

**GALEN BREAKERS-A CONDOMINIUM, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

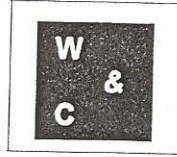
GALEN BREAKERS-A CONDOMINIUM, INC.

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2023  
(With Comparative Totals for 2022)

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**WALD AND COHEN, P.A.**  
*Certified Public Accountants*

Earl A. Wald, C.P.A.  
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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Owners  
Galen Breakers-A Condominium, Inc.  
Key Biscayne, Florida

***Opinion***

We have audited the accompanying financial statements of Galen Breakers-A Condominium, Inc., which comprise the balance sheets as of December 31, 2023, and 2022, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the years 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 Galen Breakers-A Condominium as of December 31, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

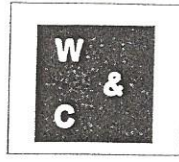
***Basis for Opinion***

We conducted our audits 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 Galen Breakers-A Condominium, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the 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 Galen Breakers-A Condominium, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



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***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 an audit conducted in accordance with generally accepted auditing standards 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Galen Breakers-A 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 Galen Breakers-A 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 Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary Schedule Of Operating Expenses Actual And Budget on page 16, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.



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

Accounting principles generally accepted in the United States of America require that Information on Future Major Repairs And Replacements on page 17 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.

*Wald and Cohen P.C.A.*

Wald and Cohen, P.A.  
Miami, Florida  
July 10, 2024

**GALEN BREAKERS-A CONDOMINIUM, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2023**  
**(With Comparative Totals for 2022)**

	OPERATING FUND	SPECIAL ASSESSMENT FUND	RESERVE FUND	2023 Total	2022 Total
<b>ASSETS</b>					
Cash, including interest-bearing deposits	\$ 362,406	\$ 516,735	\$ 0	\$ 879,141	\$ 537,018
Maintenance receivable	7,376	655,697	0	663,073	502,986
Prepaid insurance	147,313	0	0	147,313	178,648
Prepaid expenses	1,920	0	0	1,920	3,882
Due from operating fund	0	210,824	0	210,824	139,421
Deferred special assessment expense	0	218,139	0	218,139	0
<b>TOTAL ASSETS</b>	<b>\$ 519,015</b>	<b>\$ 1,601,395</b>	<b>\$ 0</b>	<b>\$ 2,120,410</b>	<b>\$ 1,361,955</b>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 16,630	\$ 0	\$ 0	\$ 16,630	\$ 15,257
Prepaid unit owner assessments	43,195	0	0	43,195	50,980
Insurance note payable	111,240	0	0	111,240	135,875
Note payable	0	1,601,395	0	1,601,395	0
Due to special assessment	210,824	0	0	210,824	139,421
Deferred special assessment revenue	0	0	0	0	929,974
<b>TOTAL LIABILITIES</b>	<b>381,889</b>	<b>1,601,395</b>	<b>0</b>	<b>1,983,284</b>	<b>1,271,507</b>
<b>FUND BALANCE</b>	<b>137,126</b>	<b>0</b>	<b>0</b>	<b>137,126</b>	<b>90,448</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 519,015</b>	<b>\$ 1,601,395</b>	<b>\$ 0</b>	<b>\$ 2,120,410</b>	<b>\$ 1,361,955</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THIS FINANCIAL STATEMENT

**GALEN BREAKERS-A CONDOMINIUM, INC.**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(With Comparative Totals for 2022)**

	OPERATING FUND	SPECIAL ASSESSMENT FUND	RESERVE FUND	2023 TOTAL	2022 TOTAL
<b><u>REVENUES</u></b>					
Owner Assessments	\$ 725,580	\$ 0	\$ 0	\$ 725,580	\$ 638,149
Application Fee Income	3,991	0	0	3,991	3,303
Special Assessment Revenue	0	1,731,004	0	1,731,004	714
Bank Interest Income	153	0	0	153	140
Laundry Income	12,810	0	0	12,810	10,374
Miscellaneous Income	2,303	0	0	2,303	2,214
<b>TOTAL REVENUES</b>	<b>744,837</b>	<b>1,731,004</b>	<b>0</b>	<b>2,475,841</b>	<b>654,894</b>
<b><u>EXPENSES (See Schedule)</u></b>					
Administrative	47,774	0	0	47,774	43,605
Contracted Services	106,257	0	0	106,257	105,353
Maintenance And Supplies	51,368	0	0	51,368	116,854
Utilities	106,845	0	0	106,845	106,871
Employee Expenses	103,230	0	0	103,230	103,124
Special Assessment Expenses	0	1,731,004	0	1,731,004	714
Interest	0	41,030	0	41,030	0
Insurance	282,685	0	0	282,685	226,326
<b>TOTAL EXPENSES</b>	<b>698,159</b>	<b>1,772,034</b>	<b>0</b>	<b>2,470,193</b>	<b>702,847</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>46,678</b>	<b>0</b>	<b>0</b>	<b>46,678</b>	<b>(47,953)</b>
<b>FUND BALANCE AT JANUARY 1, 2023</b>	<b>90,448</b>	<b>0</b>	<b>0</b>	<b>90,448</b>	<b>138,401</b>
<b>FUND BALANCE AT DECEMBER 31, 2023</b>	<b>\$ 137,126</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 137,126</b>	<b>\$ 90,448</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THIS FINANCIAL STATEMENT

**GALEN BREAKERS-A CONDOMINIUM, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(With Comparative Totals for 2022)**

	OPERATING FUND	SPECIAL ASSESSMENT FUND	RESERVE FUND	2023 Total	2022 Total
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>					
Excess (Deficiency) Of Revenues Over Expenses	\$ 46,678	\$ 0	\$ 0	\$ 46,678	\$ (47,953)
Non cash Activities					
Inter-fund borrowing	71,403	(71,403)	0	0	0
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:					
(Increase) decrease in:					
Maintenance receivable	(3,193)	(156,894)	0	(160,087)	(498,012)
Prepaid insurance	31,335	0	0	31,335	(59,356)
Prepaid expenses	1,962	0	0	1,962	(3,882)
Deferred special assessment expenses	0	(218,139)	0	(218,139)	0
Increase (decrease) in:					
Accounts payable and accrued expenses	1,373	0	0	1,373	(53,387)
Prepaid unit owners assessments	(7,785)	0	0	(7,785)	40,203
Insurance note payable	(24,635)	0	0	(24,635)	135,875
Deferred special assessment revenues	0	(929,974)	0	(929,974)	790,553
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>117,138</b>	<b>(1,376,410)</b>	<b>0</b>	<b>(1,259,272)</b>	<b>304,041</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THIS FINANCIAL STATEMENT



**GALEN BREAKERS-A CONDOMINIUM, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(With Comparative Totals for 2022)**

	OPERATING FUND	SPECIAL ASSESSMENT FUND	RESERVE FUND	2023 Total	2022 Total
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Proceeds From Note Payable	0	1,601,395	0	1,601,395	0
<b>NET CASH PROVIDED BY FINANCIAL ACTIVITIES</b>	<u>0</u>	<u>1,601,395</u>	<u>0</u>	<u>1,601,395</u>	<u>0</u>
<b>NET INCREASE IN CASH CASH, INCLUDING INTEREST - BEARING DEPOSITS</b>	117,138	224,985	0	342,123	304,041
Beginning of year	<u>245,268</u>	<u>291,750</u>	<u>0</u>	<u>537,018</u>	<u>232,977</u>
End of year	<u>\$ 362,406</u>	<u>\$ 516,735</u>	<u>\$ 0</u>	<u>\$ 879,141</u>	<u>\$ 537,018</u>
<b>SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION:</b>					
Cash paid for interest	<u>\$ 0</u>	<u>\$ 41,030</u>	<u>\$ 0</u>	<u>\$ 41,030</u>	<u>\$ 0</u>
Cash paid for income taxes	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THIS FINANCIAL STATEMENT

**GALEN BREAKERS-A CONDOMINIUM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 - NATURE OF ORGANIZATION**

The Association, known as the Galen Breakers-A Condominium, Inc., was organized as a Florida not-for-profit corporation on January 24, 1969 for the purpose of maintaining and preserving the common property of a 64 unit residential apartment building located in Key Biscayne, Florida pursuant to the Florida Condominium Act.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Association uses the accrued method of accounting, i.e., revenues are recognized as earned as of the date of billing and expenses are deducted in the period in which they are incurred.

**Fund Accounting** - The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the Board of Directors, Disbursements from the replacement funds may be made only for their designated purposes.

**Property and Equipment**- Real and common area property acquired originally from the developer and subsequent related replacements and improvements 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. The policy of the Association is to capitalize material amounts of personal property and depreciate any such property over its estimated useful life using an accelerated method of depreciation.

**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) are recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligation related to replacement reserve assessments. The balance obligations related to replacement reserve assessments. The balances of contract liabilities (assessments received in advance-replacement fund) as of the beginning and end of the year are \$0 and \$0, respectively.

**Cash and Cash Equivalents** - For financial reporting and statement of cash flow purposes, cash and cash equivalents include all demand deposit accounts, savings accounts, money market funds, and certificates of deposit.

**GALEN BREAKERS-A CONDOMINIUM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Budget** - The annual budget and assessment of owners are determined and approved by the Board of Directors.

**Prepaid Maintenance Assessment** – The amount of prepaid maintenance assessments represents monthly assessments received in advance and is to be reported as earned in subsequent periods.

**Concentration of Credit Risk** - Financial instruments which potentially subject the Association to concentration of credit risk are primarily cash and cash equivalents, and assessments receivable. The Association invest its excess cash in both deposits and high quality short-term liquid money market instruments with major financial institutions and carrying value approximates market value. The Association has not experienced losses related to these investments. The Association believes it is not exposed to any significant credit risk on cash and cash equivalents, and assessments receivable.

**Interest Earned** - Interest earned by the special assessment fund remains in that fund. All other interest is allocated to the operating fund. Income taxes associated with all interest income is paid from the operating fund.

**Fair Value of Financial Instruments** – Under FASB ASC 820, Fair Value Measurements and Disclosures (SFAS No. 157), fair value is defined as the exchange price that would be received for an asset or paid to transfer to a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Association has determined that there are no material difference between the carrying value and fair value of its financial assets and liabilities at December 31, 2023; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2023; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2023.

**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 reporting period. Actual results could differ from those estimates.



**GALEN BREAKERS-A CONDOMINIUM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Owner Assessments** - Unit owners are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessment revenue is recognized as the related performance obligations related to amounts expected to be collected. The Association's performance obligations related to its operating assessments 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. Maintenance receivable, at the balance sheet date, represents fees due from unit owners.

Assessment receivable at the balance sheet date 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 homeowners whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in the future year.

**NOTE 3 - FEDERAL INCOME TAXES**

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year ended December 31, 2023. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property. Net nonexempt function income, which includes earned interest and revenues received from nonmembers, is taxed at 30% by the federal government.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no examinations for any tax periods in progress. The Association's management believes it is no longer subject to income tax examinations for years prior to 2021.



**GALEN BREAKERS-A CONDOMINIUM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

The Association elected to file its Federal income tax return as a homeowners association in accordance with Internal Revenue Code Section 528 for the year ended December 31, 2023. Under that election, the Association is taxed on its non exempt function income such as interest earned, at a flat rate of thirty percent (30%). Exempt function income, which consists primarily of member assessments is not taxable. Offsets against such income reduced the tax liability to \$0 for 2023.

**NOTE 4 - CONTINGENCY - WINDSTORM INSURANCE DEDUCTIBLE**

The Association maintains insurance coverage for damage sustained to the condominium building from a "named" hurricane. The maximum deductible for which the Association could be responsible is approximately \$862,550 per calendar year. The Association has not set aside funds to cover the windstorm insurance deductible accordingly if such funds are needed, the Association has the right to assess its members or seek bank financing.

**NOTE 5 - FUTURE MAJOR REPAIRS AND REPLACEMENTS**

In accordance with Florida Statutes, generally all major repairs and replacements in excess of \$10,000 must be funded over the estimated useful lives of the components, based on the estimates of current replacement costs and considering amounts previously accumulated in the fund and are presented on the accompanying balance sheet as a contract liability (assessment received in advance-replacement fund). The membership, nevertheless, is allowed by statute to vote, at a meeting of a majority of voting interests, to waive required reserve funding. In November 2022, and 2023 a majority interest voted not to fund the reserves for the years ending December 31, 2022, and 2023.

The Board of Directors, with the assistance of the Property Manager, annually reviews the major components of common property. As part of this review, the Board reevaluates the estimated remaining useful lives and the estimated current replacement cost of each component. Where applicable, licensed contractors are consulted. Actual expenditures may vary from the estimated future expenditures and the variations may be material. Since full estimated reserves have been waived, the replacement fund will not be adequate to meet all future needs for major repairs and replacements. When additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

**GALEN BREAKERS-A CONDOMINIUM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5 - FUTURE MAJOR REPAIRS AND REPLACEMENTS (CONTINUED)**

Components	Replacement Fund at 01/01/2023	Contribution s / Transfers and Interest	Disbursements / Transfers (to)	Replacement Fund at 12/31/23
Reserves-Roof	\$ 0	\$ 0	\$ 0	\$ 0
Reserves-Paving	0	0	0	0
Reserves-Paint (Exterior)	0	0	0	0
<b>Total</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**NOTE 6. FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION**

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 adopted the requirements of new guidance as of January 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenue and contract liabilities related to the replacement fund, as previously described.

**GALEN BREAKERS-A CONDOMINIUM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 6. (CONTINUED)**

The effect of the adoption is a decrease in 2023 assessments by \$0 and a recording of a contract liability (assessments received in advance-replacement fund) at December 31, 2023, of \$0. The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

The modified retrospective method of transition requires us to disclose the effect of applying the new guidance on each item included in our 2023 financial statements. Following are the line items from our balance sheet as of December 31, 2023, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

	<u>Amount That Would Have Been Reported</u>	<u>Effects of Applying New Guidance</u>	<u>As Reported</u>
<u>Liabilities:</u>			
Contract liabilities (Assessments received in advance - replacement reserve)	\$ 0	\$ 0	\$ 0
Total liabilities	0	\$ 0	\$ 0
<u>Fund Balance:</u>			
Ending fund balance	<u>\$ 137,126</u>	<u>\$ 0</u>	<u>\$ 137,126</u>

The following are the line items from the statement of revenues, expenses, and changes in fund balances and the statement of cash flows for the year ended December 31, 2023, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance:

[SEE NEXT PAGE]



**GALEN BREAKERS-A CONDOMINIUM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 6. (CONTINUED)**

	Amount That Would Have Been Reported	Effects of Applying New Guidance	As Reported
<u>Revenues:</u>			
Member Assessments	\$ 725,580	\$ 0	\$ 725,580
Excess of revenues over expenses	\$ 46,678	\$ 0	\$ 46,678
<u>Cash Flows:</u>			
Excess of revenues over expenses	\$ 46,678	\$ 0	\$ 46,678
Increase in contract liabilities (Assessments received in advance-replacement fund)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**NOTE 7 – SPECIAL ASSESSMENT - I**

On November 19, 2018, the Board of Directors of the Association passed a Special Assessment in the amount of \$200,000 for replacing the fire alarm panel in addition to updating any of its obsolete components, and to replenish the operating fund for costs incurred for Hurricane Irma repair expenses. The Special Assessment of \$200,000 will be collected in a single payment of \$3,125 or over twelve months with a payment of \$261 per month starting on December 1, 2018, and ending on November 1, 2019. The Association spent \$61,293 as of December 31, 2022, and the remanding balance was expended during 2023.

**NOTE 8 – SPECIAL ASSESSMENT – II**

On June 30, 2022, a special assessment for the amount of \$836,450 for structural repair cost and various other projects was approved. The total amount each unit owners has to pay is \$11,719 due in full on July 1, 2022, or in 24 equal payments of 513 which includes financing charges of \$878. This estimate cost was an increase from the original estimate of \$750,000 and it cloud be more due to unforeseen circumstances.



**GALEN BREAKERS-A CONDOMINIUM, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 8 – SPECIAL ASSESSMENT – II (CONTINUE)**

The following schedule provides the details of this special assessment:

S.E. Mechanical Service (Replacement of the Great Room A/C And Cooling Tower Gear reducer	\$ 47,430
Tecta Roof And Skylight Replacement	221,491
Structural Repairs And Building Paint	836,450
Impact Windows (Great Room And Alfredo's Unit)	20,527
Riolfo Electrician (Parking Driveway Light)	7,725
Village Of Key Biscayne	1,000
Calc Engineering LLC Project	45,300
Carpet Boutique (Hallways Carpet And Installation)	43,244
EIDorado Furniture (Lobby Furniture)	6,555
Roca Dura Interior Paint	90,000
Modern Stairs Railing Corp. (Replacment Of Balcony Railings)	2,700
NetCom (Intercom)	7,621
<b>Total</b>	<b>\$ 1,330,043</b>

During 2023, the Association has incurred a total of \$1,867,083 pertaining to these special assessments. The actual amount was higher than the anticipated special assessments that were past previously to fund these expenditures. As a result, the Association will incur \$1,731,004 in the current year and defer the remaining \$218,139 to be expended in the future.

**NOTE 9 – NOTE PAYABLE**

On May 16, 2022, the Association borrowed \$1,000,000 from a bank for its 50-year recertification. The Association will be required to start making interest only payment on June 25, 2022, for twelve consecutive months. Starting on June 25, 2023, the Association will be required to make principal and interest payment in the amount of \$8,198 at an annual interest rate of 4.75% for 168 consecutive monthly payments on the unpaid principal balance of the loan. Due to the fact that the Special Assessment cost estimate has increased, the Board of Directors of the Association had to acquire a new loan, which resulted in an increase in the interest rate to 6.75%. As of December 31, 2023, the remaining balance on the loan balance was \$845,405.

**GALEN BREAKERS-A CONDOMINIUM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 10 – SPECIAL ASSESSMENT – III**

On July 24, 2023, an additional special assessment in the amount of \$760,000 was approved, payable within thirty (30) days in the amount of \$11,875 per unit in a lump sum payment or an option to finance in 36 equal payments of \$367 per unit, for the 50-year structural recertification process.

On August 11, 2023, the Association borrowed \$760,000 from a bank for its 50-year recertification. The Association will be required to start making interest only payment on September 25, 2023, for twelve consecutive months. Starting on September 25, 2024, the Association will be required to make principal and interest payment in the amount of \$34,058 at an annual interest rate of 6.99% for 23 consecutive monthly payments on the unpaid principal balance of the loan. As of December 31, 2023 the balance on this loan was \$760,000.

**NOTE 11 - DATE OF MANAGEMENT'S REVIEW**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through July 10, 2024, the date that the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**GALEN BREAKERS-A CONDOMINIUM, INC.**  
**SCHEDULE OF OPERATING EXPENSES – ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(With Comparative Totals for 2022)**

	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>
<b>Administrative:</b>				
Legal fees	\$ 5,631	\$ 1,100	\$ 5,417	\$ 1,100
Audit and accounting	18,200	17,500	17,574	17,500
Office expense	7,251	3,500	6,798	3,650
Telephone expense	15,271	14,000	12,447	13,500
License and permits	1,421	2,000	1,369	2,000
	<u>47,774</u>	<u>38,100</u>	<u>43,605</u>	<u>37,750</u>
<b>Contracted Services:</b>				
Elevator	3,900	5,000	4,957	3,600
Grounds/landscaping	6,304	8,500	8,410	8,000
Pest control	2,709	3,000	3,058	3,000
Waste	23,703	22,000	22,120	19,900
Pool	2,060	2,500	2,640	3,600
Water treatment	4,660	2,800	3,256	3,750
Cable tv	59,877	60,000	57,088	58,300
Alarm	2,385	4,500	3,824	0
Window cleaning	659	1,600	0	1,600
	<u>106,257</u>	<u>109,900</u>	<u>105,353</u>	<u>101,750</u>
<b>Maintenance and supplies:</b>				
General repairs and maintenance	51,368	65,000	116,854	88,800
	<u>51,368</u>	<u>65,000</u>	<u>116,854</u>	<u>88,800</u>
<b>Utilities:</b>				
Electricity and gas	68,269	73,500	71,108	60,300
Water and sewer	38,576	35,500	35,763	55,000
	<u>106,845</u>	<u>109,000</u>	<u>106,871</u>	<u>115,300</u>
<b>Employee expense:</b>				
Maintenance	87,636	94,000	94,378	93,000
Payroll taxes	12,924	7,000	7,177	7,500
Employee insurance	0	4,000	0	4,000
Workers compensation	2,670	2,000	1,569	3,000
	<u>103,230</u>	<u>107,000</u>	<u>103,124</u>	<u>107,500</u>
Insurance	282,685	307,500	226,326	205,000
	<u>282,685</u>	<u>307,500</u>	<u>226,326</u>	<u>205,000</u>
<b>TOTAL EXPENSES</b>	<u><b>\$ 698,159</b></u>	<u><b>\$ 736,500</b></u>	<u><b>\$ 702,133</b></u>	<u><b>\$ 656,100</b></u>



**GALEN BREAKERS-A CONDOMINIUM, INC.**  
**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS**  
**AND REPLACEMENTS**  
**DECEMBER 31, 2023**  
**(UNAUDITED)**

As part of the annual budgetary process the Board of Directors, with the assistance of the Property Manager, conducted a study to arrive at the following estimate of the remaining useful lives and replacement costs of the components of common property in accordance with Florida Statute:

<b>RESERVE ITEMS</b>	<b>Total Estimated Remaining Useful Life (Years)</b>	<b>Estimated Future Replacement Cost</b>	<b>2024 Funding Requirement</b>	<b>Components of Funds Balance at 12/31/2023</b>
Roof	3	\$ 115,000	\$ 38,333	\$ 0
Paint (Exterior)	1	34,000	34,000	0
Driveway	1	15,000	15,000	0
Decorating	1	13,000	13,000	0
Electrical	1	50,000	50,000	0
Plumbing	1	14,000	14,000	0
Pool Heater	1	4,000	4,000	0
Cooling Tower	3	30,000	10,000	0
Elevator	7	200,000	28,571	0
Terrace Repairs	1	18,500	18,500	0
<b>Total</b>		<b>\$ 493,500</b>	<b>\$ 225,404</b>	<b>\$ 0</b>

At a meeting of a majority of total voting interests, the members voted not to fund the reserves for 2023 and 2024.