GRAND ISLE COMMUNITY ASSOCIATION, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2023

WILLIAM A. JACKSON & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
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William A. Jackson & Company
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S AUDIT REPORT

To the Board of Directors
Grand Isle Community Association, Inc.

We have audited the accompanying financial statements of Grand Isle Community Association, Inc., which comprise the balance sheet as of December 31, 2023, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Isle Community Association, Inc. as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grand Isle Community Association, Inc, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statement management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Grand Isle Community Association, Inc.'s ability to continue as a going concern within one year after the date of the financial statements are available to be used.

Auditor's 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 auditor`s 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 the audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting the material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made be a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements on page 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

April 14, 2024

C.P.A

William A. Jackson & Company
Melbourne, Florida

GRAND ISLE COMMUNITY ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2023

	Operating Fund	Reserve Fund	Total
<u>Assets</u>			
Cash, including interest-bearing deposits	$ 304,933	$ 1,407,885	$ 1,712,818
Assessments Receivable	510	-	510
Prepaid expenses	1,515	-	1,515
Prepaid Insurance	27,177	-	27,177
Total Assets	$ 334,135	$ 1,407,885	$ 1,742,020
<u>Liabilities and Fund Balance</u>			
Accounts Payable	$ 25,987	$ -	$ 25,987
Prepaid Assessments	62,697	-	62,697
Federal Income Tax Payable	13,582	-	13,582
State Income Tax Payable	710	-	710
Accrued Liabilities	540	-	540
Total Liabilities	103,516	-	103,516
Fund Balance	230,619	1,407,885	1,638,504
Total Liabilities and Fund Balance	$ 334,135	$ 1,407,885	$ 1,742,020

See accompanying notes and accountants' report.

GRAND ISLE COMMUNITY ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Reserve Fund	Total
Revenues			
Member Assessments	$ 883,013	$ 247,865	$ 1,130,878
Interest income	7,291	63,261	70,552
Social Income	10,179	-	10,179
Other Income	9,259	-	9,259
Total Revenues	909,742	311,126	1,220,868
Expenses			
Maintenance - Lawn & Grounds	526,143	-	526,143
Maintenance - Clubhouse	76,078	-	76,078
Maintenance - Pool & Spa	17,490	-	17,490
Maintenance - Gate	12,292	-	12,292
Accounting Fees	4,460	-	4,460
Bad Debt	(9)	-	(9)
Bank Charges	1,843	-	1,843
Insurance	26,966	-	26,966
Legal Fees	7,765	-	7,765
Licenses & Permits	61	-	61
Major Repairs & Replacements	-	268,174	268,174
Management Fees	140,597	-	140,597
Office and Other Expenses	14,943	-	14,943
Reserve Study	2,200	-	2,200
Social Events	10,709	-	10,709
Utilities- Trash	4,246	-	4,246
Utilities- Cable TV	6,367	-	6,367
Utilities- Electric	35,161	-	35,161
Utilities- Gas	13,158	-	13,158
Utilities- Water & Sewer	7,857	-	7,857
Total Expenses	908,327	268,174	1,176,501
Income Taxes	14,292	-	14,292
Excess (Deficit) of Revenues Over Expenses	(12,877)	42,952	30,075
Fund Balance January 1, 2023	243,496	1,364,933	1,608,429
Fund Balance at December 31, 2023	$ 230,619	$ 1,407,885	$ 1,638,504

See accompanying notes and accountants' report.

GRAND ISLE COMMUNITY ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Reserve Fund	Total
Cash flows from operating activities:			
Excess of revenues over expenses:	$ (12,877)	$ 42,952	$ 30,075
Adjustments to reconcile excess of revenues over expenses to net cash provided by (used in) operating activities:			
(Increase) Decrease in:			
Change in net accounts receivable	(471)	-	(471)
Change in prepaid insurance	(764)	-	(764)
Change in prepaid expenses	(1,515)	-	(1,515)
Increase (Decrease) in:			
Change in accounts payable	(30,602)	-	(30,602)
Change in accrued liabilities	(1,233)	-	(1,233)
Change in Federal Income Taxes Payable	13,582	-	13,582
Change in State Income Taxes Payable	710	-	710
Change in prepaid assessments	7,939	-	7,939
Net cash provided by (used in) operating activities:	(25,231)	42,952	17,721
Cash, January 1, 2023	$ 330,164	$ 1,364,933	$ 1,695,097
Cash, December 31, 2023	$ 304,933	$ 1,407,885	$ 1,712,818

Supplemental Disclosure:
No Federal income taxes or interest were paid in 2023.

GRAND ISLE COMMUNITY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 – NATURE OF ORGANIZATION

Grand Isle Community Association, Inc. (the Association) was incorporated as a not-for-profit corporation on May 10, 2000 in the State of Florida. The Association's primary purpose is to manage and maintain the clubhouse and common property in the community of Grand Isle. The Association is located on approximately 139 acres in the City of Viera in Brevard County, Florida. This community has 336 residential properties owned by individual unit owners. There are 275 manor homes and 61 estate homes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

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

> **Operating Fund –** this fund is used to account for the day-to-day activities of the Association, including the general management and upkeep of the common property.
>
> **Replacement Fund -** this fund is used to accumulate financial resources designated for future major repairs and replacements.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Association considers all unrestricted highly liquid investments to be cash equivalents, including time deposits and certificates of deposit.

Member Assessments

Association members are subject to assessments to provide funds for the Association's operating expenses, and major repairs and replacements. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose assessments are thirty days or more delinquent. Assessments that appear to be uncollectable are reserved as bad debt expense. Collection effort continues until foreclosure is finalized. Any excess assessments at year end are either retained by the Association for use in the next year or returned to the members. The total assessment for 2023 equaled $1,130,877.60 total with $247,865 being allocated to the reserve funds. For 2024 total assessments for the year will equal $1,193,776.80 with $247,865 being allocated to the reserve funds.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Actual results may differ from estimated amounts.

Income Taxes

The Association may be taxed either as a homeowner's association or as a regular corporation. For the year ended December 31, 2023, the Association elected to be taxed as a regular corporation. Federal income taxes incurred for the year ended December 31, 2023 totaled $13,582. Florida state income tax totaled $710.00

Property & Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association. As a result, improvements to the real property and common areas are expensed as incurred.

NOTE 3 – COVID-19 PANDEMIC

Subsequent to December 31, 2019, markets have been negatively impacted by a novel strain of coronavirus (COVID-19), which was declared a pandemic by the World Health Organization (WHO) on March 11, 2020. The continued spread of COVID-19 and the actions being taken by governments, businesses, and individuals to limit this pandemic may adversely impact operations, including, among others, increasing the credit risk of owners and collectability of owner assessments. This has resulted in significant economic uncertainty, of which the potential impact to the Association's future financial results is difficult to measure.

NOTE 4 - FASB ASC 606

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 has chosen not to adopt the new guidance. The reserves funds on December 31, 2022 totaled $1,364,933, by December 31, 2023 they increased to $1,407,885. These funds are restricted to major repairs and replacements.

GRAND ISLE COMMUNITY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's management conducted a formal reserve study in 2023 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on future estimated replacement costs. The table included in the unaudited supplementary information on Future Major Repairs and Replacements is based on that study. The Association is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of future replacement costs and considering amounts previously accumulated in the replacement fund. Funds are being accumulated in the replacement fund based on estimated future costs for repairs and replacements of common property components. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacement until funds are available.

Components	Balance 01/01/23	Member Assessments	Interest Income	Disbursements	Balance 12/31/23
Clubhouse					
General Account	$ 39,047	$ -	$ -	$ 39,047	$ -
Pooled	128,162	-	-	63,437	64,725
Subtotals	167,209	-	-	102,484	64,725
Association					
Gate & Well	13,038	-	-	-	13,038
Tubular Fence, Walls	39,734	-	-	-	39,734
Pooled	149,656	-	-	149,656	-
Subtotals	202,428	-	-	149,656	52,772
Pooled Combined	995,296	247,865	63,261	16,034	1,290,388
Grand Totals	$ 1,364,933	$ 247,865	$ 63,261	$ 268,174	$ 1,407,885

NOTE 6 – SUBSEQUENT EVENTS

The Association has evaluated its subsequent events through April 14, 2024, which was the date that the accompanying financial statements were issued. The Association had no material subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

GRAND ISLE COMMUNITY ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)
DECEMBER 31, 2023

The Association's Board of Directors along with management estimates the remaining useful lives and the replacement costs of the components of common property based on historical data and recent experience. A formal reserve study was conducted in 2023 and based on those findings management has evaluated the components that will require repairs or replacement. However, estimated future replacement costs do not take into account the effects of inflation for the balance of the components. Thus, the following table is based on management's estimates, and presents significant information about the components of common property. In 2019, the Association adopted the pooled method to fund future major repairs and replacements. Actual expenditures may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs. If additional funds are needed, the Association has the right to increase the regular assessment, levy a special assessment, or delay major repairs until funds are available.

Components	Average Estimated Useful Life	Estimated Remaining Useful Life	Estimated Future Replacement Costs	Reserve Fund Balance 12/31/23	2024 Proposed Budgeting Requirements
Clubhouse	8-30 years	1-17 years	$ 904,855	$ -	$ -
Grounds	1 - 25 years	1 - 13 years	600,763	-	-
Painting	6-8 years	1 - 7 years	623,077	-	-
Pavement	1-18 years	1 - 15 years	515,772	-	-
Security	12-20 years	1-11 year	47,848	-	-
Pooled				1,407,885	247,865
Total			$ 2,692,315	$ 1,407,885	$ 247,865