

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2021**

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors and Management  
9400 Ocean Highway Condominium, Inc.

We have audited the accompanying financial statements of 9400 Ocean Highway Condominium, Inc., which comprise the balance sheet as of September 30, 2021, and the related statements of revenues, expenses, and changes in fund balances 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.

### **Auditors' 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 auditors' 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 9400 Ocean Highway Condominium, Inc. as of September 30, 2021, 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.

## **Report on Summarized Comparative Information**

We have previously audited the Association's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**CERTIFIED PUBLIC ACCOUNTANTS**

Ocean City, Maryland  
January 17, 2022

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**BALANCE SHEETS**

**SEPTEMBER 30, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)**

**ASSETS**

	2021			2020
	Operating Fund	Replacement Fund	Total	Total
Cash	\$ 450,244	\$ 247,468	\$ 697,712	\$ 729,483
Assessments receivable	3,815		3,815	3,875
Accounts receivable - other	11,667		11,667	11,667
Prepaid expenses	35,870	34,479	70,349	25,703
Due from other funds		35,147	35,147	34,444
Total assets	<u>\$ 501,596</u>	<u>\$ 317,094</u>	<u>\$ 818,690</u>	<u>\$ 805,172</u>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	\$ 4,880	\$ 2,180	\$ 7,060	\$
Accrued payroll	1,108		1,108	
Accrued payroll taxes	6,751		6,751	6,188
Income taxes payable	1,375		1,375	848
Prepaid assessments	173,015		173,015	192,090
Deferred replacement fund assessments		314,914	314,914	336,163
Due to other funds	35,147		35,147	34,444
Total liabilities	<u>222,276</u>	<u>317,094</u>	<u>539,370</u>	<u>569,733</u>

**FUND BALANCES**

	<u>279,320</u>		<u>279,320</u>	<u>235,439</u>
Total liabilities and fund balances	<u>\$ 501,596</u>	<u>\$ 317,094</u>	<u>\$ 818,690</u>	<u>\$ 805,172</u>

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

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED SEPTEMBER 30, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021			2020
	Operating Fund	Replacement Fund	Total	Total
<b>REVENUES</b>				
Member assessments	\$ 513,995	\$ 176,249	\$ 690,244	\$ 619,089
Cable fee assessments	99,195		99,195	96,432
Interest income and late fees	2,197	232	2,429	1,769
Other revenues	123,205		123,205	103,251
Total revenues	738,592	176,481	915,073	820,541
<b>EXPENSES</b>				
Administrative	219,770		219,770	212,554
Payroll	188,084		188,084	176,419
Building and grounds maintenance	134,781	176,481	311,262	206,822
Utilities	147,529		147,529	137,868
Taxes and licenses	4,547		4,547	4,838
Total expenses	694,711	176,481	871,192	738,501
Net revenues over expenses	43,881		43,881	82,040
<b>FUND BALANCES, BEGINNING OF YEAR</b>	235,439		235,439	153,399
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 279,320</u>	<u>\$</u>	<u>\$ 279,320</u>	<u>\$ 235,439</u>

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

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**STATEMENTS OF CASH FLOWS**

**YEAR ENDED SEPTEMBER 30, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021			2020
	Operating Fund	Replacement Fund	Total	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net revenues over expenses	\$ 43,881	\$	\$ 43,881	\$ 82,040
Adjustments for non-cash items				
Uncollectible assessments				4,310
(Increase) decrease				
Assessments receivable	60		60	(2,844)
Accounts receivable - other				(11,667)
Prepaid expenses	(10,167)	(34,479)	(44,646)	17,075
Increase (decrease)				
Accounts payable	4,880	2,180	7,060	
Accrued payroll	1,108		1,108	
Accrued payroll taxes	563		563	(777)
Income taxes payable	527		527	(2,270)
Prepaid assessments	(19,075)		(19,075)	35,392
Deferred replacement fund assessments		(21,249)	(21,249)	45,793
Net cash provided (used) by operating activities	<u>21,777</u>	<u>(53,548)</u>	<u>(31,771)</u>	<u>167,052</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interfund borrowing	<u>703</u>	<u>(703)</u>		
Net increase (decrease) in cash	22,480	(54,251)	(31,771)	167,052
<b>CASH, BEGINNING OF YEAR</b>	<u>427,764</u>	<u>301,719</u>	<u>729,483</u>	<u>562,431</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 450,244</u></u>	<u><u>\$ 247,468</u></u>	<u><u>\$ 697,712</u></u>	<u><u>\$ 729,483</u></u>
<b>SUPPLEMENTARY INFORMATION</b>				
Cash paid for income taxes	<u><u>\$ 4,020</u></u>	<u><u>\$</u></u>	<u><u>\$ 4,020</u></u>	<u><u>\$ 7,137</u></u>

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

# **9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

### **ORGANIZATION**

The Association was incorporated in the State of Maryland in 1976. The Association is responsible for the operation and maintenance of the common property of 9400 Ocean Highway Condominium. The Condominium consists of 164 residential units and is located in Ocean City, Maryland.

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Basis of accounting

The financial statements are presented using the accrual method of accounting. Revenues are recognized when earned and expenses are recognized when the product or service has been received and the liability incurred.

#### Fund accounting

In accordance with industry standards and practices, the Association has segregated its activities into two funds: the operating fund and the replacement fund.

Operating fund - provides working capital for operations, contingencies, and replacements where specific funds have not been designated. If the operating fund is inadequate to meet funding requirements for any reason, the Board of Directors may levy at any time a further assessment.

Replacement fund - provides funds for replacement of the common elements and equipment of the Association and for operating expenses of a non-recurring nature.

#### Total columns on combined statements

Total columns on the combined statements are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

#### Cash equivalents

Investments with an original maturity of three months or less that are not restricted from immediate withdrawal and do not require a substantial penalty for early withdrawal are considered cash equivalents.



# **9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### Property and equipment

Real property and common areas acquired by the original owners from the developer are not capitalized on the Association financial statements, as they are owned by the individual owners and not the Association. Common areas are restricted to use by Association members, their tenants, and guests. Replacements and improvements to the real property and common areas are not capitalized, as the improvements would also belong to the owners and not the Association.

#### 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Subsequent events

Management has evaluated subsequent events through January 17, 2022, which is the date the financial statements were available to be issued.

### **CASH BALANCES**

Cash accounts with a federally insured bank are insured up to \$250,000 by the FDIC, an agency of the Federal government. At September 30, 2021, the Association had deposits that exceeded the FDIC limit by a total of \$29,280.

### **MEMBER ASSESSMENTS**

Association members are subject to assessments to provide funds for the Association's operating expenses, capital acquisitions, and major repairs and replacements. 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 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 and special assessments are satisfied when these funds are expended for their designated purpose.

# **9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

### **MEMBER ASSESSMENTS (Continued)**

Assessments receivable at the balance sheet date are reported at the amount management expects to collect from unit owners. The Association's declaration provides for various collection remedies for delinquent assessments including the filing of liens, foreclosing on the unit owner, and obtaining judgment on other assets of the unit owner. As of September 30, 2021, management determined all assessments receivable are considered collectible. Any excess assessments at year end are retained by the Association for use in future years.

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. The balances of assessments receivable as of the beginning and ending of the year are \$3,875 and \$3,815, respectively.

### **DEFERRED REPLACEMENT FUND ASSESSMENTS**

The Association recognizes revenue from members as the related performance obligations are satisfied. Deferred replacement fund assessments are recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement fund assessments. The balances of deferred replacement fund assessments as of the beginning and end of the year are \$336,163 and \$314,914, respectively.

Replacement fund assessment revenue recognized in 2021 is as follows:

Replacement fund assessments billed	\$ 155,000
Prior year deferrals spent in the current year	21,249
Replacement fund assessment revenue recognized	<u>\$ 176,249</u>

### **PREPAID ASSESSMENTS**

Prepaid assessments are the subsequent year's assessments paid prior to the current year end.

### **ACCOUNTS RECEIVABLE – OTHER**

Amounts reported as accounts receivable – other consist of realty rent and commissions earned from December 1, 2020 through September 30, 2021.

# **9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

### **INCOME TAXES**

The Association is classified as a nonexempt membership organization for both federal and state income tax purposes for the year ended September 30, 2021. It does not qualify as an exempt organization. The Association is subject to specific rulings and regulations applicable to nonexempt membership organizations. In general, the Association is required to separate its taxable income and deductions into membership transactions, nonmembership transactions, and capital transactions.

The Association is taxed on all net income from nonmembership activities reduced only by the 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 Association files Form 1120, which has a tax rate of 21% that is applied to net taxable income. It is the Association's policy that penalties and interest assessed by income taxing authorities, if any, are included in operating expenses.

### **LEASE AGREEMENTS**

In December 2019, the Association entered into a two-year lease agreement with Coastal Resort Rentals for use of the sales and rental office on the first floor. The agreement calls for Coastal Resort Rentals to pay an annual fee of \$14,000 due November 15<sup>th</sup> for the preceding year. The term of the lease is from December 1, 2019 through November 30, 2021. Subsequent to year end, the agreement was renewed for a one-year term.

During the year ended September 30, 2013, the Association amended a lease agreement with Verizon for use of the antenna on the roof. The amended lease agreement calls for Verizon to pay annual rent of \$30,676 in equal monthly payments through September 30, 2024. The agreement calls for automatic five-year renewals with increases in annual rent.

### **FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for operating purposes. Budgeted contributions from regular assessments to the replacement fund totaled \$155,000 for the year ended September 30, 2021. It is the Association's policy that interest earned in the replacement fund remains in the replacement fund as an additional contribution.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

**FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)**

The Board of Directors periodically reevaluates and updates its earlier estimates of the remaining useful lives and the replacement cost of common property. The most recent update was done in 2020. The table included in the unaudited supplementary information is based on the study.

Funds are being accumulated in the replacement fund based on estimated future needs for repairs and replacements of common property components. Actual expenditures may vary from 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 and major repairs and replacements. If additional funds are needed, the Board of Directors has the right to increase regular assessments, delay major repairs and replacements until funds are available, or subject to membership approval, pass special assessments.

**REPLACEMENT FUND EXPENSES**

The Association incurred the following replacement fund expenses:

Water proofing project	\$	105,487
Fire protection		19,067
Entrance slider doors		18,430
Landscaping		6,932
Lobby renovations		6,880
Water pipes		6,645
Shower repair - ladies bathroom		5,800
Professional fees		4,431
Deck furniture		2,809
	\$	<u>176,481</u>

**RELATED PARTY TRANSACTIONS**

During the year ended September 30, 2021, the Association reimbursed the office manager \$4,527 for administrative expenses. The Association also reimbursed members of the Board of Directors \$5,198 for miscellaneous supplies.

# **9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

### **COMMITMENTS**

In March 2017, the Association entered into a five-year bulk service agreement for cable television service with Comcast of Eastern Shore, LLC. The agreement is automatically renewable for periods of two years unless canceled by either party. The Association is charged monthly and bills unit owners quarterly to cover the costs of this service.

In November 2017, the Association entered into an agreement with Landmark Wiring Systems for a wireless network. The agreement calls for a one-time installation fee of \$3,500. The monthly fee for the equipment lease and network support is \$1,130.

In 2020, the Association entered into an agreement with Pro Coat, LLC for stack repairs and coating. The agreement calls for a total price of \$160,125 with 20% due upon the signing of the contract, and the balance billed as completed by the contractor. As of September 30, 2021, \$22,638 remains to be paid on this contract.

In May 2021, the Association renewed the electric supplier agreement with MidAmerican Energy Services, LLC. The Association is charged monthly and the agreement expires in December 2025.

In September 2021, the Association entered into an agreement with All States Construction Company, Inc. for the installation of new steps. The agreement calls for a total price of \$76,000 with three payments of \$25,000 based on percentage of completion, less retainage, and one payment of \$7,500 due at completion. Work is to commence on October 1, 2021. As of September 30, 2021, \$25,000 has been paid towards the contract and has been reported as prepaid expense in the replacement fund.

In September 2021, the Association entered into an agreement with Anderson Fence for the installation of a fence. The agreement calls for a total price of \$28,438 with one-third down and the balance due upon completion. As of September 30, 2021, \$9,479 has been paid towards the contract and has been reported as prepaid expense in the replacement fund.

### **IMPACT OF COVID-19**

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a global pandemic. There were mandates from federal, state, and local authorities requiring forced closures of schools, businesses, and other facilities. Most states and local governments have begun to ease restrictions on closures and movement, however, the COVID-19 pandemic remains a rapidly evolving situation. It is possible a resurgence in COVID-19 cases could prompt a return to tighter restrictions. Furthermore, the economic recession brought on by the pandemic may have an adverse impact on the Association's business. Therefore, significant uncertainty remains regarding the ongoing impact of the COVID-19 outbreak on the Association's financial condition.

## **SUPPLEMENTARY INFORMATION**



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## **INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION**

Board of Directors and Management  
9400 Ocean Highway Condominium, Inc.

### **Report on Supplementary Information**

We have audited the financial statements of 9400 Ocean Highway Condominium, Inc. as of and for the year ended September 30, 2021, and our report thereon dated January 17, 2022, which expressed an unmodified opinion on those financial statements, appears on pages one and two. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules on pages 14 through 17, which are the responsibility of the Association's management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for the portion marked as "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That 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, that 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.

### **Disclaimer of Opinion on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 18 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, who 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,

**Disclaimer of Opinion on Required Supplementary Information (Continued)**

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.

Ocean City, Maryland  
January 17, 2022

**CERTIFIED PUBLIC ACCOUNTANTS**



**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**SCHEDULES OF FINANCIAL CONDITION**  
**(Not presented in accordance with FASB ASC 606)**

**SEPTEMBER 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

**ASSETS**

	2021			2020
	Operating Fund	Replacement Fund	Total	Total
Cash	\$ 450,244	\$ 247,468	\$ 697,712	\$ 729,483
Assessments receivable	3,815		3,815	3,875
Accounts receivable - other	11,667		11,667	11,667
Prepaid expenses	35,870	34,479	70,349	25,703
Due from other funds		35,147	35,147	34,444
Total assets	<u>\$ 501,596</u>	<u>\$ 317,094</u>	<u>\$ 818,690</u>	<u>\$ 805,172</u>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	\$ 4,880	\$ 2,180	\$ 7,060	\$
Accrued payroll	1,108		1,108	
Accrued payroll taxes	6,751		6,751	6,188
Income taxes payable	1,375		1,375	848
Prepaid assessments	173,015		173,015	192,090
Due to other funds	35,147		35,147	34,444
Total liabilities	<u>222,276</u>	<u>2,180</u>	<u>224,456</u>	<u>233,570</u>

**FUND BALANCES**

	<u>279,320</u>	<u>314,914</u>	<u>594,234</u>	<u>571,602</u>
Total liabilities and fund balances	<u>\$ 501,596</u>	<u>\$ 317,094</u>	<u>\$ 818,690</u>	<u>\$ 805,172</u>

See independent auditors' report on supplementary information.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**SCHEDULES OF OPERATIONS**  
**(Not presented in accordance with FASB ASC 606)**

**YEAR ENDED SEPTEMBER 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	2021			2020
	Operating Fund	Replacement Fund	Total	Total
<b>REVENUES</b>				
Member assessments	\$ 513,995	\$ 155,000	\$ 668,995	\$ 664,882
Cable fee assessments	99,195		99,195	96,432
Interest income and late fees	2,197	232	2,429	1,769
Other revenues	123,205		123,205	103,251
Total revenues	738,592	155,232	893,824	866,334
<b>EXPENSES</b>				
Administrative	219,770		219,770	212,554
Payroll	188,084		188,084	176,419
Building and grounds maintenance	134,781	176,481	311,262	206,822
Utilities	147,529		147,529	137,868
Taxes and licenses	4,547		4,547	4,838
Total expenses	694,711	176,481	871,192	738,501
Net revenues over (under) expenses	43,881	(21,249)	22,632	127,833
<b>FUND BALANCES, BEGINNING OF YEAR</b>	235,439	336,163	571,602	443,769
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 279,320</u>	<u>\$ 314,914</u>	<u>\$ 594,234</u>	<u>\$ 571,602</u>

See independent auditors' report on supplementary information.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**SCHEDULES OF OPERATING FUND REVENUES AND EXPENSES  
BUDGET AND ACTUAL**

**YEAR ENDED SEPTEMBER 30, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021		2020
	Budget (Unaudited)	Actual	Actual
<b>REVENUES</b>			
Member assessments	\$ 514,120	\$ 514,192	\$ 514,192
Less: member assessments discount		(197)	
Less: uncollectible assessments	(4,000)		(4,310)
Net member assessments	510,120	513,995	509,882
Cable fee assessments	99,325	99,195	96,432
Interest income and late fees	500	2,197	1,629
Laundry and vending	10,000	15,710	12,796
Antenna rental	30,700	30,676	30,676
In-house revenue	5,000	5,624	3,972
Realty rent and commissions	14,000	14,000	11,667
Registration fees	32,100	56,955	43,760
Miscellaneous revenues		240	380
Total revenues	<u>701,745</u>	<u>738,592</u>	<u>711,194</u>
<b>EXPENSES</b>			
Administrative			
Professional fees	8,000	8,020	6,745
Office expenses	10,000	11,556	10,018
Insurance	170,000	169,542	154,051
Owners and board meetings	4,500	4,835	906
Telephone	9,000	6,484	6,853
Security	13,920	18,036	32,948
Miscellaneous	2,500	1,297	1,033
	<u>217,920</u>	<u>219,770</u>	<u>212,554</u>
Payroll			
Salary - maintenance manager	53,105	53,773	51,641
Salary - office manager	43,205	43,759	41,761
Salary - janitorial staff	15,000	11,799	10,315
Salary - pool attendant	8,000	7,127	4,847
Salary - maintenance assistant	35,097	22,039	31,014
Salary - utility	15,600	10,803	
Payroll taxes	16,000	14,073	14,005
Employee benefits	29,000	24,711	22,836
	<u>215,007</u>	<u>188,084</u>	<u>176,419</u>

See independent auditors' report on supplementary information.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**SCHEDULES OF OPERATING FUND REVENUES AND EXPENSES  
BUDGET AND ACTUAL (Continued)**

**YEAR ENDED SEPTEMBER 30, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021		2020
	Budget (Unaudited)	Actual	Actual
Building and grounds maintenance			
Grounds maintenance	8,500	8,778	12,410
Elevator	10,000	1,163	21,995
Building maintenance	82,000	91,859	46,721
Fire alarm		16,745	5,280
Pool maintenance	15,000	16,236	11,069
	<u>115,500</u>	<u>134,781</u>	<u>97,475</u>
Utilities			
Electric	30,000	36,376	30,142
Cable	75,938	69,399	68,271
Water and sewer	11,000	18,647	16,727
Wifi expense	24,000	23,107	22,728
	<u>140,938</u>	<u>147,529</u>	<u>137,868</u>
Taxes and licenses			
Income taxes	4,000	4,547	4,838
	<u>4,000</u>	<u>4,547</u>	<u>4,838</u>
Total expenses	<u>693,365</u>	<u>694,711</u>	<u>629,154</u>
Net revenues over expenses	<u>\$ 8,380</u>	<u>\$ 43,881</u>	<u>\$ 82,040</u>

See independent auditors' report on supplementary information.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**SUPPLEMENTARY INFORMATION ON  
FUTURE MAJOR REPAIRS AND REPLACEMENTS**

**SEPTEMBER 30, 2021  
(Unaudited)**

The Board of Directors periodically reevaluates and updates its earlier estimates of the remaining useful lives and the replacement cost of common property. The Board of Directors updated the study in 2020. The estimates were based on the past experiences of the Board of Directors and the future estimated replacement costs.

The following table is based on the study and presents significant information about the components of common property.

Components	Estimated Remaining Useful Life (Years)	Estimated Future Replacement Costs
Roof	8	\$ 350,000
Pool	6	100,000
Parking lot surface	7	150,000
Exteriors		
Balconies	3 - 10	500,000
West hall windows	16	100,000
Building exterior	1 - 6	600,000
Elevators	18	4,000,000
Hall carpet	18	400,000
Parking lot lights	3	35,000
Compactor	11	100,000
Fire alarm system	10	150,000
Total		<u>\$ 6,485,000</u>

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