

**ANTIGUA CONDOMINIUM
COUNCIL OF UNIT OWNERS**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2024**

ANTIGUA CONDOMINIUM COUNCIL OF UNIT OWNERS

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITORS' REPORT	3 - 4
FINANCIAL STATEMENTS	
Balance Sheet	5
Statement of Revenues, Expenses and Changes in Fund Balances	6
Statement of Cash Flows	7
NOTES TO FINANCIAL STATEMENTS	8 - 10
SUPPLEMENTARY INFORMATION	
Schedule of Operating Fund Revenues and Expenses - Budget to Actual	12 - 13
Schedule of Reserve Fund Revenues, Expenses, and Changes in Deferred Revenue	14
REQUIRED SUPPLEMENTARY INFORMATION	
Future Major Repairs and Replacements	16 - 20



Wigglesworth, Layton, Moyers & Chance, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Antigua Condominium Council of Unit Owners
Ocean City, MD

Opinion

We have audited the accompanying financial statements of Antigua Condominium Council of Unit Owners, 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 Antigua Condominium Council of Unit Owners as of December 31, 2024, and the results of its operations and its cash flow for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Antigua Condominium Council of Unit Owners 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 Antigua Condominium Council of Unit Owners' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 Antigua Condominium Council of Unit Owners' 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 Antigua Condominium Council of Unit Owners' 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 Schedule of Operating Fund Revenues and Expenses - Budget to Actual and Schedule of Reserve Fund Revenues, Expenses, and Changes in Deferred Revenue 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 the information on future major repairs and replacements on page 16 through 20 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.

Wigglesworth, Layton, Moyus + Chance, P.C.

Salisbury, MD
December 9, 2025

ANTIGUA CONDOMINIUM COUNCIL OF UNIT OWNERS
BALANCE SHEET
DECEMBER 31, 2024

	2024		
	Operating fund	Reserve fund	Total
ASSETS			
Cash	\$ 128,868	\$ 103,016	\$ 231,884
Treasury bills	-	836,020	836,020
Assessments receivable	4,399	-	4,399
Prepaid expenses	80,472	-	80,472
Prepaid state income tax	1,347	-	1,347
Lease receivable	-	193,551	193,551
Due to/from other fund	(6,957)	6,957	-
	TOTAL ASSETS	\$ 1,139,544	\$ 1,347,673
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 19,820	\$ 1,958	\$ 21,778
Federal income tax payable	4,468	-	4,468
Prepaid assessments	75,304	-	75,304
Prepaid special assessments	-	75,900	75,900
Deferred lease revenue	-	162,965	162,965
Deferred reserve fund assessments	-	868,135	868,135
	TOTAL LIABILITIES	1,108,958	1,208,550
	FUND BALANCES	30,586	139,123
	TOTAL LIABILITIES AND FUND BALANCES	\$ 1,139,544	\$ 1,347,673

The accompanying notes are an integral part of the basic financial statements.

ANTIGUA CONDOMINIUM COUNCIL OF UNIT OWNERS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
DECEMBER 31, 2024

	2024		
	Operating fund	Reserve fund	Total
REVENUES			
Member assessments	\$ 421,824	\$ 195,936	\$ 617,760
Change in deferred reserve fund assessment	-	(187,835)	(187,835)
Net member assessments	421,824	8,101	429,925
Interest and late fees	405	44,020	44,425
Building fees	23,696	-	23,696
Rent	-	45,908	45,908
Miscellaneous income	650	-	650
TOTAL REVENUES	446,575	98,029	544,604
OPERATING EXPENSES			
Payroll and related costs	52,018	-	52,018
Contractual services	119,760	-	119,760
Insurance	115,843	-	115,843
Administrative	17,204	-	17,204
Utilities	57,498	-	57,498
Maintenance	113,686	-	113,686
TOTAL OPERATING EXPENSES	476,009	-	476,009
OTHER INCOME (EXPENSES)			
Capital improvements	-	(98,029)	(98,029)
Income taxes	(9,610)	-	(9,610)
TOTAL OTHER INCOME (EXPENSES)	(9,610)	(98,029)	(107,639)
NET REVENUES OVER (UNDER) EXPENSES	(39,044)	-	(39,044)
FUND BALANCES - BEGINNING OF YEAR	143,664	34,503	178,167
INTERFUND TRANSFERS	3,917	(3,917)	-
FUND BALANCES - END OF YEAR	<u>\$ 108,537</u>	<u>\$ 30,586</u>	<u>\$ 139,123</u>

The accompanying notes are an integral part of the basic financial statements.

**ANTIGUA CONDOMINIUM COUNCIL OF UNIT OWNERS
STATEMENT OF CASH FLOWS
DECEMBER 31, 2024**

	2024		
	Operating fund	Reserve fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Net revenues over (under) expenses	\$ (39,044)	\$ -	\$ (39,044)
Adjustments to reconcile net revenues over (under) expenses to net cash provided (used) by operating activities:			
(Increase) decrease in operating assets:			
Assessments receivable	(1,798)	-	(1,798)
Prepaid expenses	(7,271)	-	(7,271)
Prepaid state income tax	(1,227)	-	(1,227)
Lease receivable	-	40,712	40,712
Due to/from other fund	6,957	(6,957)	-
Increase (decrease) in operating liabilities:			
Accounts payable	16,498	(31,203)	(14,705)
Federal income tax payable	(22)	-	(22)
Payroll liabilities	(1,650)	-	(1,650)
Prepaid assessments	17,255	-	17,255
Prepaid special assessments	-	75,900	75,900
Deferred lease revenue	-	(36,795)	(36,795)
Deferred reserve fund assessments	-	187,835	187,835
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(10,302)	229,492	219,190
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemption of (investment in) treasury bills	-	(200,065)	(200,065)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	(200,065)	(200,065)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interfund transfers	3,917	(3,917)	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	3,917	(3,917)	-
NET INCREASE (DECREASE) IN CASH	(6,385)	25,510	19,125
CASH - BEGINNING OF YEAR	135,253	77,506	212,759
CASH - END OF YEAR	\$ 128,868	\$ 103,016	\$ 231,884

Cash paid for income taxes totaled \$10,859 during the year ended December 31, 2024.

The accompanying notes are an integral part of the basic financial statements.

**ANTIGUA CONDOMINIUM COUNCIL OF UNIT OWNERS
NOTES TO FINANCIAL STATEMENTS**

Antigua Condominium Council of Unit Owners (the Association) was formed in 1977 in the State of Maryland to provide services for the benefit of the condo unit owners of Antigua Condominium. The Association is responsible for the operating and maintenance of the common property of Antigua Condominium, which consists of 104 residential units and is located in Ocean City, Maryland.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Association prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when the product or service has been received and the liability incurred.

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 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 – Used to account for financial resources available for the general operations of the Association. If the operating fund is inadequate to meet funding requirements for any reason, the Association may levy at any time a further assessment.

Replacement Fund – Used to accumulate financial resources designated for future major repairs and replacements.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Association considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Revenue Recognition and Accounts Receivable

Association members are subject to 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 obligation related to operating assessments are satisfied over time on a monthly basis using the input method. The performance obligations related to the reserve fund assessments and special assessments are satisfied when these funds are expended for their designated purpose.

Assessments receivable at the balance sheet date represent fees due from unit owners at the amount management expects to collect. The Association's Declaration provides for various collection remedies for delinquent assessments including the filing of liens, foreclosing on the unit owner, and obtaining judgement on other assets of the unit owner. Any excess assessments at year end are retained by the Association for use in the succeeding year. At December 31, 2024, the Association had assessments of \$2,914 which are over 60 days past due. It is the opinion of management that the Association will ultimately collect these amounts and, accordingly, no allowance for uncollectible accounts is deemed necessary.

Property and Equipment

Real property and common areas acquired by the original owners from the developer are not capitalized on the Association's financial statements, as they are owned by the individual unit owners and not the Association. Common area expenses are not capitalized because they are restricted to use by Association members, their tenants and guests. Replacement and improvements to the real property and common areas are not capitalized, as the improvements would also belong to the unit owners and not the Association. As of December 31, 2024, the Association does not own any property or equipment. Expenditures for maintenance and repairs are charged to expense as incurred.

**ANTIGUA CONDOMINIUM COUNCIL OF UNIT OWNERS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Assessments

Prepaid assessments are the subsequent year's assessments collected prior to December 31, 2024.

Prepaid Special Assessments

A special assessment was approved during the year ending December 31, 2024 in order to fund a building coating project in process. The project was put on hold temporarily during 2024 and will resume in 2025. The Association approved a refund of the special assessments that had been collected during the year. However, several owners requested the Association hold their payments as prepaid special assessments at December 31, 2024, all of which will be applied towards the building coating project.

Future Major Repairs and Replacements

The Association's Board of Directors conducted a study in 2021 to estimate the remaining useful lives and the replacement costs of the common property components. The Association is funding such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs. Actual expenditures, however, may vary from the estimated amounts and 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, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

On October 1, 2022, Maryland passed House Bill 107, which sets statewide regulations for reserve funding requirements and calls for the Association to have a reserve study conducted every 5 years to ensure compliance. The compliance deadline for all Maryland homeowner associations was October 1, 2023. Reserve Advisors, LLC conducted a reserve study and issued their report in February 2021. As of December 31, 2024, the Association is in compliance with the current reserve funding plan and Maryland House Bill 107.

Income Taxes

The Association has elected to file as an ordinary corporation under Internal Revenue Code Section 277 for the year ended December 31, 2024. With this election, membership income is exempt from taxation, and the Association is taxed only on its non-membership income, such as interest earnings, at regular federal and state corporate rates.

The Association adopted ASC 740-10, which addresses the accounting for uncertainty in income taxes. As of December 31, 2024, management believes there are no uncertain tax positions under ASC 740-10. Although the Association was not under examination at December 31, 2024 by any major taxing authority, the Association was subject to examination for tax years ending December 31, 2024, 2023, 2022 and 2021. All required federal and state tax returns were filed by the due dates, including any extensions, as of December 31, 2024.

Income tax expense for 2024 was \$9,610. It is the Association's policy to recognize interest and penalties, if any, in operating expenses.

NOTE 2 – TREASURY BILLS

At December 31, 2024, the Association held treasury bills of \$836,020 that were classified as held to maturity and are recorded at amortized cost. Maturities for all treasury bills are less than a year. At December 31, 2024, the estimated fair value approximates amortized cost and therefore, there were no significant unrealized holding gains or losses. Accrued interest totaled \$2,280 which is included in total amortized cost and represents interest earned but not yet received as of December 31, 2024. Treasury bill maturity dates range from January 2025 through March 2025.

NOTE 3 – CONCENTRATION OF CREDIT RISK FOR CASH HELD IN BANK

The Organization maintains cash balances at PNC Bank and Bank of Ocean City. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2024, all cash held in banks was fully insured by FDIC. Uninsured cash consisted of \$100 of petty cash held on hand at December 31, 2024.

**ANTIGUA CONDOMINIUM COUNCIL OF UNIT OWNERS
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – DEFERRED RESERVE FUND ASSESSMENTS

The Association considers reserve fees, rental income, and investment interest received as income in the reserve fund. The difference between the reserve income and capital improvements for the year is recorded as deferred revenue in the current year and recognized as revenue in the following years when the funds are used. The balance of deferred reserve fund assessments was \$868,135 as of December 31, 2024.

NOTE 5 – LEASE RECEIVABLE

The Association has a lease agreement with AT&T to install, operate and maintain telecommunications equipment at the property. The lease originated in 2013 with initial monthly installments of \$3,000. In year two of the initial term, and each year thereafter the monthly rent will increase by three percent, with lease expiration in 2028.

The minimum annual lease payments under the lease are as follows:

Year Ended December 31, 2025		\$ 49,711
	2026	51,203
	2027	52,739
	2028	<u>54,321</u>
	Total	<u>\$ 207,974</u>

NOTE 6 – ADOPTION OF ACCOUNTING PRONOUNCEMENT AND PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2024, the Association retroactively adopted an accounting standard issued by ASU No. 2016-02, Leases, which established a single model for lease accounting based on the principle that leases are financings of the right of use of an asset. Lessors will recognize a lease receivable and deferred lease revenue. ASU No. 2016-02 is effective for calendar year 2022 and applies to leases of tangible capital assets, including building, land, and equipment. The qualitative effects on the Association’s future financial statements of these changes and related retrospective adjustments have not yet been determined. The Association has implemented ASU 2016-02 as of and for the year ended December 31, 2022, with the adjustment made retroactively, and related impact through unaudited balances for the year ended December 31, 2023, as follows:

	2022		
	Operating fund	Reserve fund	Total
December 31, 2022 fund balances, as previously stated	\$ 97,164	\$ -	\$ 97,164
Adjustment to lease receivable	-	272,197	272,197
Adjustment to deferred lease revenue	-	<u>(235,183)</u>	<u>(235,183)</u>
Adjusted December 31, 2022 fund balances	<u>\$ 97,164</u>	<u>\$ 37,014</u>	<u>\$ 134,178</u>
Unaudited December 31, 2023 change in fund balances	<u>46,500</u>	<u>(2,511)</u>	<u>43,989</u>
Unaudited December 31, 2023 fund balances	<u>\$ 143,664</u>	<u>\$ 34,503</u>	<u>\$ 178,167</u>

In accordance with ASU No. 2016-02, Leases, the lease receivable and related deferred revenue have been discounted to present value, using the effective treasury yield interest rate as of the lease effective date. The fund balance in the Reserve fund represents the related value differences between the lease receivable and related deferred revenue. Therefore, the change in fund balance in the Reserve fund, or interfund transfers, for the year ended December 31, 2024, represent the net change in those lease receivable and deferred revenue balances between years.

NOTE 7 – SUBSEQUENT EVENTS

The Association has examined all subsequent events through December 9, 2025, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

ANTIGUA CONDOMINIUM COUNCIL OF UNIT OWNERS
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES - BUDGET TO ACTUAL
DECEMBER 31, 2024

	2024		2023
	Budget (Unaudited)	Actual	Actual (Unaudited)
REVENUES			
Member assessments	\$ 421,824	\$ 421,824	\$ 424,320
Interest and late fees	600	405	1,465
Building fees	18,000	23,696	18,260
Miscellaneous income	500	650	850
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	440,924	446,575	444,895
EXPENSES			
Payroll and related costs			
Salaries	50,000	46,379	44,679
Payroll taxes	6,600	5,639	5,001
Employee benefits	-	-	3,114
	<hr/>	<hr/>	<hr/>
	56,600	52,018	52,794
Contractual services			
Elevator	19,680	19,770	19,670
Air conditioner	19,980	22,703	9,725
Management	-	18,230	-
Custodial service	80,000	34,300	68,177
Fire service	6,850	6,400	5,463
Pool service	-	8,551	-
Other contractual services	4,800	9,806	2,698
	<hr/>	<hr/>	<hr/>
	131,310	119,760	105,733
Insurance	131,917	115,843	100,937
Administrative			
Legal and accounting	14,700	9,178	13,340
Meeting expenses	600	695	472
Office supplies	820	3,698	648
Internet service	1,200	990	1,200
Consulting	3,000	-	5,400
Other administrative	1,930	2,643	8,640
	<hr/>	<hr/>	<hr/>
	22,250	17,204	29,700
Utilities			
Electric	50,000	42,236	36,090
Water and sewer	12,000	12,759	12,892
Telephone	2,000	2,503	2,082
	<hr/>	<hr/>	<hr/>
	\$ 64,000	\$ 57,498	\$ 51,064

See independent auditors' report.

ANTIGUA CONDOMINIUM COUNCIL OF UNIT OWNERS
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES - BUDGET TO ACTUAL
DECEMBER 31, 2024

	2024		2023
	Budget (Unaudited)	Actual	Actual (Unaudited)
EXPENSES (continued)			
Maintenance			
Building repairs and maintenance	8,750	51,835	20,969
Elevator repairs and maintenance	4,000	17,537	5,755
Air conditioner repairs and maintenance	10,000	15,886	17,606
Landscaping	1,500	1,283	436
Fire systems	2,000	6,804	4,096
Pool repairs and maintenance	3,300	9,646	4,126
Supplies and equipment	4,525	10,695	3,010
	<u>34,075</u>	<u>113,686</u>	<u>55,998</u>
Income taxes	<u>25</u>	<u>9,610</u>	<u>4,680</u>
TOTAL EXPENSES	440,177	485,619	400,906
NET REVENUES OVER (UNDER) EXPENSES	747	(39,044)	43,989
INTERFUND TRANSFERS AND REPAYMENTS	<u>(747)</u>	<u>3,917</u>	<u>2,511</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (35,127)</u>	<u>\$ 46,500</u>

See independent auditors' report.

ANTIGUA CONDOMINIUM COUNCIL OF UNIT OWNERS
SCHEDULE OF RESERVE FUND REVENUES, EXPENSES AND CHANGES IN DEFERRED REVENUE
DECEMBER 31, 2024

	2024	2023 (Unaudited)
REVENUES		
Member assessments	\$ 195,936	\$ 193,422
Interest income	44,020	29,292
Rent - AT&T	44,347	43,276
Rent - Next Edge	1,561	1,530
TOTAL REVENUES	285,864	267,520
 EXPENSES		
Capital improvements and maintenance		
Building coating project	46,233	4,387
Building capital repairs and maintenance	28,098	31,317
Pool furniture and capital repairs	9,233	2,532
Roof coating project	-	94,983
Security system	9,671	-
Other capital improvements	4,794	-
TOTAL EXPENSES	98,029	133,219
NET REVENUES OVER (UNDER) EXPENSES	187,835	134,301
DEFERRED RESERVE FUND ASSESSMENTS - BEGINNING OF YEAR	680,300	545,999
DEFERRED RESERVE FUND ASSESSMENTS - END OF YEAR	\$ 868,135	\$ 680,300

See independent auditors' report.

**REQUIRED
SUPPLEMENTARY INFORMATION**

RESERVE EXPENDITURES

**Antigua
Condominium**
Ocean City, Maryland

Explanatory Notes:

- 1) **2.0%** is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) FY2020 is Fiscal Year beginning January 1, 2020 and ending December 31, 2020.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	FY2020 to FY2035															
						Useful	Remaining	Unit (2020)	Per Phase (2020)	Total (2020)		RUL = 0 FY2020	1 2021	2 2022	3 2023	4 2024	5 2025	6 2026	7 2027	8 2028	9 2029	10 2030	11 2031	12 2032	13 2033	14 2034	15 2035
Exterior Building Elements																											
1.060	25,000	25,000	Square Feet	Balconies and Walkways, Concrete, Repairs and Waterproof Coating Applications	2028	6 to 10	8	14.00	350,000	350,000	19.4%														410,081		
1.180	5	5	Each	Doors, Common Entrance, Automatic	2034	10 to 15	14	10,000.00	50,000	50,000	2.1%															65,974	
1.200	58	58	Each	Doors, Common	2034	to 25	14	1,000.00	58,000	58,000	1.0%															76,530	
1.201	58	58	Each	Doors, Common, Paint Finishes	2026	8 to 10	6	100.00	5,800	5,800	0.3%							6,532									
1.250	1	1	Allowance	Letters, Property Identification	2032	to 25	12	11,500.00	11,500	11,500	0.2%															14,585	
1.260	80	80	Each	Light Fixtures	2032	to 20	12	100.00	8,000	8,000	0.1%															10,146	
1.400	600	600	Square Feet	Roofs, Modified Bitumen, Rest Rooms	2032	15 to 20	12	44.00	26,400	26,400	0.4%															33,482	
1.500	7,770	7,770	Square Feet	Roofs, Modified Bitumen, Tower	2022	15 to 20	2	41.73	324,271	324,271	11.2%			337,372													
1.880	73,600	73,600	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs	2025	6 to 8	5	4.50	331,200	331,200	25.1%							365,672								428,443	
1.980	3,600	1,800	Square Feet	Windows and Doors, Aluminum Frames, Common, Phased	2026	to 45	6 to 7	55.00	99,000	198,000	3.0%							111,490	113,720								
Interior Building Elements																											
2.100	2	2	Each	Elevator Cab Finishes	2028	to 20	8	15,000.00	30,000	30,000	1.2%															35,150	
2.101	2	2	Each	Elevator Cab Finishes, Floor Coverings, Interim	2038	to 10	18	6,500.00	13,000	13,000	0.2%																
2.820	2	2	Each	Paint Finishes, Stairwells (Includes Railings)	2030	15 to 20	10	5,500.00	11,000	11,000	0.4%															13,409	
2.900	2	2	Each	Rest Rooms, Renovation	2024	to 25	4	8,000.00	16,000	16,000	0.6%				17,319												
2.940	2	2	Each	Sauna Inserts	2027	to 25	7	10,000.00	20,000	20,000	0.3%															22,974	
Building Services Elements																											
3.300	2	2	Each	Air Handling Units, Split Systems, Ductless	2033	to 15	13	6,250.00	12,500	12,500	0.5%															16,170	
3.360	2	2	Each	Elevators, Traction, Controls and Equipment	2038	to 30	18	175,000.00	350,000	350,000	6.7%																
3.440	1	1	Each	Generator, Emergency, 300-kW (Includes Transfer Switch)	2044	to 30	24	89,000.00	89,000	89,000	1.9%																
3.500	1	1	Allowance	Geothermal System, Controls and Capital Repairs	2033	to 15	13	26,000.00	26,000	26,000	1.1%															33,634	
3.555	1	1	Allowance	Life Safety System, Control Panel	2028	to 15	8	20,000.00	20,000	20,000	0.7%															23,433	
3.560	1	1	Allowance	Life Safety System, Emergency Devices	2038	to 25	18	21,000.00	21,000	21,000	0.4%																
3.605	312	78	Each	Pipes, Riser Sections, Domestic Water, Waste and Vent, Phased	2042	to 80+	22 to 30+	1,200.00	93,600	374,400	4.1%																
3.700	2	2	Each	Pumps, Domestic Cold Water, 15-HP (Incl. Controls & VFDs)	2026	to 15	6	19,500.00	39,000	39,000	1.4%															43,920	
3.701	2	2	Each	Pumps, Geothermal System, 25-HP (Incl. Controls & VFDs)	2038	15 to 20	18	22,000.00	44,000	44,000	0.8%																
3.820	2	1	Allowance	Security System, Phased (2021, 2023 and 2025 are Budgeted)	2021	10 to 15	1 to 8	8,500.00	8,500	17,000	1.2%			15,000		12,500		12,500								9,959	11,440
3.880	13	13	Floors	Trash Chute and Doors	2027	to 50	7	3,000.00	39,000	39,000	0.6%															44,799	
3.900	1	1	Each	Trash Compactor	2027	to 20	7	14,500.00	14,500	14,500	0.6%															16,656	
Property Site Elements																											
4.040	3,150	3,150	Square Yards	Asphalt Pavement, Mill and Overlay	2024	15 to 20	4	20.00	63,000	63,000	0.9%															68,193	
4.045	3,150	3,150	Square Yards	Asphalt Pavement, Total Replacement	2044	15 to 20	24	32.50	102,375	102,375	2.2%																
4.105	2,200	2,200	Square Feet	Decks, Wood, Initial	2021	to 25	1	23.73	52,206	52,206	1.9%			53,250													
Pool Elements																											
6.200	5,580	5,580	Square Feet	Concrete Deck, Textured Coating, Partial Replacements and Repairs	2030	8 to 12	10	5.00	27,900	27,900	1.7%															34,010	
6.400	340	340	Linear Feet	Fences, Vinyl and Aluminum	2033	15 to 20	13	50.00	17,000	17,000	0.3%															21,991	
6.600	2	1	Allowance	Mechanical Equipment, Phased	2023	to 15	3 to 10	10,000.00	10,000	20,000	0.7%					10,612										12,190	
6.601	2	2	Each	Mechanical Equipment, Heaters	2035	to 15	15	16,500.00	33,000	33,000	1.4%															44,414	
6.800	1,320	1,320	Square Feet	Pool Finish, Plaster	2023	8 to 12	3	12.50	16,500	16,500	0.9%					17,510										21,345	
6.801	130	130	Linear Feet	Pool Finish, Tile	2023	15 to 25	3	35.00	4,550	4,550	0.2%					4,828											

RESERVE EXPENDITURES

Antigua Condominium Ocean City, Maryland

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	16 2036	17 2037	18 2038	19 2039	20 2040	21 2041	22 2042	23 2043	24 2044	25 2045	26 2046	27 2047	28 2048	29 2049	30 2050			
						Useful	Remaining	Unit (2020)	Per Phase (2020)	Total (2020)																			
Exterior Building Elements																													
1.060	25,000	25,000	Square Feet	Balconies and Walkways, Concrete, Repairs and Waterproof Coating Applications	2028	6 to 10	8	14.00	350,000	350,000	19.4%	480,475															562,953		
1.180	5	5	Each	Doors, Common Entrance, Automatic	2034	10 to 15	14	10,000.00	50,000	50,000	2.1%																	88,792	
1.200	58	58	Each	Doors, Common	2034	to 25	14	1,000.00	58,000	58,000	1.0%																		
1.201	58	58	Each	Doors, Common, Paint Finishes	2026	8 to 10	6	100.00	5,800	5,800	0.3%							8,967										10,506	
1.250	1	1	Allowance	Letters, Property Identification	2032	to 25	12	11,500.00	11,500	11,500	0.2%																		
1.260	80	80	Each	Light Fixtures	2032	to 20	12	100.00	8,000	8,000	0.1%																		
1.400	600	600	Square Feet	Roofs, Modified Bitumen, Rest Rooms	2032	15 to 20	12	44.00	26,400	26,400	0.4%																		
1.500	7,770	7,770	Square Feet	Roofs, Modified Bitumen, Tower	2022	15 to 20	2	41.73	324,271	324,271	11.2%							501,317											
1.880	73,600	73,600	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs	2025	6 to 8	5	4.50	331,200	331,200	25.1%							501,989										588,160	
1.980	3,600	1,800	Square Feet	Windows and Doors, Aluminum Frames, Common, Phased	2026	to 45	6 to 7	55.00	99,000	198,000	3.0%																		
Interior Building Elements																													
2.100	2	2	Each	Elevator Cab Finishes	2028	to 20	8	15,000.00	30,000	30,000	1.2%																	52,231	
2.101	2	2	Each	Elevator Cab Finishes, Floor Coverings, Interim	2038	to 10	18	6,500.00	13,000	13,000	0.2%			18,567															
2.820	2	2	Each	Paint Finishes, Stairwells (Includes Railings)	2030	15 to 20	10	5,500.00	11,000	11,000	0.4%																		19,925
2.900	2	2	Each	Rest Rooms, Renovation	2024	to 25	4	8,000.00	16,000	16,000	0.6%																	26,775	
2.940	2	2	Each	Sauna Inserts	2027	to 25	7	10,000.00	20,000	20,000	0.3%																		
Building Services Elements																													
3.300	2	2	Each	Air Handling Units, Split Systems, Ductless	2033	to 15	13	6,250.00	12,500	12,500	0.5%																	21,763	
3.360	2	2	Each	Elevators, Traction, Controls and Equipment	2038	to 30	18	175,000.00	350,000	350,000	6.7%			499,886															
3.440	1	1	Each	Generator, Emergency, 300-kW (Includes Transfer Switch)	2044	to 30	24	89,000.00	89,000	89,000	1.9%									143,151									
3.500	1	1	Allowance	Geothermal System, Controls and Capital Repairs	2033	to 15	13	26,000.00	26,000	26,000	1.1%																	45,267	
3.555	1	1	Allowance	Life Safety System, Control Panel	2028	to 15	8	20,000.00	20,000	20,000	0.7%									31,538									
3.560	1	1	Allowance	Life Safety System, Emergency Devices	2038	to 25	18	21,000.00	21,000	21,000	0.4%			29,993															
3.605	312	78	Each	Pipes, Riser Sections, Domestic Water, Waste and Vent, Phased	2042	to 80+	22 to 30+	1,200.00	93,600	374,400	4.1%							144,704									159,765		
3.700	2	2	Each	Pumps, Domestic Cold Water, 15-HP (Incl. Controls & VFDs)	2026	to 15	6	19,500.00	39,000	39,000	1.4%							59,111											
3.701	2	2	Each	Pumps, Geothermal System, 25-HP (Incl. Controls & VFDs)	2038	15 to 20	18	22,000.00	44,000	44,000	0.8%			62,843															
3.820	2	1	Allowance	Security System, Phased (2021, 2023 and 2025 are Budgeted)	2021	10 to 15	1 to 8	8,500.00	8,500	17,000	1.2%									13,404								15,397	
3.880	13	13	Floors	Trash Chute and Doors	2027	to 50	7	3,000.00	39,000	39,000	0.6%																		
3.900	1	1	Each	Trash Compactor	2027	to 20	7	14,500.00	14,500	14,500	0.6%																	24,750	
Property Site Elements																													
4.040	3,150	3,150	Square Yards	Asphalt Pavement, Mill and Overlay	2024	15 to 20	4	20.00	63,000	63,000	0.9%																		
4.045	3,150	3,150	Square Yards	Asphalt Pavement, Total Replacement	2044	15 to 20	24	32.50	102,375	102,375	2.2%																	164,664	
4.105	2,200	2,200	Square Feet	Decks, Wood, Initial	2021	to 25	1	23.73	52,206	52,206	1.9%																	87,362	
Pool Elements																													
6.200	5,580	5,580	Square Feet	Concrete Deck, Textured Coating, Partial Replacements and Repairs	2030	8 to 12	10	5.00	27,900	27,900	1.7%						41,458											50,537	
6.400	340	340	Linear Feet	Fences, Vinyl and Aluminum	2033	15 to 20	13	50.00	17,000	17,000	0.3%																		
6.600	2	1	Allowance	Mechanical Equipment, Phased	2023	to 15	3 to 10	10,000.00	10,000	20,000	0.7%		14,002															16,084	
6.601	2	2	Each	Mechanical Equipment, Heaters	2035	to 15	15	16,500.00	33,000	33,000	1.4%																	59,775	
6.800	1,320	1,320	Square Feet	Pool Finish, Plaster	2023	8 to 12	3	12.50	16,500	16,500	0.9%																	26,019	
6.801	130	130	Linear Feet	Pool Finish, Tile	2023	15 to 25	3	35.00	4,550	4,550	0.2%																	7,175	

RESERVE EXPENDITURES

**Antigua
Condominium**
Ocean City, Maryland

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	
						Useful	Remaining	Unit (2020)	Per Phase (2020)	Total (2020)		2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	
6.900	1,320	1,320	Square Feet	Structure and Deck, Total Replacement	2033	to 60	13	190.00	250,800	250,800	4.3%																
Anticipated Expenditures, By Year (\$7,494,975 over 30 years)												480,475	14,002	611,289	0	41,458	561,100	654,988	78,136	886,852	0	114,137	184,515	119,261	676,952	156,140	

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS

Antigua Condominium

Individual Reserve Budgets & Cash Flows for the Next 30 Years

Ocean City, Maryland	FY2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Reserves at Beginning of Year (Note 1)	N/A	240,000	325,678	156,868	294,842	408,883	245,040	311,993	347,699	106,611	348,851	538,216	794,084	998,803	419,135	546,155
Total Recommended Reserve Contributions (Note 2)	N/A	151,394	166,400	181,400	196,400	211,400	226,400	230,900	235,500	240,200	245,000	249,900	254,900	260,000	265,200	270,500
Plus Estimated Interest Earned, During Year (Note 3)	N/A	2,534	2,162	2,024	3,153	2,929	2,495	2,955	2,035	2,040	3,974	5,968	8,032	6,352	4,324	5,881
Less Anticipated Expenditures, By Year	N/A	(68,250)	(337,372)	(45,450)	(85,512)	(378,172)	(161,942)	(198,149)	(478,623)	0	(59,609)	0	(58,213)	(846,020)	(142,504)	(55,854)
Anticipated Reserves at Year End	<u>\$240,000</u>	<u>\$325,678</u>	<u>\$156,868</u>	<u>\$294,842</u>	<u>\$408,883</u>	<u>\$245,040</u>	<u>\$311,993</u>	<u>\$347,699</u>	<u>\$106,611</u>	<u>\$348,851</u>	<u>\$538,216</u>	<u>\$794,084</u>	<u>\$998,803</u>	<u>\$419,135</u>	<u>\$546,155</u>	<u>\$766,682</u>
Predicted Reserves based on 2021 funding level of: \$151,394	240,000	325,678	141,794	249,491	317,915	92,978	83,219	37,003	(291,366)	(141,913)						

(NOTE 5)

(continued)

Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued

	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
Reserves at Beginning of Year	766,682	568,087	841,801	523,629	822,359	1,088,059	840,197	501,921	746,277	186,805	519,670	747,510	913,436	1,153,334	842,222
Total Recommended Reserve Contributions	275,900	281,400	287,000	292,700	298,600	304,600	310,700	316,900	323,200	329,700	336,300	343,000	349,900	356,900	364,000
Plus Estimated Interest Earned, During Year	5,980	6,316	6,117	6,030	8,558	8,638	6,012	5,592	4,180	3,165	5,677	7,441	9,259	8,940	8,515
Less Anticipated Expenditures, By Year	(480,475)	(14,002)	(611,289)	0	(41,458)	(561,100)	(654,988)	(78,136)	(886,852)	0	(114,137)	(184,515)	(119,261)	(676,952)	(156,140)
Anticipated Reserves at Year End	<u>\$568,087</u>	<u>\$841,801</u>	<u>\$523,629</u>	<u>\$822,359</u>	<u>\$1,088,059</u>	<u>\$840,197</u>	<u>\$501,921</u>	<u>\$746,277</u>	<u>\$186,805</u>	<u>\$519,670</u>	<u>\$747,510</u>	<u>\$913,436</u>	<u>\$1,153,334</u>	<u>\$842,222</u>	<u>\$1,058,597</u>

(NOTE 5)

(NOTE 4)

Explanatory Notes:

- 1) Year 2021 starting reserves are projected by the Board as of January 1, 2021; FY2021 starts January 1, 2021 and ends December 31, 2021.
- 2) 2022 is the first year of recommended contributions.
- 3) 0.9% is the estimated annual rate of return on invested reserves
- 4) Accumulated year 2050 ending reserves consider the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).