

**SPYGLASS POINT CONDOMINIUM  
ASSOCIATION OF PENSACOLA, INC.**

**Financial Statements**

**December 31, 2023**

**(With Accountants' Compilation Report Thereon)**

**SPYGLASS POINT CONDOMINIUM ASSOCIATION OF PENSACOLA, INC.**

**Table of Contents**

	<b><u>Page</u></b>
<b>Accountants' Compilation Report</b>	<b>1</b>
<b>Financial Statements:</b>	
<b>Balance Sheet</b>	<b>2</b>
<b>Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	<b>3</b>
<b>Statement of Cash Flows</b>	<b>4</b>
<b>Notes to Financial Statements</b>	<b>5 - 10</b>
<b>Required Supplementary Information:</b>	
<b>Schedule of Future Major Repairs &amp; Replacements</b>	<b>11</b>



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**To the Board of Directors  
Spyglass Point Condominium Association of Pensacola, Inc.  
Pensacola, Florida**

Management is responsible for the accompanying financial statements of Spyglass Point Condominium Association of Pensacola, Inc. (a corporation), which comprise the balance sheet as of December 31, 2023, and the related statement of revenues, expenditures, and changes in fund balance, and statement of cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

***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 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which 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. Such information is the responsibility of management. We have compiled the required 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 such information.

We are not independent with respect to Spyglass Point Condominium Association of Pensacola, Inc.

***Griffin & Furman, LLC***

**March 11, 2024**

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SPYGLASS POINT CONDOMINIUM ASSOCIATION OF PENSACOLA, INC.

Balance Sheet

December 31, 2023

(See Accountants' Compilation Report)

	<u>Assets</u>		
	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>Assets:</b>			
Cash & cash equivalents	\$ 404,616	169,261	573,877
Assessments receivable	16,281	-	16,281
Prepaid expenses	93,910	-	93,910
<b>Total assets</b>	<b>\$ 514,807</b>	<b>169,261</b>	<b>684,068</b>
	<u>Liabilities &amp; Fund Balances</u>		
<b>Liabilities:</b>			
Accounts payable	\$ 12,920	-	12,920
Prepaid assessments	8,899	-	8,899
Performance obligations	-	169,261	169,261
Note payable	40,043	-	40,043
<b>Total liabilities</b>	<b>61,862</b>	<b>169,261</b>	<b>231,123</b>
<b>Fund Balances</b>	<b>452,945</b>	<b>-</b>	<b>452,945</b>
<b>Total liabilities and fund balances</b>	<b>\$ 514,807</b>	<b>169,261</b>	<b>684,068</b>

**SPYGLASS POINT CONDOMINIUM ASSOCIATION OF PENSACOLA, INC.**

**Statement of Revenues, Expenditures, and Changes in Fund Balances**

**For the Year Ended December 31, 2023**

**(See Accountants' Compilation Report)**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>Revenues:</b>			
<b>Assessments</b>	\$ 366,624	74,497	441,121
<b>Insurance proceeds</b>	450,000	-	450,000
<b>Late fees</b>	341	-	341
<b>Interest</b>	430	2,819	3,249
<b>Miscellaneous</b>	374	-	374
	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	817,769	77,316	895,085
	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>			
<b>Administrative</b>	43,895	-	43,895
<b>Management fees</b>	27,600	-	27,600
<b>Repairs and maintenance</b>	100,773	77,316	178,089
<b>Utilities</b>	30,252	-	30,252
<b>Insurance</b>	215,462	-	215,462
	<hr/>	<hr/>	<hr/>
<b>Total expenditures</b>	417,982	77,316	495,298
	<hr/>	<hr/>	<hr/>
<b>Excess of revenues over expenditures</b>	399,787	-	399,787
	<hr/>	<hr/>	<hr/>
<b>Fund balances, beginning of year</b>	53,158	-	53,158
	<hr/>	<hr/>	<hr/>
<b>Fund balances, end of year</b>	\$ 452,945	-	452,945
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**SPYGLASS POINT CONDOMINIUM ASSOCIATION OF PENSACOLA, INC.**

**Statement of Cash Flows**

**For the Year Ended December 31, 2023**

**(See Accountants' Compilation Report)**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Excess of revenues over expenditures	\$ 399,787	-	399,787
Adjustments to reconcile excess of revenues over expenditures to net cash provided by operating activities:			
<b>Changes in assets and liabilities:</b>			
<b>(Increase) decrease in:</b>			
Assessments receivable	1,600	-	1,600
Other receivables	1,405	-	1,405
Prepaid expenses	(31,697)	-	(31,697)
<b>Increase (decrease) in:</b>			
Accounts payable	3,796	-	3,796
Prepaid assessments	4,707	-	4,707
Performance obligations	-	35,503	35,503
<b>Net cash provided by operating activities</b>	<u>379,598</u>	<u>35,503</u>	<u>415,101</u>
<b>Cash flows from investing activities:</b>			
Proceeds from certificates of deposit	-	37,312	37,312
<b>Net cash provided by investing activities</b>	<u>-</u>	<u>37,312</u>	<u>37,312</u>
<b>Cash flows from financing activities:</b>			
Interfund transfers	(37,925)	37,925	-
Proceeds from loan payable	235,745	-	235,745
Repayments of loan payable	(240,830)	-	(240,830)
<b>Net cash provided (used) by financing     activities</b>	<u>(43,010)</u>	<u>37,925</u>	<u>(5,085)</u>
<b>Net increase in cash and cash equivalents</b>	336,588	110,740	447,328
<b>Cash and cash equivalents, beginning of year</b>	<u>68,028</u>	<u>58,521</u>	<u>126,549</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 404,616</u>	<u>169,261</u>	<u>573,877</u>

SPYGLASS POINT CONDOMINIUM ASSOCIATION OF PENSACOLA, INC.

Notes to the Financial Statements

December 31, 2023

(See Accountants' Compilation Report)

(1) **Summary of Significant Accounting Policies**

(a) **Nature of Activities**

Spyglass Point Condominium Association of Pensacola, Inc. (the Association) was incorporated on April 28, 1982, under the Laws of the State of Florida, as a not for profit corporation for the operation, management, maintenance, and control of the Spyglass Point Condominiums located in Pensacola, Florida. The complex consists of 120 residential units with one or two-bedroom floor plans in 16 residential buildings located in Pensacola, Florida.

All policy decisions, including the annual budget and owners' assessments, are formulated by the Board of Directors. Major decisions are referred to the general Association membership before action is taken.

(b) **Basis of Accounting**

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

(c) **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

(d) **Fund Accounting**

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** – This fund is used to account for the financial resources available for the Association's general operations.

**Replacement Fund** – This fund is used to accumulate financial resources designated for future major repairs and replacements.

(e) **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

SPYGLASS POINT CONDOMINIUM ASSOCIATION OF PENSACOLA, INC.

Notes to the Financial Statements

December 31, 2023

(See Accountants' Compilation Report)

liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(f) Cash and Cash Equivalents

The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(g) Revenue Recognition

Effective January 1, 2019, the Association adopted Accounting Standards Codification Topic 606, Revenue from Contracts with Customers. This topic requires the recognition of revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue is recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. For purposes of this Association, the definition of customers includes the Association's members.

(h) Member Assessments

Assessments receivable at the balance sheet date represent fees due from unit owners. Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments are due on the first day of the month and are considered past due if not received by the tenth day of the month. In addition, the Association charges interest at a rate of 18% on past due amounts. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are deemed uncollectible by management. Any excess assessments at year end are retained by the Association for use in the succeeding year.

At December 31, 2023, the Association had assessments receivable of \$16,281. The Association believes all amounts are collectible, and therefore, no allowance for doubtful accounts has been established at year end

(i) Interest Earned

The policy of the Association's Board is to allocate interest earned on Replacement Fund accounts to the Replacement Fund and is recorded as an increase to the performance obligation liability. All other interest earned on bank accounts and investments is available for use in daily operations.

(j) Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the Balance Sheet. These items will be expensed over the applicable usage periods.



Notes to the Financial Statements

December 31, 2023

(See Accountants' Compilation Report)

(2) Member Assessments

Monthly assessments to owners during 2023 were \$330 per unit during the year which provided for operations and reserve funding. The annual budget and owners' assessments are determined by the Board of Directors. Any excess assessments at year-end are retained by the Association for use in the succeeding year.

(3) Revenue Recognition

As disclosed in Note 1 to the financial statements, the Association's customers consist of its members, which are unit owners within the development. The contracts between these customers and the Association primarily relate to maintaining, managing and providing access to the property and amenities owned in common by the unit owners.

*Performance Obligations*

The Association's revenue is derived primarily from assessments to its members. The Association generally recognizes its revenue from contracts with customers over time with the exception of reserve assessments, interest on reserve funds, and special assessments, which are being recognized at a point in time. As of December 31, 2023, the Association has reported a performance obligation liability totaling \$169,261, relating to the future major repair and/or replacement of specific components of common property. The assessments related to this performance obligation are reported in the Replacement Fund and will be recognized as revenue at the point in time when the funds are expended for their designated purpose.

*Significant Judgments*

For those revenue items recognized over time, the Association generally utilizes the input method of measurement, where revenue is recognized based on the Association's efforts towards the satisfaction of a performance obligation. For operating fund amounts, revenue is recognized as time elapses and the Association performs routine maintenance, protection, and management of the common area property. For replacement fund amounts, the Association recognizes revenue at the point in time when reserve expenses are incurred.

*Disaggregated Revenue*

The Association derives its revenue from various activities and sources having different qualitative factors that may affect the amount, timing, or uncertainty of revenue and cash flows. The following chart contains disaggregated revenue information that reflects these qualitative factors.

*Recognized over time:*

Operating fund assessments	\$ 366,624
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*Recognized at a point in time:*

Replacement reserve assessments	74,497
Interest income	2,819

**SPYGLASS POINT CONDOMINIUM ASSOCIATION OF PENSACOLA, INC.**

**Notes to the Financial Statements**

**December 31, 2023**

**(See Accountants' Compilation Report)**

*Not subject to ASC Topic 606:*

Insurance proceeds	450,000
Late fees	341
Interest	430
Miscellaneous	<u>374</u>
	<u>\$ 895,085</u>

The following table presents information about assessments receivable, contract assets, and contract liabilities:

Assessments receivable - beginning balance	\$ 17,881
Assessments receivable - ending balance	16,281
 Contract assets - no beginning or ending balance for the year	
 Contract liabilities:	
Prepaid assessments - beginning balance	4,192
Prepaid assessments - ending balance	8,899
 Performance obligations - beginning balance	 133,758
Performance obligations - ending balance	169,261

**(4) Note Payable**

During the year, the Association entered into a note payable to finance certain insurance premiums. The note is payable bears interest at 8.75% and is payable in one initial payment of \$58,782 and nine equal installments of \$20,386. The note payable matures in February 2024. As of December 31, 2023, the balance of the note payable amounted to \$40,043.

**(5) Reserves for Renewal and Replacement**

The Association's governing documents, Florida Statute 718.112 and Florida Administrative Code Rule 61B 22.005(2)(b), require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate bank accounts and are generally not available for normal operating expenditures. The Association's reserves for renewal and replacement are accounted for in the Association's pooled Replacement Fund.

The Association is reserving funds for major repairs and replacements using replacement costs and accumulated balances over the remaining useful lives of the components based on Board developed estimates for both costs and estimated remaining lives. The estimates used in the 2023 budget process were not updated to reflect current accumulated balances or reserve component conditions. For that reason, and because actual expenditures may vary from estimated future expenditures, and the variations may be material, amounts accumulated in the pooled Replacement Fund may not be adequate to meet all future needs for major repairs and replacements. When funds are needed for

SPYGLASS POINT CONDOMINIUM ASSOCIATION OF PENSACOLA, INC.

Notes to the Financial Statements

December 31, 2023

(See Accountants' Compilation Report)

those purposes, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The following is a summary of the financial activity of the pooled Replacement Fund during the year.

Beginning balance	\$ 133,758
Assessments	110,000
Interest proceeds	2,819
Withdrawals	<u>(77,316)</u>
Ending balance	<u>\$ 169,261</u>

(6) Income Taxes

The Association may be taxed either as a homeowner's association or as a regular corporation. This election is made annually taking into account the best interest of the Association. For the year ended December 31, 2023, the Association elected to file as a homeowners' association in accordance with Internal Revenue Code Section 528. Under that Section, the Association excludes from taxation exempt function income, which generally consists of revenue from assessments to owners. The Association's investment income and other nonexempt income are subject to tax at a rate of 30%, net of any applicable expenses.

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. Under federal and state income tax laws, an entity's income tax returns are subject to examination by the applicable taxing authorities; 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 2020.

(7) Contingencies

*Insurance Deductibles*

The insurance policy for windstorm coverage was renewed in May 2023. The Association's policy for windstorm coverage, in the event of a hurricane, has a maximum deductible amount of \$694,665, representing 5% of the insured value of the buildings, which is listed on the policy at \$13,893,290.

(8) Concentration of Credit Risk

The Association assesses regular and special assessments to its members. It is the Association's policy to turn over significantly past due accounts for collection and to file liens against the individual units. Should the collection of any such liens be enforced by the sale of the unit, the collectability of the receivable is dependent on the quick sale market value of the unit, and the amount of any such other

**SPYGLASS POINT CONDOMINIUM ASSOCIATION OF PENSACOLA, INC.**

**Notes to the Financial Statements**

**December 31, 2023**

**(See Accountants' Compilation Report)**

**liens that have priority. Market value may be influenced by the real estate market in Pensacola, Florida.**

**(9) Evaluation of Subsequent Events**

**The Association has evaluated subsequent events through March 11, 2024, the date which the financial statements were available to be issued. No subsequent events occurring after March 11, 2024 have been evaluated for inclusion in these financial statements.**

**SPYGLASS POINT CONDOMINIUM ASSOCIATION OF PENSACOLA, INC.**

**Schedule of Future Major Repairs & Replacements**

**December 31, 2023**

**(See Accountants' Compilation Report)**

The following table is based on the Association's review and presents significant information about the components of common property:

<u>Pooled Components</u>	<u>Estimated Remaining Life</u>	<u>Estimated Replacement Cost</u>	<u>Accumulated Funds at 12/31/2023</u>
Roofing	2 - 18	\$ 568,850	
Fencing	2 - 15	69,200	
Painting	0 - 3	16,050	
Paving	2 - 10	208,350	
Pool & deck	4 - 15	75,650	
Water pipe	4	64,000	
Site & grounds	0 - 18	332,300	
Building exterior	5 - 11	2,921,700	
Mechanical / electrical / plumbing	4	30,000	
		<u>\$ 4,286,100</u>	<u>169,260</u>