sale. Held-to-maturity securities are recorded at amortized cost. Available-for-sale securities are carried at fair value, with the unrealized gains and losses, net of tax, included in the determination of other comprehensive income and reported as a separate component of the fund balance. See note 3 to these financial statements.

Accounts Receivable - Members

The Association collects rents and pays expenses on behalf of members who participate in the rental program. The accounts are maintained on an individual unit basis. When expenses paid exceed rents collected, the amount due is shown as an account receivable. Additionally, maintenance fees owed by unit owners are also reflected as accounts receivable. Revenue from the rental program represents commissions earned and other rentals.

Accounts receivable are generally considered delinquent when the payment is not received on or before the due date. Association management has reviewed accounts receivable outstanding as of September 30, 2023 and considers them fully collectible. Based on this and the Association's prior history of insignificant bad debt on accounts receivable, no allowance for uncollectible accounts is considered necessary. Expense is recognized during the period in which a specific account is determined to be uncollectible. There was no bad debt expense for the year ended September 30, 2023.

Inventories

Inventories consist of maintenance and linen supplies for use in the rental program and merchandise held for resale. These inventories are stated at cost, which approximates fair market value.

Fair Value Measurements

Effective October 1, 2018, the Association adopted Statement of Financial Accounting Standards ("SFAS") ASC 820 "Fair Value Measurements and Disclosures," for assets and liabilities measured at fair value on a recurring basis. The adoption of ASC 820 has no effect on the financial statements.

SANIBEL MOORINGS CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level "Valuation Hierarchy for fair value measurements, requires consideration of the Association's creditworthiness when valuing liabilities, and expands disclosure about instruments measured at fair value. The Valuation Hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels of the Valuation Hierarchy and the distribution of the financial assets within it are as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology included quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, to substantially the full term of the financial instrument. At September 30, 2023 the Association held no such assets.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurements. At September 30, 2023 the Association held no such assets.

Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short-term, highly liquid nature. These instruments include cash and cash equivalents, accounts receivable, other receivables, and accounts payable and accrued expenses.

Common Property

The Association is responsible to preserve and maintain the common property of the Condominium. Ownership of the commonly owned assets is vested directly or indirectly in the members. Those assets are not titled in the Association's name and disposition of those assets by the Board of Directors (the "Board") is restricted. As a result, commonly owned assets are not presented in the Association's financial statements. Common property not capitalized consists of swimming pools, laundry facility building, exercise room, gardens, landscaping, parking lot and other common areas. Additions and improvements to common property are accounted for as major repair and replacement expenditures in the replacement fund.

Property and Equipment

It is the Association's policy to capitalize certain personal property acquisitions with a useful life longer than one year. These assets are recorded at cost and are being depreciated over their useful life using the straight-line method, as further described in Note 6.

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. The balance of contract liability as of the year end is \$1,339,433.

Compensated Absences

The Association does not accrue compensated absences as a liability since neither vacation time nor sick leave accrues beyond the end of the year.

Deferred Income Taxes

The Association is incorporated as a not-for-profit corporation under the laws of the State of Florida, as contained in Chapter 718 of the Florida Statutes. However, the Association is not exempt from income taxes. For income tax purposes, the Association is required to segregate the results of its member activities from its non-member activities and is separately taxed on each element. Non-member activity losses may only be used to offset non-member activity profits in current and future periods. Member activity losses are referred to as deferred expense carry-forwards and cannot be used to offset non-member activity profits. The Association believes non-member loss carry-forwards may be utilized. As a result, it is the Association's policy to record the deferred tax asset and liabilities associated with non-member loss carry-forwards. Additionally, the tax effect related to unrealized gain or loss in comprehensive income and temporary depreciation differences between book to tax depreciation is reflected in the balance sheet.

Revenue Recognition

Maintenance fee revenue is recorded monthly in the amount of the membership assessment allocation, specified for current period operations based on the annual budget as determined and approved by the Board. A proportionate share of maintenance fees is assessed per unit.

SANIBEL MOORINGS CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Flows

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Association maintains almost all its cash and cash equivalents' accounts at two related financial institutions. Accounts at the commercial banking institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At September 30, 2023, the uninsured balance was \$120,861 in Busey Bank operating account.

At September 30, 2023, the balances of securities accounts held with a financial services company was \$2,049,206 at fair market value, consisting of cash accounts, government and corporate notes, stocks, and mutual funds. Accounts at the financial service companies are protected by the Securities Investor Protection Corporation ("SIPC") up to a maximum of \$500,000.

NOTE 3 – INVESTMENTS

The Association invests idle cash balances in various debt and equity securities. Management has determined that none of its investment securities can be categorized as trading securities. The amortized historical cost, aggregate fair market value, and gross unrealized gain (loss), summarized by major security type as of September 30, 2023 consisted of:

	Amortized Historical Cost	Aggregate Fair Value	Unrealized Holding Gain/(Loss)
Available-for-sale			
Stocks and mutual funds	\$ 1,112,086	\$ 1,619,249	\$ 507,163
Held-to-maturity			
Treasury notes	\$ 183,003	\$ 167,064	\$ (15,939)
Agencies	47,373	42,864	\$ (4,509)
Corporate bonds	199,581	186,521	\$ (13,060)
Net unrealized gain or loss	\$ 429,957	\$ 396,449	\$ (33,508)

Future maturities of debt securities held as of September 30, 2023 consisted of:

	Amortized Historical Cost	Aggregate Fair Value	Unrealized Holding Gain/(Loss)
Less than 1 year	\$ 95,268	\$ 94,126	\$ (1,142)
1 - 5 years	201,743	214,075	\$ 12,332
5 - 10 years	132,946	88,248	\$ (44,698)
	\$ 429,957	\$ 396,449	\$ (33,508)

NOTE 4 – FAIR VALUE HIERARCHY

The table below summarizes the fair values of financial assets that are measured at fair value on September 30, 2023.

	September 30, 2023	Fair Value Measurements		
		Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:	Historical Cost			
Investments - available-for-sale				
Common Stock	\$ 911,600	1,426,408	-	-
Mutual Funds	200,486	192,841	-	-
Investments - held-to-maturity				
Fixed Income Securities	429,957	396,449	-	-
Total Assets	\$ 1,542,043	2,015,698	-	-

SANIBEL MOORINGS CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5 - COSTS OF HURRICANE RECONSTRUCTION

The costs of reconstruction net of insurance proceeds and special assessments through September 30, 2023 are summarized below:

Reconstruction costs	\$ 16,209,798
Less :	
Insurance proceeds	(10,546,082)
Special assessments	(1,235,418)
Net Reconstruction cost	<u>\$ 4,428,298</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2023:

	Useful Lives	2023
Land	N/A	\$ 115,004
Buildings	5-39 years	-
Equipment and furniture	5-15 years	843,456
Tennis courts	7-10 years	22,229
Autos and trucks	5 years	49,067
		<u>1,029,756</u>
Less: accumulated depreciation		(615,285)
Total		<u>\$ 414,471</u>
Depreciation expense		<u>\$ 58,040</u>

NOTE 7 - ADVANCE DEPOSITS

Advance deposits are deposits on future rentals, which will be credited to apartment owners as earned. These funds are subject to return should the reservation be cancelled and therefore are not the property of unit owners. Advance deposits at September 30, 2023 were \$945,356.

NOTE 8 - NOTE PAYABLE

The note payable at September 30, 2023 was as follows :

Variable rate note payable to a financial institution (1.75% over current index rate of 3.81%) 5.56%, matured October 16, 2023 and was extended to October 16, 2024.

\$ 900,000

Interest expense for the year ended September 30, 2023 was \$25,654.

On August 2, 2023 the Association received a disaster loan commitment from the U.S. Small Business Administration for \$1,997,200 at an interest rate of 1.875% beginning twelve months from the initial disbursement on the loan. As of September 30, 2023 there were no disbursements made.

NOTE 9 - 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 \$1,339,433 and \$574,220, and are presented on the accompanying balance sheet as a contract liability and fund balance, as of September 30, 2023, are held in separate accounts and are generally not available for operating purposes.

Contract Liability Components	Balance Beginning of	Additions to Fund	Charges to Fund	Balance End of Year
Painting buildings	\$ 15,770	\$ -	\$ -	\$ 15,770
Roof replacement	(13,654)	307,996	-	294,342
Steel beams	83,839	-	-	83,839
Porch renovation	62,590	-	-	62,590
Plumbing	2,924	-	-	2,924
Insurance	879,968	-	-	879,968
	<u>\$ 1,031,437</u>	<u>\$ 307,996</u>	<u>\$ -</u>	<u>\$ 1,339,433</u>

SANIBEL MOORINGS CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 9 - FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

Fund Balance	Components	Balance Beginning of Year	Other Additions	Expended	Balance End of Year
	Steel beams	\$ 66,571	\$ 219,544	\$ -	\$ 286,115
	Porch	49,699	\$ 163,902	-	213,601
	Plumbing	2,322	\$ 7,658	-	9,980
	Insurance	15,013	\$ 49,511	-	64,524
		<u>\$ 133,605</u>	<u>\$ 440,615</u>	<u>\$ -</u>	<u>\$ 574,220</u>

For the year ended September 30, 2023, additions to the fund include interest and dividends of \$68,573, a net unrealized gain of \$207,252, and a net realized capital gain of \$168,240. The Association's policy is to retain net investment earnings in the replacement fund.

The Association has established an Insurance Reserve category to provide for uninsured losses, insurance deductibles and catastrophic losses. These funds are maintained in separate reserve investment accounts.

Major repair and replacements are funded based on an independent appraiser's estimates of current replacement costs. For the year ending September 30, 2024 the proposed budgeted funding is \$440,000, as shown in the compiled supplementary information. The components' actual replacement costs, useful lives, and investment income may vary from estimated amounts and the variation may be material. Therefore, the Association's replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Board, on behalf of the Association, has the power to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 10 - RETIREMENT PLAN

The Association has established a Savings Incentive Match Plan (the "Plan") that covers employees that receive at least \$5,000 in annual compensation. The Plan allows employees to make pre-tax elective contributions to a SIMPLE IRA. These employee contributions may be any percentage of compensation, but cannot exceed \$13,500 per year. The Association can make annual matching Plan contributions of up to 3% of each participating employee's compensation. The amount of pension cost recognized during the year ended September 30, 2023 was \$6,748. The Association follows the policy of funding the plan contributions as accrued.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Section 7D-23.04(5)-(12) of the Florida Administrative Code, requires an annual audit to be performed and delivered to the unit owners within a specific time period. This requirement does not apply to Associations when a majority of the voting interest present at a duly called meeting of the Association has determined for a fiscal year to waive this requirement. This meeting may be held at any time during the fiscal year.

In addition, the Florida Administrative Code requires the annual financial statements to be delivered to the Division of Florida Land Sales, Condominiums and Mobile Homes.

NOTE 12 - INCOME TAX

Homeowners' associations may be taxed either as a homeowners' association or as a regular corporation. For the year ended September 30, 2023 the Association was taxed as a regular corporation. As a regular corporation, membership income is exempt from taxation, if certain elections are made, and the Association is taxed only on its non-membership income, such as the rental program, interest and dividends, and gain on the sale of securities. This income is taxed at regular federal and state corporate tax rates. For the year ended September 30, 2023 the Association had a net membership Loss of \$150,599.

The provision for income taxes consists of the following components:

	2023
Current	\$ -
Deferred	61,152
	<u>\$ 61,152</u>

The federal income tax returns of the Association for the years ended September 30, 2023, 2022, 2021 and 2020 are subject to examination by the Internal Revenue Service, generally for three years after the date they are filed.

SANIBEL MOORINGS CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 13 - NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, *Real Estate - Common Interest Realty Associations, Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services. The Association adopted the requirements of new guidance as of October 1, 2019, using the modified retrospective method of transition.

FASB also issued Accounting Standards Update ("ASU") 2016-01 to amend Subtopic 825-10, *Financial Instruments-Overall*, in the ASC. The new financial instruments guidance removes the classifications regarding equity securities, which results in recognizing the change in fair value of equity securities in net income during the year of the change in value. The Association adopted the requirements of the new financial instrument guidance retrospectively as of October 1, 2019.

NOTE 14 - SUBSEQUENT EVENTS

On September 28, 2022 Sanibel Moorings suffered severe damage from Hurricane Ian, the effects of which are still being evaluated to determine the extent of damage and the costs to repair and or replace property destroyed by the storm. Management continues to acquire estimates for repair and file all claims available for insurance reimbursement. The Board of Directors and management estimate that it could take an additional twelve months before the Association can resume normal rental operations. Very limited rental activity began in November 2023 utilizing units that were available.

On November 28, 2023 the Board of Directors approved a special assessment in the amount of \$3,660,000 (\$30,000 per unit) to be paid in three monthly installments of \$10,000 commencing December 20, 2023.

With regard to these financial statements and the notes to these financial statements, the Association has evaluated all subsequent events through January 26, 2024 (the date the financial statements were available to be issued).

SUPPLEMENTARY INFORMATION

SANIBEL MOORINGS CONDOMINIUM ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS (COMPILED)

September 30, 2023

A study was performed by the Board during 2008, to estimate the remaining useful lives and replacement costs of the components of common property. The study has been updated by management throughout the years to no longer include some components that were determined to be operating and to adjust the replacement costs and lives according to ongoing spending. The following table is based on study and represents significant information about components of common property. Amounts were based on normal operation and without the effect of potential catastrophic occurrences. As a result of Hurricane Ian, the study will need to be updated once reconstruction has been completed.

Components	Estimated Remaining Useful Lives	Estimated Current Replacement Costs	2024 Budgeted Funding
Paint Buildings	0 – 4 years	\$ 202,500	\$ -
Roof replacement	3 – 18 years	889,500	440,000
Steel beams	45 years	623,264	-
Porch	15 years	31,000	-
Windows and doors	13 years	33,966	-
Pool	10 years	45,000	-
Plumbing	22 – 25 years	140,740	-
		<u>\$ 1,965,970</u>	<u>\$ 440,000</u>

See accountants' review report