

ENCLAVE OF NAPLES CONDOMINIUM ASSOCIATION, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR DECEMBER 31, 2020)**



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**ENCLAVE OF NAPLES CONDOMINIUM ASSOCIATION, INC.
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEET	4
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)	14



INDEPENDENT AUDITORS' REPORT

Board of Directors
Enclave of Naples Condominium Association, Inc.
Naples, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Enclave of Naples Condominium Association, Inc. (the Association), which comprise the balance sheet as of December 31, 2021 and 2020, 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 Enclave of Naples Condominium Association, Inc. as of December 31, 2021 and 2020, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 the Association's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 the Association'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 the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements on page 14 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our

Board of Directors
Enclave of Naples Condominium Association, Inc.

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.

Report on Summarized Comparative Information

We have previously audited the Association's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 7, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Naples, Florida
March 24, 2022

ENCLAVE OF NAPLES CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)

	Operating Fund	Replacement Fund	Special Assessment Fund	Totals	
				2021	2020
ASSETS					
Cash and Cash Equivalents	\$ 363,112	\$ 217,076	\$ 298,334	\$ 878,522	\$ 939,761
Assessments Receivable	3,168	-	-	3,168	3,182
Property and Equipment, Net	14,140	-	-	14,140	25,944
Prepaid Expenses	25,209	-	-	25,209	25,556
Due from Other Funds	-	13,165	4,835	18,000	23,893
Prepaid Insurance	63,422	-	-	63,422	57,664
Total Assets	\$ 469,051	\$ 230,241	\$ 303,169	\$ 1,002,461	\$ 1,076,000
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Expenses	\$ 41,261	\$ 8,239	\$ -	\$ 49,500	\$ 16,875
Assessments Received in Advance	223,698	-	-	223,698	293,107
Security Deposits Payable	17,710	-	-	17,710	10,000
Deferred Reserve Funds	-	222,002	-	222,002	453,509
Deferred Special Assessment Revenue	-	-	303,169	303,169	44,952
Due to Other Funds	18,000	-	-	18,000	23,893
Total Liabilities	300,669	230,241	303,169	834,079	842,336
FUND BALANCES	168,382	-	-	168,382	233,664
Total Liabilities and Fund Balances	\$ 469,051	\$ 230,241	\$ 303,169	\$ 1,002,461	\$ 1,076,000

See accompanying Notes to Financial Statements.

ENCLAVE OF NAPLES CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)

	Operating Fund	Replacement Fund	Special Assessment Fund	Totals	
				2021	2020
REVENUES					
Maintenance Assessments	\$ 1,320,336	\$ 650,501	\$ -	\$ 1,970,837	\$ 1,735,207
Special Assessments	-	-	373,323	373,323	412,994
Guest Suite Income	7,875	-	-	7,875	6,750
Insurance Proceeds	0	-	-	-	26,360
Interest Income	61	508	-	569	8,825
Other Income	2,798	-	-	2,798	2,210
Total Revenues	<u>1,331,070</u>	<u>651,009</u>	<u>373,323</u>	<u>2,355,402</u>	<u>2,192,346</u>
EXPENSES					
Administrative	69,351	-	-	69,351	72,246
Building Maintenance	173,554	-	-	173,554	152,092
Depreciation	11,804	-	-	11,804	11,804
Grounds Maintenance	119,263	-	-	119,263	109,652
Guest Suite Expenses	7,926	-	-	7,926	2,120
Income Tax	600	-	-	600	-
Insurance	222,754	-	-	222,754	200,939
Office	25,558	-	-	25,558	24,666
Pool Maintenance	11,654	-	-	11,654	7,765
Salaries and Benefits	556,178	-	-	556,178	579,596
Utilities	174,179	-	-	174,179	150,909
Reserve	-	674,540	-	674,540	439,032
Special Assessment Expenses	-	-	373,323	373,323	412,994
Total Expenses	<u>1,372,821</u>	<u>674,540</u>	<u>373,323</u>	<u>2,420,684</u>	<u>2,163,815</u>
EXCESS DEFICIT OF REVENUE OVER EXPENSES	(41,751)	(23,531)	-	(65,282)	28,531
Fund Balances - Beginning of Year	233,664	-	-	233,664	205,133
Interfund Transfer	(23,531)	23,531	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ 168,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,382</u>	<u>\$ 233,664</u>

See accompanying Notes to Financial Statements.

ENCLAVE OF NAPLES CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)

	Operating Fund	Replacement Fund	Special Assessment Fund	Totals	
				2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Maintenance Assessments	\$ 1,258,651	\$ 418,994	\$ -	\$ 1,677,645	\$ 1,645,216
Cash Received From Special Assessments	-	-	631,540	631,540	456,596
Cash Received from Insurance Proceeds	-	-	-	-	26,360
Cash Received from Guest Suite Revenue	7,875	-	-	7,875	6,750
Cash Received from Interest Income	61	508	-	569	9,245
Cash Received from Other Income	2,798	-	-	2,798	1,790
Cash Paid to Suppliers	(1,342,042)	(666,301)	(373,323)	(2,381,666)	(2,167,050)
Net Cash Provided (Used) by Operating Activities	(72,657)	(246,799)	258,217	(61,239)	(21,093)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from Certificates of Deposit	-	-	-	-	80,000
Net Cash Provided by Investing Activities	-	-	-	-	80,000
CASH FLOWS FROM FINANCING ACTIVITIES					
Interfund Transfers	(23,531)	23,531	-	-	-
Change in Interfund Borrowings	(5,893)	127	5,766	-	-
Net Cash Provided (Used) by Financing Activities	(29,424)	23,658	5,766	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(102,081)	(223,141)	263,983	(61,239)	58,907
Cash and Cash Equivalents - Beginning of Year	465,193	440,217	34,351	939,761	880,854
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 363,112</u>	<u>\$ 217,076</u>	<u>\$ 298,334</u>	<u>\$ 878,522</u>	<u>\$ 939,761</u>

See accompanying Notes to Financial Statements.

ENCLAVE OF NAPLES CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2020)

	Operating Fund	Replacement Fund	Special Assessment Fund	Totals	
				2021	2020
RECONCILIATION OF EXCESS (DEFICIT) OF REVENUES OVER EXPENSES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Excess (Deficit) of Revenues Over Expenses	\$ (41,751)	\$ (23,531)	\$ -	\$ (65,282)	\$ 28,531
Adjustments to Reconcile Excess (Deficit) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:					
Depreciation	11,804	-	-	11,804	11,804
(Increase) Decrease In:					
Assessments Receivable	14	-	-	14	4,457
Prepaid Expenses	347	-	-	347	(4,091)
Prepaid Insurance	(5,758)	-	-	(5,758)	(7,350)
Increase (Decrease) in:					
Accounts Payable and Accrued Expenses	24,386	8,239	-	32,625	(3,598)
Assessments Received in Advance	(69,409)	-	-	(69,409)	(57,241)
Deferred Special Assessment Revenue	-	-	258,217	258,217	43,602
Deferred Reserve Funds	-	(231,507)	-	(231,507)	(27,207)
Security Deposit	7,710	-	-	7,710	(10,000)
Net Cash Provided (Used) by Operating Activities	<u>\$ (72,657)</u>	<u>\$ (246,799)</u>	<u>\$ 258,217</u>	<u>\$ (61,239)</u>	<u>\$ (21,093)</u>

See accompanying Notes to Financial Statements.

**ENCLAVE OF NAPLES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Enclave of Naples Condominium Association, Inc., hereinafter referred to as the Association, is a nonprofit organization incorporated in September 1981 in the state of Florida as a condominium association for the purposes of preserving, operating, and maintaining the common property of the Association. The Association began operations in March 1991. The Association consists of 28 residential units, located on 5.65 acres in Collier County, Florida.

Fund Accounting

The financial statements of the Association are prepared on the accrual basis of accounting, which recognizes revenue when earned, regardless of when received, and expenses when incurred, regardless of when paid.

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 financial statements have been prepared using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund – This fund is used to account for financial resources available for the general operations of the Association.

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

Special Assessment Fund – This fund is used to account for financial resources available for the special assessment projects of the Association.

Liquidity

Assets are presented in the accompanying balance sheet according to their nearness to conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid accounts with an original maturity date of three months or less to be cash equivalents. The Association maintains bank accounts with balances which, at times, may exceed federally insured limits.

Commonly Owned Assets

Real common property acquired by the Association is not capitalized because those properties are owned by the individual unit owners in common and not by the Association. Common property not capitalized includes pool and spa, walkways, elevators, lobbies, storage areas, two guest suites, various recreational and maintenance rooms, and parking areas. Replacement and major repairs are not capitalized; rather, these costs are accounted for as expenditures in the replacement fund.

ENCLAVE OF NAPLES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Commonly Owned Assets (Continued)

The Association's accounting policy is to capitalize personal property at cost if purchased or at fair market value if received in a nonreciprocal transfer, if such property has an estimated useful life in excess of one year and is valued at more than \$1,000 per item. Then the personal property is depreciated over a period of five to seven years using the straight-line method.

Income Taxes

Condominium associations may be taxed either as homeowners' associations or as regular corporations. The financial statements have been prepared under the assumption the Association will elect to be taxed as a homeowners' association. As a homeowners' association, membership income is exempt from taxation if certain elections are made, and the Association, the Association is taxed on its nonexempt function income, such as interest income at a flat rate of 30%. The Association has no income tax expense for the year ended December 31, 2021.

The Association follows the income tax standard for uncertain tax positions and as a result, evaluated its tax positions and determined it has no uncertain tax positions as of December 31, 2021.

Maintenance Assessments

Association members are subject to quarterly assessments to provide funds for the Association's operating expenses. In accordance with the Association's bylaws, quarterly assessments are imposed on each member on the first day of each quarter. Each unit owner is assessed based on their proportional share of ownership in the common elements. The Association's policy is to place liens on the units of members whose assessments are delinquent. Management has evaluated the assessments receivable and has determined that an allowance for uncollectible accounts is unnecessary. Accounts receivable balances at December 31, 2021, 2020, and 2019 were \$3,168, \$3,182, and \$7,639, respectively.

The Association recognizes revenue from member assessments over the assessment period, which is generally one year, during which time members have continuous access to common areas, architectural control and covenant enforcement, other services, and certain community events. The assessments are used to cover the costs of operating association, maintaining the common elements and improvements, and providing for facility repair and replacement.

Member assessments paid in advance are deferred to the assessment period to which they relate. All other amounts paid in advance are deferred to the period in which the underlying event takes place. Due to the nature and timing of the performance and/or transfer of services and products, substantially all deferred revenue at December 31 of each year is recognized in the following year.

Assessments received in advance totaled \$223,698 at December 31, 2021, and consist of 2022 assessments received by the Association prior to January 1, 2022.

ENCLAVE OF NAPLES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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.

Fair Value of Financial Instruments

The Association follows a policy related to the fair value of financial instruments that applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. The Association currently does not measure any of its assets or liabilities at fair value and is not required under generally accepted accounting principles to disclose the fair value of its financial instruments.

The Association also follows the standard related to the fair value option for financial assets and liabilities. This allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. The Association has not elected to measure any newly acquired financial instruments at fair value. However, the Association may elect to measure newly acquired financial instruments at fair value in the future.

Subsequent Events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 24, 2022, the date the financial statement were available to be issued.

Prior Year Information

The financial statements include certain prior-year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

NOTE 2 DEFERRED REPLACEMENT FUNDS

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (deferred replacement fund assessments) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement fund assessments. The performance obligation is met when reserve expenditures are made and revenues are recognized. The balance of the deferred replacement funds at December 31, 2021, is \$222,002.

**ENCLAVE OF NAPLES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 DEFERRED REPLACEMENT FUNDS (CONTINUED)

The table below summarizes deferred revenue activity for the year ended December 31, 2021:

Deferred Revenue, Beginning of Year	\$ 453,509
Collection of Reserve Revenues	419,502
Reserve Revenues Recognized	<u>(651,009)</u>
Deferred Revenue, End of Year	<u>\$ 222,002</u>

NOTE 3 FUTURE MAJOR REPAIRS AND REPLACEMENTS

Florida Statutes and the Association's bylaws require that the annual budget includes reserve amounts for capital expenditures and deferred maintenance. These include, but are not limited to, roof replacement, building painting, and pavement resurfacing. The Association has elected to fund reserves using the cash flow method. Reserves are funded unless the members subsequently determine by majority vote of those present at a duly called meeting to fund no reserves or less than adequate reserves for the year.

The cash flow method is a form of calculating reserve requirements whereby contributions to the reserve funds are designed to offset the variable annual expenditures from the reserve fund. This method calculates the current replacement cost for reserve components when they are due for replacement. Funds from the beginning balances are pooled together and a yearly contribution rate is calculated to arrive at a positive cash flow and reserve account balance to adequately fund the future projected expenditures throughout the period.

During the year ended December 31, 2021, the Association calculated the funding for future major repairs and replacements based on a 2019 reserve study of remaining useful lives and current replacement, in accordance with Florida Statutes. The statutory funding based on the study is \$400,000 and the budgeted funding for 2022 is \$435,000 for the future major repairs and replacements as shown in the unaudited supplementary information. The components' actual replacement costs, useful lives, and investment income may vary from estimated amounts, and the variation may be material. Because funds are not accumulated by component, amounts accumulated in the fund may not be adequate to meet all future needs for major repairs and replacements. In addition, the timing and amount of actual expenditures will vary and these variations may be material. When funds are needed for major repairs and replacements, the Association has the right to increase regular assessments, pass special assessments, or delay the repair or replacement until funds are available.

NOTE 4 ACCESS COMMONS "D" AND COMMONS "V"

The Association is a member of Commons "V" Association and Access Commons "D" Association. The Association paid fees to Access Commons "D" and Commons "V" totaling \$35,863, during the year ended December 31, 2021.

**ENCLAVE OF NAPLES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 SPECIAL ASSESSMENT

The board declared a special assessment in 2020 to help cover the costs of railing replacements for each of the units. The special assessment was based on square footage for each unit and totaled \$456,596. As of December 31, 2021, \$456,596 in special assessment revenue has been collected for the project. Total costs related to the project totaled \$412,994 as of December 31, 2021. There were no costs related to the project in 2021 and the remaining balance of \$44,952 is in deferred special assessments as of December 31, 2021.

The board declared a special assessment in 2021 to help cover the costs of guest suite and pool renovations and window replacements. The special assessment was \$22,555 per unit. As of December 31, 2021, \$631,540 in special assessment revenue has been collected for the project. Costs related to the project from 2021 totaled \$373,323 as of December 31, 2021.

The table below summarized deferred revenue activity for the year ended December 31, 2021:

Deferred Special Assessments, Beginning of Year	\$ 44,952
Collection of Special Assessment Revenues	631,540
Special Assessment Revenues Recognized	<u>(373,323)</u>
Deferred Revenue, End of Year	<u><u>\$ 303,169</u></u>

NOTE 6 FURNITURE AND EQUIPMENT, NET

Furniture and equipment consists of office and maintenance equipment. At December 31, 2021, these items are as follows:

Furniture and Fixtures	\$ 59,022
Less: Accumulated Depreciation	<u>(44,882)</u>
Total	<u><u>\$ 14,140</u></u>

NOTE 7 COMMITMENTS

The Association has a contract with Schindler Elevator Corporation for preventative maintenance service. The term of the contract is July 1, 2018 through June 30, 2023, and shall renew for similar periods unless terminated by either party. Expenses related to the contract totaled \$14,916 for the year ended December 31, 2021. Future payments, including a 4% annual increase per the contract are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 14,740
2023	<u>7,665</u>
Total	<u><u>\$ 22,405</u></u>

ENCLAVE OF NAPLES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 SUBSEQUENT EVENT

Subsequent to year-end, the Association received \$112,386 in insurance claim proceeds related to damages sustained during the year ended December 31, 2021. This amount will be recognized as income in the statement of activities for the year ended December 31, 2022.

ENCLAVE OF NAPLES CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS
AND REPLACEMENTS (UNAUDITED)
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

The following table represents a study (cash flow analysis) performed in 2019 by an independent specialist. The analysis calculates the minimum annual contributions necessary to fund reserve components under a set of stated parameters. The table presents significant information about the components of common property. The study assumes a 2.00% rate of inflation and a 0.50% rate of return on investments. At December 31, 2021, the Association had \$222,002 deferred reserve funds.

Components	Estimated Useful Lives (Years)	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs	2022 Statutory Funding
Roof	8-30	0-21	\$ 709,300	
Painting and Waterproofing	7-20	0-10	1,001,000	
Pavement	6-35	2-12	354,000	
Pool and Spa	8-30	0-6	220,900	
Elevators	20-30	0-20	523,000	
Mechanical and Electrical	1-35	0-23	1,089,450	
Common Area Interior and Suites	8-30	0-16	864,000	
Common Area Exteriors	1-30	0-21	488,440	
Total			<u>\$ 5,250,090</u>	<u>\$ 400,000</u>

The 2022 budgeted funding is \$435,000 for replacements.