The Royal St. Andrew Association, Inc.

Independent Auditor's Report,
Financial Statements
and
Supplementary Information

December 31, 2023

TYACK
CPA & COMPANY

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
The Royal St. Andrew Association, Inc.

We have reviewed the accompanying financial statements of The Royal St. Andrew Association, Inc., which comprise the balance sheet as of December 31, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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

We are required to be independent of The Royal St. Andrew Association, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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

Supplementary Information
The supplementary information in the schedule of operating fund expenses and replacement fund activity on pages ten (10) and eleven (11) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page twelve (12) be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management. We have compiled the supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on it.

Tyack CPA & Company, LLC

August 30, 2024
Sarasota, Florida

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The Royal St. Andrew Association, Inc.
Sarasota, Florida

Balance Sheet
December 31, 2023

ASSETS

	Operating Fund	Replacement Fund	Total
Assets			
Cash and cash equivalents	$ 171,318	$ 716,592	$ 887,910
Assessments receivable	4,844	-	4,844
Prepaid expenses	106,259	-	106,259
Due from other fund	-	14,750	14,750
Total Assets	$ 282,421	$ 731,342	$ 1,013,763

LIABILITIES AND FUND BALANCES

	Operating Fund	Replacement Fund	Total
Liabilities			
Accounts payable	$ 5,694	$ -	$ 5,694
Accrued expenses	50,320	-	50,320
Deferred revenue	16,548	-	16,548
Income tax payable	5,770	-	5,770
Prepaid assessments	59,745	-	59,745
Due to other fund	14,750	-	14,750
Contract liabilities (assessments received in advance - replacement fund)	-	731,342	731,342
Total Liabilities	152,827	731,342	884,169
Fund Balances	129,594	-	129,594
Total Liabilities and Fund Balances	$ 282,421	$ 731,342	$ 1,013,763

See accompanying notes and independent accountant's review report.

The Royal St. Andrew Association, Inc.
Sarasota, Florida

Statement of Revenues, Expenses and Changes in Fund Balances
Year Ended December 31, 2023

	Operating Fund	Replacement Fund	Total
Revenues			
Member assessments	$ 516,956	$ 8,673	$ 525,629
Cable assessments	29,814	-	29,814
Insurance claim	-	66,400	66,400
Rental income	25,600	-	25,600
Interest	-	15,147	15,147
Other	4,774	-	4,774
Total Revenues	577,144	90,220	667,364
Expenses			
Administrative	252,097	-	252,097
Grounds	18,634	-	18,634
Pool	5,568	-	5,568
Utilities	81,755	-	81,755
Maintenance	88,488	-	88,488
Payroll	125,399	-	125,399
Replacement fund	-	90,220	90,220
Total Expenses	571,941	90,220	662,161
Excess (deficit) revenues over expenses	5,203	-	5,203
Fund balances - beginning of year	124,391	-	124,391
Fund balances - end of year	$ 129,594	$ -	$ 129,594

See accompanying notes and independent accountant's review report.

The Royal St. Andrew Association, Inc.
Sarasota, Florida

Statement of Cash Flows
Year Ended December 31, 2023

	Operating Fund	Replacement Fund	Total
Cash Flows from Operating Activities			
Member assessments received	$ 552,682	$ 172,250	$ 724,932
Rent received	25,600	-	25,600
Insurance claim received	-	66,400	66,400
Interest received	-	15,147	15,147
Other receipts	2,774	-	2,774
Cash paid to suppliers and contractors	(592,997)	(90,220)	(683,217)
Net cash provided (used) by operating activities	(11,941)	163,577	151,636
Cash Flows From Financing Activities			
Change in due (to) from other fund	(12,837)	12,837	-
Net cash provided (used) by financing activities	(12,837)	12,837	-
Net increase (decrease) in cash and cash equivalents	(24,778)	176,414	151,636
Cash and cash equivalents - beginning of year	196,096	540,178	736,274
Cash and cash equivalents - end of year	$ 171,318	$ 716,592	$ 887,910

See accompanying notes and independent accountant's review report.

The Royal St. Andrew Association, Inc.
Sarasota, Florida

Statement of Cash Flows
Year Ended December 31, 2023

	Operating Fund	Replacement Fund	Total
Reconciliation of excess (deficit) revenues over expenses to net cash provided (used) by operating activities:			
Excess (deficit) revenues over expenses	$ 5,203	$ -	$ 5,203
Adjustments to reconcile excess (deficit) revenues over expenses to net cash provided (used) by operating activities:			
Adjustments:			
(Increase) decrease in operating assets:			
Assessments receivable	4,313	-	4,313
Prepaid expenses	(59,993)	-	(59,993)
Increase (decrease) in operating liabilities			
Accounts payable	(16,001)	-	(16,001)
Accrued expenses	49,720	-	49,720
Deferred revenue	2,200	-	2,200
Income tax payable	5,218	-	5,218
Deposits	(4,200)	-	(4,200)
Prepaid assessments	1,599	-	1,599
Contract liabilities	-	163,577	163,577
Total adjustments	(17,144)	163,577	146,433
Net cash provided (used) by operating activities	$ (11,941)	$ 163,577	$ 151,636

See accompanying notes and independent accountant's review report.

Note 1 – Nature of Organization and Management Review

Nature of Organization
The Royal St. Andrew Association, Inc. ("the Association") is a not-for-profit corporation, incorporated in the State of Florida on December 31, 1968. The Association was organized to provide an entity under Florida Statute 718 for the administration, maintenance, operation and management of The Royal St. Andrew, a Condominium which consists of 60 residential units in Sarasota, Florida. Assessments against the members of the Association, which are the principal source of revenue, are based upon estimated amounts to maintain the common property.

All policy decisions are formulated by the Board of Directors. Certain major decisions are referred to the general membership before action is taken.

Management Review
The Association has evaluated events and transactions for potential recognition or disclosure through August 30, 2024, the date the financial statements were available to be issued.

Note 2 – Summary of Significant Accounting Policies

Financial Statements
The financial statements and notes are the representations of the Association's management, who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Fund Accounting
The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Board of Directors and the Association maintains its accounts using 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 financial resources available for the general operations of the Association. The operating fund reflects the operating assessments paid by unit owners to meet the regular costs of operation. Expenditures of this fund are limited to those connected with the day-to-day operations and non-recurring unanticipated expenditures.
>
> Replacement Fund – This fund is used to account for financial resources designated for future major repairs and replacements. The replacement fund is composed of all capital assessments paid by unit owners to fund future replacements, major repairs and purchases of additional commonly-owned assets. Disbursements from the replacement fund may generally be made only for designated purposes.

Interest Earned on Reserves
The Association's policy is to include in the replacement fund any interest earned on the replacement fund investments.

Allocation of Income and Expenses
The allocation of income and expenses to Association members is based on the condominium documents, which state that the Association members share income and expenses based on the square footage of units.

Note 2 – Summary of Significant Accounting Policies – continued

Member Assessments
Association members are subject to quarterly assessments to provide funds for the Association's operating expenses 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 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. Excess assessments at year end are retained by the association for use in the succeeding year.

Assessments receivable as of December 31, 2023 are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose assessments are delinquent. As of December 31, 2023, the Association had outstanding assessments receivables of $4,844. It is the opinion of the Board of Directors that the Association will ultimately prevail against the unit owners with outstanding assessments and, accordingly, no allowance for uncollectible accounts is deemed necessary.

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 experience and susceptibility to factors outside the Association's control. The balances of assessments receivable as of the beginning and end of the year are $9,157 and $4,844, respectively.

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 certain 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Income Taxes
The Association has the option for income tax purposes to elect on an annual basis to be taxed as a regular corporation under Section 277 of the Internal Revenue Code, whereby non-exempt, function income is taxed at regular corporate rates, or to be taxed at a special corporate rate of 30% on its net, non-function income, less $100 exclusion, in accordance with Section 528 of the Internal Revenue Code. For 2023 the Association filed its tax return under Section 528.

FASB ASC 740, *Income Taxes*, sets forth standards for financial presentation and disclosure of income tax liabilities and expenses and clarifies the accounting for uncertainty in income taxes recognized. In accordance with FASB ASC 740, *Income Taxes*, the Association has evaluated its tax positions and determined that the Association has no uncertain income tax positions that could have a material effect on the financial statements.

As of the date of the financial statements, the Association's federal income tax returns for 2021, 2022 and 2023 are subject to examination by the Internal Revenue Service. These returns are open to examination generally for three years after they were filed.

Commonly Owned Assets
The Association has the responsibility to preserve and maintain the commonly owned assets. Commonly owned assets include but are not limited to certain landscaping, pool, and roofs. The Association's policy is not to capitalize and depreciate the commonly owned real property as ownership is vested directly or indirectly in the unit owners and these assets are not deemed to be severable.

Note 2 – Summary of Significant Accounting Policies – continued

Contract Liabilities
The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement fund) 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 balance of contract liabilities (assessments received in advance-replacement fund) as of the beginning and end of the year were $567,765 and $731,342, respectively.

Note 3 – Member Assessments

The Association bills its members in advance, on a quarterly basis, assessments based upon approved budgets which estimate the amount of funds needed to provide for the administration, operation and management of the Association. Total assessments for 2023 were $689,206, of which $516,956 was designated for the operating fund and $172,250 for the replacement fund.

Note 4 – Future Major Repairs and Replacements

Florida Statutes and the Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate $731,342, are recorded in the accompanying balance sheet as contract liabilities at December 31, 2023. These funds are held in separate accounts and are generally not available for operating purposes.

An independent study was conducted in 2021 to determine the funding necessary to meet estimated expenditures of future major repairs and replacements. The table included in the unaudited supplementary information on Future Major Repairs and Replacements is based on the 2021 study, along with information obtained from the Board of Directors and Management in preparation of the 2024 budget. The Association is funding for major repairs and replacement 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 using the pooling method. Accordingly, the funding requirement of $172,250 has been included in the 2024 budget.

Florida Statutes requires condominiums to complete a structural integrity reserve study every ten years for each building in an association three stories or higher. Any condominium existing before July 1, 2022 is required to have the study completed by December 31, 2024. The structural integrity reserve study must include all items included in Florida Statues 718.112(g). Effective December 31, 2024, the membership of the Association will no longer be allowed to waive or partial fund reserves for items required to be included in the structural integrity reserve study or vote to use these reserves, or any interest thereon, for any other purpose other than their intended purpose. This requirement could have a significant effect on future funding requirements of the replacement fund.

Actual expenditures may vary from the estimated amounts and the variations may be material. Therefore, amounts designated for future repairs and replacements may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, to increase regular assessments, levy special assessments, borrow funds or delay major repairs and replacements until funds are available.

Note 5 - Contingencies

The Association's current windstorm insurance policy contains a 5% deductible clause. Based on the insured values of the buildings and contents of approximately $20 million, the first 5% or approximately $1 million in damages caused by a hurricane as defined in the policy would be the responsibility of the Association.

Note 5 – Contingencies - continued

At times, the Association is involved in disputes or litigation with owners, suppliers and others in the normal course of operations. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Association's financial position, liquidity or results of operations.

Note 6 – Concentrations

The Association's financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits. The Association places its cash and cash equivalents with local financial institutions. Although the Association manages its credit risk through diversification, at times, cash balances may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limits. The Association has not experienced any losses in such accounts and does not believe it is exposed to significant credit risk on cash and cash equivalents.

All revenues are generated from residences of a single condominium located in a small geographic area. A significant loss of revenue could disrupt operations and have a severe impact on the Association.

Note 7 – Commitments

The Association has various contractual agreements with outside vendors for Association services which have varying expiration dates and renewal terms.

Note 8 – Special Assessment

On June 25, 2024, the Board of Directors approved a special assessment of $917,467 to fund the elevator modernization and roof replacement projects. The assessment will be divided among unit owners based on the percentage of ownership as detailed in the Association's Declaration of Condominium. The assessment is payable by September 1, 2024.

SUPPLEMENTARY INFORMATION

The Royal St. Andrew Association, Inc.
Sarasota, Florida

Supplementary Schedule of Operating Fund Expenses
Year Ended December 31, 2023

	Total
Administrative	
Insurance	$ 168,109
Professional fees	7,427
Management Fees	9,605
Telephone and internet	34,860
Other administrative	26,326
Income tax expense	5,770
Total Administrative	252,097
Grounds	
Landscape contract	16,586
Other grounds expenses	2,048
Total Grounds	18,634
Pool	5,568
Utilities	
Electric	18,071
Water and sewer	52,630
Trash removal	9,359
Natural gas	1,695
Total Utilities	81,755
Maintenance	88,488
Payroll	125,399
Total Operating Expenses	$ 571,941

See independent accountant's review report.

The Royal St. Andrew Association, Inc.
Sarasota, Florida

Supplementary Schedule of Replacement Fund Activity
Year Ended December 31, 2023

	1/1/2023	Member Assessment	Insurance Claim	Revenue Recognized	Interest	Expenses	12/31/2023
Contract liabilities	$ 567,765	$ 172,250	$ -	$ (8,673)	$ -	$ -	$ 731,342
Fund balance	$ -	$ -	$ 66,400	$ 8,673	$ 15,147	$ (90,220)	$ -

2023 replacement fund expenses consist of the following:

Pool	$ 67,181
Elevator	10,339
Capital Plumbing Repairs	4,200
Parking lots	8,500
Total Expenses	$ 90,220

See independent accountant's review report.

The Royal St. Andrew Association, Inc.
Sarasota, Florida

Supplementary Information on Future Major Repairs and Replacements
December 31, 2023
(Unaudited)

The following is the estimated remaining lives and estimated cost to replace the components of the replacement fund. This information was obtained from a professional study conducted during 2021 along with information obtained from the Board of Directors and Management in preparation of the 2024 budget.

Reserve Component	Estimated Remaining Life (Years)	Estimated Replacement Cost	2024 Funding Requirement
Air conditioning	10-17	$ 61,098	
Building interiors	10-28	549,080	
Building interiors	Var	100,000	
Mechanical and electrical	10-60	613,839	
Painting and waterproofing	8-57	245,940	
Parking garage and paving	4-55	400,231	
Plumbing	1-5	381,000	
Pool	5-25	86,955	
Roofing	20-31	244,471	
Total		$ 2,682,614	$ 172,250

Read Note 4

See independent accountant's review report.