

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2023**

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Balance sheets	3
Statements of revenues, expenses, and changes in fund balances	4
Statements of cash flows	5
Notes to financial statements	6 - 11
<b>SUPPLEMENTARY INFORMATION</b>	
Independent auditors' report on supplementary information	12 - 13
Schedules of financial condition	14
Schedules of operations	15
Schedules of operating fund revenues and expenses - budget and actual	16 - 17
Supplementary information on future major repairs and replacements	18 - 20

ANDREW M. HAYNIE, CPA  
SUSAN P. KEEN, CPA  
MICHAEL C. KLEGER, CPA  
JAMES D. MAYBURY, CPA  
E. LEE McCABE, CPA  
JEFFREY A. MICHALIK, CPA  
ROBERT L. MOORE, CPA  
DANIEL M. O'CONNELL II, CPA  
ASHLEY M. STERN, CPA  
JOHN M. STERN, JR., CPA

[PKScpa.com](http://PKScpa.com)

**Salisbury**

1801 SWEETBAY DRIVE  
P.O. Box 72  
SALISBURY, MD 21803  
TEL: 410.546.5600  
FAX: 410.548.9576

**Ocean City**

12216 OCEAN GATEWAY  
SUITE 800  
OCEAN CITY, MD 21842  
TEL: 410.213.7185  
FAX: 410.213.7638

**Lewes**

1143 SAVANNAH ROAD  
SUITE 1  
P.O. Box 192  
LEWES, DE 19958  
TEL: 302.645.5757  
FAX: 302.645.1757

*MEMBERS OF:*

*AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS*

*MARYLAND ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS*

*DELAWARE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS*

*ALLINIAL GLOBAL*

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying financial statements of 9400 Ocean Highway Condominium, Inc., which comprise the balance sheet as of September 30, 2023, 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.

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, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 9400 Ocean Highway Condominium, 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 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.

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 9400 Ocean Highway Condominium, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, or the override of internal control.

Misstatements are considered material if there is 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 GAAS, 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 9400 Ocean Highway Condominium, 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 9400 Ocean Highway Condominium, 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.

### **Report on Summarized Comparative Information**

We have previously audited the Association's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**CERTIFIED PUBLIC ACCOUNTANTS**

Ocean City, Maryland  
January 15, 2024

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**BALANCE SHEETS**

**SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

**ASSETS**

	2023		2022	
	Operating Fund	Replacement Fund	Total	Total
Cash	\$ 356,222	\$ 330,526	\$ 686,748	\$ 762,309
Assessments receivable	1,447		1,447	
Accounts receivable - other	11,667		11,667	14,435
Prepaid expenses	73,508		73,508	33,843
Prepaid income taxes	2,953		2,953	2,003
Due from other funds				35,247
<b>Total assets</b>	<b>\$ 445,797</b>	<b>\$ 330,526</b>	<b>\$ 776,323</b>	<b>\$ 847,837</b>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	\$	\$	\$	\$ 2,500
Accrued payroll	2,380		2,380	2,039
Accrued payroll taxes	8,112		8,112	9,671
Prepaid assessments	234,630		234,630	227,509
Deferred insurance proceeds	4,390		4,390	
Deferred replacement fund assessments		330,526	330,526	277,880
Due to other funds				35,247
<b>Total liabilities</b>	<b>249,512</b>	<b>330,526</b>	<b>580,038</b>	<b>554,846</b>

**FUND BALANCES**

	196,285		196,285	292,991
<b>Total liabilities and fund balances</b>	<b>\$ 445,797</b>	<b>\$ 330,526</b>	<b>\$ 776,323</b>	<b>\$ 847,837</b>

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, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

	2023			2022
	Operating Fund	Replacement Fund	Total	Total
<b>REVENUES</b>				
Member assessments	\$ 549,973	\$ 117,428	\$ 667,401	\$ 719,162
Cable fee assessments	124,450		124,450	102,331
Interest income and late fees	2,322	2,609	4,931	2,468
Other revenues	120,143		120,143	123,455
<b>Total revenues</b>	<b>796,888</b>	<b>120,037</b>	<b>916,925</b>	<b>947,416</b>
<b>EXPENSES</b>				
Administrative	330,941		330,941	249,835
Payroll	226,892		226,892	210,061
Building and grounds maintenance	153,489	120,037	273,526	317,079
Utilities	181,705		181,705	153,822
Taxes	567		567	2,948
<b>Total expenses</b>	<b>893,594</b>	<b>120,037</b>	<b>1,013,631</b>	<b>933,745</b>
Net revenues over (under) expenses	(96,706)		(96,706)	13,671
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>292,991</b>		<b>292,991</b>	<b>279,320</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 196,285</b>	<b>\$</b>	<b>\$ 196,285</b>	<b>\$ 292,991</b>

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

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**STATEMENTS OF CASH FLOWS**

**YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

	2023			2022
	Operating Fund	Replacement Fund	Total	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net revenues over (under) expenses	\$ (96,706)	\$	\$ (96,706)	\$ 13,671
Adjustments for non-cash items				
Uncollectible assessments				5,437
(Increase) decrease				
Assessments receivable	(1,447)		(1,447)	(1,622)
Accounts receivable - other	2,768		2,768	(2,768)
Prepaid expenses	(39,665)		(39,665)	36,506
Prepaid income taxes	(950)		(950)	(2,003)
Increase (decrease)				
Accounts payable	(2,500)		(2,500)	(4,560)
Accrued payroll	341		341	931
Accrued payroll taxes	(1,559)		(1,559)	2,920
Income taxes payable				(1,375)
Prepaid assessments	7,121		7,121	54,494
Deferred insurance proceeds	4,390		4,390	
Deferred replacement fund assessments		52,646	52,646	(37,034)
Net cash provided (used) by operating activities	(128,207)	52,646	(75,561)	64,597
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Permanent transfer	(35,247)	35,247		
Net increase (decrease) in cash	(163,454)	87,893	(75,561)	64,597
<b>CASH, BEGINNING OF YEAR</b>	519,676	242,633	762,309	697,712
<b>CASH, END OF YEAR</b>	\$ 356,222	\$ 330,526	\$ 686,748	\$ 762,309
<b>SUPPLEMENTARY INFORMATION</b>				
Cash paid for income taxes	\$ 1,517	\$	\$ 1,517	\$ 6,378

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

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023**

**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, 2023**

**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 15, 2024, 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, 2023, the Association had deposits that exceeded the FDIC limit by a total of \$29,401.

**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, 2023**

**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, 2023, 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 zero and \$1,447, 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 \$277,880 and \$330,526, respectively.

Replacement fund assessment revenue recognized in 2023 is as follows:

Replacement fund assessments billed	\$ 170,074
Amount deferred to subsequent periods until spent	<u>(52,646)</u>
Replacement fund assessment revenue recognized	<u>\$ 117,428</u>

**PREPAID ASSESSMENTS**

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

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023**

**ACCOUNTS RECEIVABLE – OTHER**

Amounts reported as accounts receivable – other consist of realty rent and commissions earned from December 1, 2022 through September 30, 2023 in the amount of \$11,667.

**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, 2023. 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 October 2022, the Association renewed a lease agreement for a two-year term with Coastal Resort Rentals for the 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, 2022 through November 30, 2024.

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.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023**

**DEFERRED INSURANCE PROCEEDS**

During the year ended September 30, 2023, the Association sustained damages to fencing. The Association received \$4,390 in insurance proceeds for the claim. The expenses will be incurred subsequent to the year end, therefore, \$4,390 of the insurance proceeds have been reported as deferred insurance proceeds to cover future costs.

**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 \$170,074 for the year ended September 30, 2023. It is the Association's policy that interest earned in the replacement fund remains in the replacement fund as an additional contribution.

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 completed by independent engineers in 2023. This study presents funding information beginning with the year ended September 30, 2024. 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:

Procoat pool deck walkway	\$	53,946
Warranty recertification		40,566
Elevator replacement		25,525
	\$	<u>120,037</u>

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023**

**RELATED PARTY TRANSACTIONS**

During the year ended September 30, 2023, the Association reimbursed the office manager \$7,431 for administrative expenses. The Association also reimbursed members of the Board of Directors \$1,069 for miscellaneous supplies.

**COMMITMENTS**

In October 2022, the Association renewed the wireless network agreement with Landmark Wiring Systems. The Association is charged a monthly fee of \$1,243 and the agreement expires in October 2024.

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 June 2022, the Association entered into a five-year bulk service agreement for cable television service with Comcast Cable Communications Management, 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 July 2022, the Association entered into an agreement with Pro Coat, LLC for stack repairs and coating. The agreement calls for a total price of \$177,921. As of September 30, 2023, \$40,566 of expense has been incurred.

The Association entered into various agreements to provide for the maintenance and upkeep of the Association. These agreements call for payments based on fee schedules which vary with the extent of the services provided.

**SUPPLEMENTARY INFORMATION**



ANDREW M. HAYNIE, CPA  
SUSAN P. KEEN, CPA  
MICHAEL C. KLEGER, CPA  
JAMES D. MAYBURY, CPA  
E. LEE McCABE, CPA  
JEFFREY A. MICHALIK, CPA  
ROBERT L. MOORE, CPA  
DANIEL M. O'CONNELL II, CPA  
ASHLEY M. STERN, CPA  
JOHN M. STERN, JR., CPA

**PKScpa.com**

**Salisbury**

1801 SWEETBAY DRIVE  
P.O. Box 72  
SALISBURY, MD 21803  
TEL: 410.546.5600  
FAX: 410.548.9576

**Ocean City**

12216 OCEAN GATEWAY  
SUITE 800  
OCEAN CITY, MD 21842  
TEL: 410.213.7185  
FAX: 410.213.7638

**Lewes**

1143 SAVANNAH ROAD  
SUITE 1  
P.O. Box 192  
LEWES, DE 19958  
TEL: 302.645.5757  
FAX: 302.645.1757

**MEMBERS OF:**

*AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS*

*MARYLAND ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS*

*DELAWARE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS*

*ALLINIAL GLOBAL*

## **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, 2023, and our report thereon dated January 15, 2024, 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 pages 18 through 20 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.

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

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.

Ocean City, Maryland  
January 15, 2024

**CERTIFIED PUBLIC ACCOUNTANTS**



**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

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

**SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

**ASSETS**

	2023		2022
	Operating Fund	Replacement Fund	Total
Cash	\$ 356,222	\$ 330,526	\$ 686,748
Assessments receivable	1,447		1,447
Accounts receivable - other	11,667		11,667
Prepaid expenses	73,508		73,508
Prepaid income taxes	2,953		2,953
Due from other funds			35,247
<b>Total assets</b>	<b>\$ 445,797</b>	<b>\$ 330,526</b>	<b>\$ 776,323</b>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	\$	\$	\$	\$ 2,500
Accrued payroll	2,380		2,380	2,039
Accrued payroll taxes	8,112		8,112	9,671
Prepaid assessments	234,630		234,630	227,509
Deferred insurance proceeds	4,390		4,390	
Due to other funds				35,247
<b>Total liabilities</b>	<b>249,512</b>		<b>249,512</b>	<b>276,966</b>

**FUND BALANCES**

	196,285	330,526	526,811	570,871
<b>Total liabilities and fund balances</b>	<b>\$ 445,797</b>	<b>\$ 330,526</b>	<b>\$ 776,323</b>	<b>\$ 847,837</b>

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, 2023**

**(WITH COMPARATIVE TOTALS FOR 2022)**

	2023			2022
	Operating Fund	Replacement Fund	Total	Total
<b>REVENUES</b>				
Member assessments	\$ 549,973	\$ 170,074	\$ 720,047	\$ 682,128
Cable fee assessments	124,450		124,450	102,331
Interest income and late fees	2,322	2,609	4,931	2,468
Other revenues	120,143		120,143	123,455
Total revenues	796,888	172,683	969,571	910,382
<b>EXPENSES</b>				
Administrative	330,941		330,941	249,835
Payroll	226,892		226,892	210,061
Building and grounds maintenance	153,489	120,037	273,526	317,079
Utilities	181,705		181,705	153,822
Taxes	567		567	2,948
Total expenses	893,594	120,037	1,013,631	933,745
Net revenues over (under) expenses	(96,706)	52,646	(44,060)	(23,363)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	292,991	277,880	570,871	594,234
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 196,285</u>	<u>\$ 330,526</u>	<u>\$ 526,811</u>	<u>\$ 570,871</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, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

	2023		2022
	Budget (Unaudited)	Actual	Actual
<b>REVENUES</b>			
Member assessments	\$ 553,580	\$ 552,700	\$ 526,191
Less: member assessments discount		(2,727)	(1,376)
Less: uncollectible assessments	(4,000)		(5,437)
Net member assessments	549,580	549,973	519,378
Cable fee assessments	124,505	124,450	102,331
Interest income and late fees	500	2,322	2,172
Laundry and vending	16,495	13,390	16,243
Antenna rental	30,700	30,676	30,676
In-house revenue	7,350	3,705	279
Realty rent and commissions	14,000	14,000	14,000
Registration fees	59,141	57,311	54,385
Recovery of bad debt		901	
Miscellaneous revenues		160	7,872
Total revenues	<u>802,271</u>	<u>796,888</u>	<u>747,336</u>
<b>EXPENSES</b>			
Administrative			
Professional fees	9,064	7,200	7,700
Office expenses	10,000	9,352	8,833
Insurance	189,210	276,406	190,037
Owners and board meetings	4,500	5,599	5,811
Telephone	4,000	6,566	6,274
Security	35,207	25,764	29,850
Miscellaneous	3,000	54	1,330
	<u>254,981</u>	<u>330,941</u>	<u>249,835</u>
Payroll			
Salary - maintenance manager	64,124	64,450	56,645
Salary - office manager	52,170	51,484	45,231
Salary - janitorial staff	17,955	16,822	14,832
Salary - pool attendant	18,480	9,285	11,824
Salary - maintenance assistant	40,664	39,571	35,265
Payroll taxes	4,000	16,171	15,060
Employee benefits	27,563	29,109	31,204
	<u>224,956</u>	<u>226,892</u>	<u>210,061</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, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

	2023		2022
	Budget (Unaudited)	Actual	Actual
Building and grounds maintenance			
Grounds maintenance	8,500	11,486	9,093
Elevator	10,400	1,243	2,692
Building maintenance	86,994	128,901	90,139
Fire alarm		9,125	10,767
Pool maintenance	3,000	2,734	4,308
	<u>108,894</u>	<u>153,489</u>	<u>116,999</u>
Utilities			
Electric	35,000	38,956	38,795
Cable	121,235	100,772	74,782
Water and sewer	17,680	16,816	18,347
Wifi expense	24,000	25,161	21,898
	<u>197,915</u>	<u>181,705</u>	<u>153,822</u>
Taxes			
Income taxes	6,480	567	2,948
	<u>6,480</u>	<u>567</u>	<u>2,948</u>
Total expenses	<u>793,226</u>	<u>893,594</u>	<u>733,665</u>
Net revenues over (under) expenses	<u>\$ 9,045</u>	<u>\$ (96,706)</u>	<u>\$ 13,671</u>

See independent auditors' report on supplementary information.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

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

**SEPTEMBER 30, 2023  
(Unaudited)**

Reserve Advisors, Inc. conducted a reserve study update in April 2023 to estimate the remaining useful lives and replacement costs of the components of common property. The amounts are based on current estimated replacement costs adjusted for the effects of inflation at 3.5% and a 0.7% annual rate of return on investments. The study recommends an annual contribution of \$271,600 for 2024, using the cash flow funding method, with gradual increases each following year.

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

Components	Estimated Useful Life (Years)	Estimated Remaining Useful Life (Years)	Estimated Future Replacement Costs
<b>Exterior building elements</b>			
Balconies, concrete, inspections, and repairs	8 - 12	2 - 10	\$ 215,200
Balconies and railings, aluminum	50	4 - 5	855,000
Deck and stairs, composite - beach access	20 - 25	21	16,400
Doors, automatic sliding	25	3 - 21	101,500
Roof, modified bitumen, coating application	10	3	187,200
Roof, modified bitumen, replacement	15 - 20	13	497,250
Terrace, concrete, coatings, and capital repairs - northwest section	10 - 15	0	62,000
Terrace, concrete, coatings, and capital repairs - pool area	10 - 15	0	64,000
Terrace, concrete, coatings, and capital repairs - remaining areas	10 - 15	9	19,500
Walls, concrete, inspections, repairs and coating applications	10	0 - 8	800,800
Windows and doors	45 - 55	25	248,040
<b>Interior building elements</b>			
Ceilings, acoustical tiles, grid and lighting - hallways and lobby	30	14 - 15	306,375
Elevator cab finishes	20	7	48,000
Exercise equipment	5 - 15	3 - 8	19,600
Exercise room renovation	15	8	5,100
Floor coverings, carpet, and hallways	15 - 20	12 - 13	135,600

See independent auditors' report on supplementary information.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**SUPPLEMENTARY INFORMATION ON FUTURE  
MAJOR REPAIRS AND REPLACEMENTS (Continued)**

**SEPTEMBER 30, 2023  
(Unaudited)**

Components	Estimated Useful Life (Years)	Estimated Remaining Useful Life (Years)	Estimated Future Replacement Costs
Interior building elements (continued)			
Floor coverings, tile, hallways - floors 2-22	30	26	114,000
Floor coverings and tile - lobby level	30	7	20,000
Furnishings - lobby	20	7 - 17	26,000
Mailboxes	35	7	17,325
Manager apartment renovation	15 - 20	7	35,000
Paint finishes - hallways and lobby	8 - 12	4 - 5	75,780
Paint finishes - stairways	15 - 20	12	47,000
Party (chesapeake) room, complete renovation	15 - 20	14	43,000
Party (chesapeake) room, partial renovation	8 - 10	6	13,000
Rest rooms renovation - pool	25	8	21,000
Building services elements			
Air handling and condensing units, split systems	15 - 20	1	24,000
Elevators, traction, controls, and equipment	30	10	969,000
Generator, emergency, 100-kW	30	20	48,000
Laundry equipment, washers and dryers	10 - 15	2 - 12	27,000
Life safety system, control panels	15	2	34,000
Life safety system, emergency devices	25	2	120,000
Pipes, domestic water, waste and vent	80	15 - 30	1,072,500
Pipes, domestic cold water, 15-HP	15 - 20	11	41,000
Pump, fire suppression, 75-HP	50	30	77,000
Pump, fire suppression, controller	50	1	40,000
Security system	10 - 15	5 - 15	70,500
Trash chute and doors	55	6	77,000
Trash compactor	25	9	17,000
Water heater	15 - 20	10	15,000

See independent auditors' report on supplementary information.

**9400 OCEAN HIGHWAY CONDOMINIUM, INC.**

**SUPPLEMENTARY INFORMATION ON FUTURE  
MAJOR REPAIRS AND REPLACEMENTS (Continued)**

**SEPTEMBER 30, 2023  
(Unaudited)**

Components	Estimated Useful Life (Years)	Estimated Remaining Useful Life (Years)	Estimated Future Replacement Costs
Property site elements			
Asphalt pavement, crack repair, patch, seal coat, and striping	5	0	21,080
Asphalt pavement, mill and overlay	15 - 20	5	108,500
Asphalt pavement, total replacement	15 - 20	25	204,600
Fence, aluminum, perimeters	25	24	19,440
Landscape, dune renovations	10	9	20,000
Light poles and fixtures	25	8	81,000
Pool elements			
Cover, vinyl	6 - 8	2	5,445
Fence, aluminum	25	20	11,880
Pool finish, plaster	8 - 12	3	16,200
Pool finish, tile	15 - 25	13	5,525
			\$ 7,119,340

See independent auditors' report on supplementary information.