Arbor Trace Condominium Association, Inc.

Financial Statements and Required Supplementary Information

Year Ended December 31, 2024 (with comparative totals for 2023)

ARBOR TRACE
CONDOMINIUM ASSOCIATION, INC.

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December 31, 2024 (with comparative totals for 2023)

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INDEPENDENT AUDITORS' REPORT

June 30, 2025

Board of Directors
Arbor Trace Condominium Association, Inc.
Naples, Florida

Opinion

We have audited the accompanying financial statements of Arbor Trace Condominium Association, Inc. (the "Association") a Florida corporation, which comprise the balance sheet as of December 31, 2024, 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 Arbor Trace Condominium Association , Inc. as of December 31, 2024, 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 (GAAS). 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 the Association 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 statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 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 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, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit associated with GAAS 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 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 Arbor Trace Condominium Association , Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association'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.

2023 Summarized Comparative Information

We have previously audited the Arbor Trace Condominium Association, Inc. 2023 financial statements, and our report dated June 30, 2024 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Future major Repairs and Replacements on page 17 be presented by the Association 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, 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.

More & Company, LLC

North Fort Myers, Florida

ARBOR TRACE CONDOMINIUM ASSOCIATION, INC.

Balance Sheet
December 31, 2024 and 2023

ASSETS	Operating Fund	Replacement Fund	2024 Total	2023 Total
Current assets				
Cash and cash equivalents	$ 394,619	$ 182,246	$ 576,865	$ 566,690
Investments - certificates of deposit	-	191,749	191,749	482,788
Assessment receivables	7,479	-	7,479	3,837
Prepaid expenses	183,734	41,853	225,587	237,252
Due from replacement fund	-	-	-	10,208
Total current assets	585,832	415,848	1,001,680	1,300,775
Investment in Tower Trace, LLC	1,640,557	-	1,640,557	1,699,535
Total assets	**$ 2,226,389**	**$ 415,848**	**$ 2,642,237**	**$ 3,000,310**
LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable and accrued expenses	$ 61,728	$ 50,804	$ 112,532	$ 37,608
Prepaid owner assessments	-	-	-	14,030
Deposits	-	-	-	250
Deferred cable revenue	2,250	-	2,250	2,250
Deferred special assessment - Hurricane Ian	-	-	-	43,879
Deferred special assessment - flood insurance	-	-	-	78,589
Due to operating fund	-	-	-	10,208
Contract liabilities - assessments received in advance	-	365,044	365,044	784,136
Total current liabilities	**63,978**	**415,848**	**479,826**	**970,950**
Deferred cable revenue	15,188	-	15,188	17,438
Total liabilities	**79,166**	**415,848**	**495,014**	**988,388**
Commitments - Note 10				
Fund balances				
Fund balance - Investment in Tower Trace, LLC	1,640,557	-	1,640,557	1,699,535
Fund balances	506,666	-	506,666	312,387
Fund balances	**2,147,223**	**-**	**2,147,223**	**2,011,922**
Total liabilities and fund balances	**$ 2,226,389**	**$ 415,848**	**$ 2,642,237**	**$ 3,000,310**

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

ARBOR TRACE CONDOMINIUM ASSOCIATION, INC.

Statements of Revenues, Expenses and Changes in Fund Balances
Years Ended December 31, 2024 and 2023

	Operating Fund	Replacement Fund	2024 Total	2023 Total
Revenues				
Unit owner assessments	$ 1,675,620	$ 689,188	$ 2,364,808	$ 1,278,160
Special assessments - Hurricane Ian	43,879	-	43,879	106,452
Special assessments - insurance	78,589	-	78,589	245,093
Interest income	9,627	21,620	31,247	14,313
Other income	4,500	-	4,500	2,387
Total revenues	**1,812,215**	**710,808**	**2,523,023**	**1,646,405**
Expenses				
Insurance	530,992	-	530,992	489,661
Salaries and benefits	354,781	-	354,781	346,493
Utilities	251,348	-	251,348	248,303
Maintenance and repairs	144,818	-	144,818	84,052
Grounds maintenance	126,739	-	126,739	127,639
Cable	89,068	-	89,068	84,726
Professional fees	45,988	-	45,988	11,169
Special assessments - Hurricane Ian	43,879	-	43,879	106,452
Trash	15,395	-	15,395	14,345
Office and administrative	14,931	-	14,931	13,244
Replacement fund expenditures	-	710,808	710,808	90,644
Total expenses	**1,617,939**	**710,808**	**2,328,747**	**1,616,728**
Revenues in excess of expenses before non-operating items	194,276	-	194,276	29,677
Equity in income of Tower Trace, LLC	(58,978)	-	(58,978)	43,534
Revenues in excess of expenses	**135,298**	**-**	**135,298**	**73,211**
Fund balances, beginning of year	2,011,925	-	2,011,925	1,938,714
Fund balances, end of year	**$ 2,147,223**	**$ -**	**$ 2,147,223**	**$ 2,011,925**

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

ARBOR TRACE CONDOMINIUM ASSOCIATION, INC.

Statement of Cash Flows
Years Ended December 31, 2024 and 2023

	Operating Fund	Replacement Fund	2024 Total	2023 Total
Cash flows from operating activities				
Owner member assessments	$ 1,657,948	$ 270,096	$ 1,928,044	$ 1,371,463
Member special assessments	-	-	-	474,013
Cash paid for expenses	(1,542,798)	(701,857)	(2,244,655)	(1,753,309)
Interest and other income	14,127	21,620	35,747	16,700
Due to / from other funds	10,208	(10,208)	-	-
Net cash provided by (used in) operating activities	**139,485**	**(420,349)**	**(280,864)**	**108,867**
Cash flows from investing activities				
Matured certificates of deposit	-	482,788	482,788	102,182
Certificates of deposit purchased	-	(191,749)	(191,749)	(482,788)
Net cash provided by (used in)investing activities	**-**	**291,039**	**291,039**	**(380,606)**
Net increase (decrease) in cash and cash equivalents	**139,485**	**(129,310)**	**10,175**	**(271,739)**
Cash and cash equivalents, beginning of year	255,134	311,556	566,690	838,429
Cash and cash equivalents, end of year	**$ 394,619**	**$ 182,246**	**$ 576,865**	**$ 566,690**
Reconciliation of revenues in excess of expenses to net cash provided by operating activities				
Revenues in excess of expenses	$ 135,298	$ -	$ 135,298	$ 73,208
Adjustments to reconcile revenues in excess of expenses to net cash provided by (used in) operating activities				
Equity in income of Tower Trace, LLC	58,978	-	58,978	(43,531)
Changes in operating assets and liabilities which provided (used) cash:				
Assessments receivables	(3,642)	-	(3,642)	(3,837)
Prepaid expenses	53,518	(41,853)	11,665	(170,454)
Prepaid special assessment expenses	-	-	-	34,646
Accounts payable and accrued expenses	24,123	50,804	74,927	1,477
Prepaid owner assessments	(14,030)	-	(14,030)	13,456
Deposits	(250)	-	(250)	-
Deferred cable revenue	(2,250)	-	(2,250)	(2,250)
Deferred special assessment - Hurricane Ian	(43,879)	-	(43,879)	43,879
Deferred special assessment -flood insurance	(78,589)	-	(78,589)	78,589
Contract liabilities (assessments received in advance)	-	(419,092)	(419,092)	83,684
Due to / from other funds	10,208	(10,208)	-	-
Net cash provided by (used in) operating activities	**$ 139,485**	**$ (420,349)**	**$ (280,864)**	**$ 108,867**

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

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Arbor Trace Condominium Association, Inc. (the "Association") is a common interest realty association consisting of 91 residential condominium units occupying a site of approximately 34 acres located in Naples, Florida. The Association was incorporated under the laws of the State of Florida as a not-for-profit organization in July 1991 for the purpose of administering and operating the property, in accordance with the terms of Florida Statute Chapter 718 and the provisions of the Declaration of Condominium filed in the official records of Collier County.

Basis of Presentation

The Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in funds established according to their nature and purpose. The operating fund is used to account for financial resources available for the general operations. The replacement fund is used to accumulate financial resources designated for future major repairs and replacements.

The Association prepares its financial statements using the accrual basis of accounting in accordance with accounting principles commonly applied to common interest realty associations. The provisions of applicable Florida statutes are also considered.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported 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 year. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Members' assessments, including operating fund and replacement fund assessments, are billed monthly and recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. Assessments are determined by the annual budget approved by the Association's Board of Directors. Each unit owner is an Association member and is assessed regular, and when applicable, special fees for an equal proportionate share of common expense. Amounts billed in the current year for future periods but not received by year end are not recorded as assessments receivable because the services the assessments relate to have not been rendered. Prepaid owner assessments, where recorded, represents fees from unit owners paid in advance.

NOTES TO FINANCIAL STATEMENTS

Assessment Receivable

Assessments receivable, which consist principally of assessments and fees due from residents, are stated at the amounts expected to be collected from outstanding assessments from unit owners. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Assessments receivable are written off when deemed uncollectible. Recoveries of assessments receivable previously written off are recorded when received. 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 of the Association's control.

An assessment receivable is considered to be past due if any portion of the receivable balance is outstanding for more than one month. A late fee is charged on assessments receivable that are outstanding for more than one month and is recognized as income as it is charged.

Management believes accounts receivable are fully collectable, therefore no allowance for doubtful accounts has been recorded.

Cash and cash equivalents

Cash and cash equivalents include cash in operating and replacement fund bank accounts, money market accounts, certificates of deposits in banks, as well as cash on hand. For purposes of reporting cash flows, the Association considers all short-term highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Marketable Securities - Investments

Debt securities are classified as "held-to-maturity" as defined by Financial Accounting Standards ASC 320 "*Accounting for certain Investments in Debt and Equity Securities".*

Interest Earned

Interest income earned in the operating fund or the replacement fund is recorded in its respective fund.

Property and Equipment

Real property and related improvements are not reflected in the Association's financial statements since such properties are owned by the individual unit owners in common and not by the Association.

The Association's policy is to expense property in the year purchased. Such property is generally of insignificant unit value and is acquired on behalf of the unit owners in common by the Association acting as an agent.

NOTES TO FINANCIAL STATEMENTS

Investment in Tower Trace, LLC

The Association's Investment in Tower Trace, LLC is accounted for using the equity method, noting the original investment is recorded at cost and subsequently adjusted annually to reflect the Association's share of the net profit or loss on the investment.

Contract Liabilities (Assessments received in advance - Replacement Fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance - replacement fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments.

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. Condominium associations may elect to be taxed as regular corporations or as homeowners' associations, and the Association elected to be taxed as a homeowners' association for the year.

The Association is taxed under Internal Revenue Code 528. Under that section, the Association is not taxed on uniform assessments to members and other income received from Association members solely as a function of their membership in the Association. However, the Association is taxed on nonexempt function income, which includes interest income, less a portion of allocated Association expenses. As of and for the year ended December 31, 2024, no tax was due. Prepaid expenses at December 31, 2024 and 2023 include $3,922 of income taxes receivable.

Uncertain Tax Positions

The Association analyzes its income tax filing positions in the federal jurisdictions where it is required to file income tax returns, as well as all open tax years in the jurisdiction, to identify potential uncertain tax positions. The Association treats interest and penalties attributable to income taxes to the extent they arise, as a component of its operating expenses.

The Association has evaluated its income tax filing positions for years 2021 through 2024, the years which remain subject to examination as of December 31, 2024. The Association concluded that there are no significant uncertain tax positions requiring recognition in the Association's financial statements. The Association does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Association does not have any amounts accrued for interest and penalties related to UTBs at December 31, 2024, and is not aware of any claims for such amounts by federal income tax authorities.

NOTES TO FINANCIAL STATEMENTS

Subsequent Events

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2024, the most recent balance sheet presented herein, through June 30, 2025, the date these financial statements were available to be issued. No significant such events or transactions were identified.

2. MANAGEMENT SERVICES AND RELATED PARTY TRANSACTIONS

The Association entered into an agreement with Arbor Pointe Management, LLC for its management and administrative services. The Association is billed a fixed rate each month for administration, maintenance and housekeeping. At the end of the quarter the expenses are calculated and billings adjusted to actual costs. The management fee for the year ended December 31, 2023 was $346,493.

3. MEMBER ASSESSMENTS AND FEES

Association members are assessed monthly to provide funds for the Association's operating and future major repairs and replacements. Assessments are determined by the Board of Directors and approved by the members as part of the annual budget.

For the year ended December 31, 2024, the regular monthly assessments were as follows:

Unit Type	Operating Fund	Replacement Fund	Total
"A" unit	$ 919	$ 148	$ 1,067
"B" unit	$ 1,174	$ 189	$ 1,363
"C" unit	$ 1,585	$ 255	$ 1,840
"D" unit	$ 1,456	$ 235	$ 1,691
"E" unit	$ 2,088	$ 336	$ 2,424
"F" unit	$ 1,914	$ 309	$ 2,223
"G" unit	$ 2,191	$ 353	$ 2,544

For the year ended December 31, 2023, the regular monthly assessments were as follows:

Unit Type	Operating Fund	Replacement Fund	Total
"A" unit	$ 655	$ 92	$ 747
"B" unit	$ 837	$ 118	$ 955
"C" unit	$ 1,130	$ 159	$ 1,289
"D" unit	$ 1,038	$ 146	$ 1,184
"E" unit	$ 1,489	$ 209	$ 1,698
"F" unit	$ 1,365	$ 192	$ 1,557
"G" unit	$ 1,562	$ 220	$ 1,782

Amounts received before the date due are reflected as prepaid owner assessments. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. The Association recognized operating fund assessments of $1,675.620 and replacement fund assessments of $689,188 for the year ended December 31, 2024. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

4. INVESTMENTS - CERTIFICATES OF DEPOSIT

The Association primarily invests in certificates of deposit classified as held-to-maturity. The Association categorizes its fair value measurements within the fair value hierarchy established by ASC 820 "*Fair Value Measurements*". The Hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The carrying amounts of the certificates of deposit approximate their fair values and are categorized as Level 1 as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Association has the ability to access.

The following table sets forth by level, within the fair value hierarchy, the recorded amount of assets measured at fair value on a recurring basis as of December 31, 2024 and 2023:

		Level 1	Level 2	Level 3	Total
2024:					
Certificates of deposit by					
Maturity Date	4/30/2025	$ 191,749	$ -	$ -	$ 191,749
2023:					
Certificates of deposit by					
Maturity Date	5/15/2024	$ 101,000	$ -	$ -	$ 101,000
	6/8/2024	104,788	-	-	104,788
	7/18/2024	100,000	-	-	100,000
	8/14/2024	51,000	-	-	51,000
	9/16/2024	101,000	-	-	101,000
	10/23/2024	25,000	-	-	25,000
Maturity Date:		$ 482,788	$ -	$ -	$ 482,788

NOTES TO FINANCIAL STATEMENTS

5. REPLACEMENT FUND

Florida statutes require the Association to accumulate funds for future major repairs and replacements, unless funding is waived or modified by the unit owners. These funds are held in separate accounts and are generally not available for expenditures for normal operations. Accumulated funds, which aggregate $365,044, are presented on the accompanying balance sheet as a contract liability (assessments received in advance - replacement fund) at December 31, 2024. The Association uses the pooled method for funding and maintaining its future major repairs and replacements.

The Association engaged an independent capital reserve analyst to perform an analysis in 2024 of the remaining useful lives and future replacement costs. The Association is accumulating funding for such major repairs and replacements over the estimated useful lives of the components of the pooled replacement fund based on the study's estimates of current replacement costs, anticipated earnings, future projected cash outflows and amounts previously accumulated in the replacement fund. The table included in the unaudited supplementary information on Future Major Repairs and Replacements is based on this study.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the funding requirement of $355,836, based on a full funding plan, has been included in the 2025 budget.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures, however, 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 future needs. If additional funds are needed, the Association has the right to increase regular assessments, levy special assessments, or delay repairs and replacement until funds are available.

The changes in the replacement fund during 2024 are as follows:

Beginning Fund Balance	Additions To Fund*	Expenditures	Ending Fund Balance
$ -	$ 710,808	$ (710,808)	$ -

* Includes interest income of $21,620.

Pooled expenditures:	
Mechanical / electrical	$ 665,170
Painting and waterproofing	23,902
Common area interiors	21,717
Other	20
	$ 710,808

NOTES TO FINANCIAL STATEMENTS

Contract Liabilities 12/31/2023	Budgeted Assessments	Less Assessments Recognized	Contract Liabilities 12/31/2024
$ 784,136	$ 270,096	$ (689,188)	$ 365,044

The changes in the replacement fund during 2023 are as follows:

Beginning Fund Balance	Additions To Fund*	Expenditures	Ending Fund Balance
$ -	$ 90,644	$ (90,644)	$ -

* Includes interest income of $6,232.

Pooled expenditures:	
Mechanical / electrical	$ 55,596
Common area interiors	34,928
Other	120
	$ 90,644

Contract Liabilities 12/31/2022	Budgeted Assessments	Less Assessments Recognized	Contract Liabilities 12/31/2023
$ 700,452	$ 168,096	$ (84,412)	$ 784,136

6. INVESTMENT IN TOWER TRACE, LLC

In 2007 the Association and Tower Pointe at Arbor Trace Condominium Association, Inc. formed two limited liability companies, Tower Trace, LLC and its wholly owned subsidiary Arbor Pointe Management, LLC with equity interests of 43.128% and 56.872% respectively, and purchased the clubhouse and assisted living facility. In 2012 Tower Trace, LLC added an additional wholly owned subsidiary Tower Trace Realty, LLC - which changed their name to Arbor Trace Realty, LLC in 2024.

NOTES TO FINANCIAL STATEMENTS

The Association's investment in Tower Trace, LLC at December 31, 2024 and 2023 was valued at $1,640,557, and $1,699,535 respectively, as follows:

	2024	2023
Total assets	$ 4,446,071	$ 4,570,329
Total liabilities	$ 642,136	$ 629,644
Equity:		
Arbor Trace Condominium Association, Inc.	1,640,557	1,699,535
Tower Pointe at Arbor Trace Condominium Association, Inc.	2,163,378	2,241,150
Total equity	3,803,935	3,940,685
Total liabilities and equity	$ 4,446,071	$ 4,570,329
Revenues	$ 6,854,790	$ 6,836,255
Expenses	6,991,540	6,734,654
Net income (loss)	$ (136,750)	$ 101,601

Management annually reviews this investment for impairment. No indications of impairment were present at December 31, 2024 or 2023.

7. SHARED FACILITIES

The Association in 2000, while under the control of the Developer, entered into an agreement with Arbor Trace Condominium Association, Inc., Naples Development Group (the Developer) Arbor Trace Services Center, Inc. and Arbor Trace Management Corporation. The agreement provides for certain rights to cross for mutual use of certain roads, easements and facilities among the parties.

This agreement lists shared facilities as Arbor Lake Drive, the Vanderbilt Drive access gate, guardhouse, front wall, security personnel, utility lines, water management facilities, and irrigation system.

Monthly shared facilities expense is calculated as a percentage based on the number of Association units, and the total number of units in the Arbor Trace development. The total amount of shared facilities reimbursements for the years ended December 31, 2024 and 2023 was $70,830 and $47,176, respectively.

NOTES TO FINANCIAL STATEMENTS

8. HURRICANE IAN - SPECIAL ASSESSMENT

On September 28, 2022, Hurricane Ian, a category 4 major hurricane made landfall in Southwest Florida. The Association sustained significant major casualty losses. On January 25, 2023 the Board of Directors approved a special assessment of $150,331 (ranging from $989 to $1,706 per unit) due on March 1, 2023. At December 31, 2022 the Association's balance sheet includes prepaid special assessment expenses of $34,646. The Association incurred additional hurricane related expenses of $71,452 and recognized special assessment revenues and expenses for the year ended December 31, 2023 of $106,452. In 2024 the Association recognized the remaining special assessment revenues and expenses of $43,879.

9. INSURANCE SPECIAL ASSESSMENTS

On May 17, 2023, the Board of Directors approved a special assessment of $188,958 (ranging from $1,242 to $2,964 per unit) due on July 1, 2023 for 2023 insurance premiums above the budgeted amount, not including flood. On September 20, 2023, the Board of Directors approved a special assessment of $134,724 (ranging from $877 to $2,115 per unit) due October 1, 2023 for flood insurance premiums. The Association recognized special assessment - insurance revenues and expenses (included in insurance expense) of $245,093 for the year ended December 31, 2023. In 2024 the Association recognized the remaining special assessment - insurance revenues and Expenses (included in insurance expense) of $78,589.

10. COMMITMENTS

In 2022, the Association entered into a binding installation and service agreement with Hotwire Communications, Ltd. To provide broadband services, multi-channel video, audit, and high speed internet services to the Association's residents. The contract extends from the initial anniversary date for 10 years. Based on the contract requirements, the Association received $22,500 from Hotwire Communications, Ltd. in 2022. The Association recognized revenue of $562 in 2022. In 2023 the Association recognized revenue of $2,250. At December 31, 2024 the Association's balance sheet included deferred revenue of $17,438 related to this contract.

Estimated projected future cost to the Association under this contract is as follows:

Year Ending December 31:	Amount
2025	$ 94,100
2026	98,000
2027	102,000
2028	106,000
2029	110,000
2030 and beyond	327,000
	$ 837,100

NOTES TO FINANCIAL STATEMENTS

11. INSURANCE DEDUCTIBLE

The Association maintains insurance policies subject to a 5% hurricane deductible per calendar year per structure. It is expected that the potential deductible would be funded through replacement funds and assessments.

12 FLORIDA SENATE BILL SB-4-D

In May 2022, the Florida legislature passed Senate Bill SB 4-D making it mandatory for all Florida condominium and cooperative buildings, three stories or higher, to undergo milestone inspections, structural inspections and to no longer allow for the waiver or reduction in funding of Structural Integrity reserves, as well as submit specific building reporting information to the Division of Florida Condominiums, Timeshares and Mobile Homes. The initial milestone inspection must be completed no later than December 31, 2024 if the certificate of occupancy was issued before 1992 or within 25 years after the issuance of the certificate of occupancy if issued after 1992. The bill also required Associations with buildings 3 stories or greater to have a Structural Integrity Reserve Study performed.

In June 2023 SB-154 was signed into law which addressed many of the concerns raised related to the SB-4D. The bill further defined what reserve items need to be included in structural reserves: roof, structure, including load-bearing walls, foundation, fireproofing and fire protection systems, plumbing, electrical systems, waterproofing and exterior painting, windows and exterior doors, and any other item that has a deferred maintenance expense or replacement cost that exceeds $10,000 and the failure to replace or maintain such item negatively affects the items previously listed as determined by the licensed engineer or architect performing the visual inspection portion of the structural integrity reserve study.

As noted above, funding for the Structural Integrity Reserves cannot be waived for budgets adopted on or after December 31, 2024. The Association will also have other types of reserves that need to be maintained - pool, interior painting, common areas, and some items included in Mechanical replacement (elevator, backup diesel generator, HVAC). The Association has fully funded both their structural integrity reserves and their general reserves in their 2025 budget.

REQUIRED

SUPPLEMENTARY INFORMATION

Required Supplementary Schedule of Future Major Repairs and Replacements (Unaudited)

The Association hired an independent capital reserve analyst to conduct a study in 2024. to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date but do take into account the effects of inflation of 3% between the date of the study and the date that the components will require repair or replacement. The following information is based on the study and presents significant information about the components of common property.

Common Area Components	Estimated Remaining Useful Life (years)	Estimated Current Replacement Cost	Estimated 2025 Funding Requirement	Contract Liabilities December 31, 2024
Structural Integrity Reserves				
Roofing	12 - 14	$ 255,000		
Painting and waterproofing	0	105,000		
Windows & doors	0 - 4	98,000		
Electrical	9 - 17	196,000		
Plumbing	0 - 5	16,500		
Fire Safety	34 - 38	200,000		
Structure	7	50,000		
		920,500	$ 71,824	$ 190,000
General Reserves				
Roofing	2 - 13	1,729,493		
Painting	0 - 9	149,200		
Building envelope	2 - 8	126,310		
Site features	0 - 25	305,820		
Common area interios	2 - 23	208,380		
Mechanical, electrical & plumbing	3 - 39	1,032,448		
		3,551,651	270,096	175,044
		$ 4,472,151	$ 341,920	$ 365,044

See independent auditors' report on required supplementary information.