JUPITER LAKES VILLAS
CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

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CONTENTS

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To the Board of Directors
Jupiter Lakes Villas Condominium Association, Inc.
Jupiter, Florida

INDEPENDENT AUDITOR'S REPORT

Qualified Opinion

We have audited the accompanying financial statement of Jupiter Lakes Villas Condominium Association, Inc., 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Jupiter Lakes Villas Condominium Association, Inc., as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

Due to limited accounting records, the beginning balances at January 1, 2024 were not able to be audited. Therefore, we were unable to obtain sufficient appropriate audit evidence about the opening balances including special assessment revenue and expenses by other auditing procedures.

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 Jupiter Lakes Villas Condominium Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide for our qualified audit opinion.

Future Major Repairs and Replacements

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed in Note B are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to that matter.

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 Jupiter Lakes Villas Condominium Association, Inc.'s 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 Jupiter Lakes Villas Condominium Association, 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 Jupiter Lakes Villas Condominium Association, 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.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management has omitted the supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Leonardo & Company

Leonardo & Company
Certified Public Accountants
Boca Raton, Florida
February 27, 2025

JUPITER LAKES VILLAS CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
December 31, 2024

ASSETS	Operating Fund	Replacement Fund	Special Assessment Fund	Total
Cash and Cash Equivalents	$ 203,785	$ 431,283	$ 4,010	$ 639,078
Member Assessments Receivable, Net of Allowance for Credit Losses of $14,555	3,055	-	5,394	8,449
Prepaid Insurance	49,189	-	-	49,189
Prepaid Expenses	2,315	-	-	2,315
Unbilled Special Assessment	-	-	125,706	125,706
TOTAL ASSETS	$ 258,344	$ 431,283	$ 135,110	$ 824,737
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable and Accrued Expenses	$ 22,838	$ -	$ -	$ 22,838
Prepaid Assessments	44,297	-	818	45,115
Security Deposits	750	-	-	750
Insurance Payable	22,558	-	-	22,558
Loan Payable	-	-	43,426	43,426
Contract Liabilities (Assessments Received in Advance-Replacement Fund)	-	417,972	-	417,972
Contract Liabilities (Assessments Received in Advance-Special Assessment Fund)	-	-	90,866	90,866
TOTAL LIABILITIES	90,443	417,972	135,110	643,525
FUND BALANCES	167,901	13,311	-	181,212
TOTAL LIABILITIES AND FUND BALANCES	$ 258,344	$ 431,283	$ 135,110	$ 824,737

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

JUPITER LAKES VILLAS CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2024

	Operating Fund	Replacement Fund	Special Assessment Fund	Total
REVENUES:				
Member Assessments	$ 360,884	$ 101,238	$ -	$ 462,122
Special Assessment	-	-	6,234	6,234
Late Fees Income	3,269	-	-	3,269
Application Fee Income	2,250	-	-	2,250
Other Income	968	-	-	968
Legal Fee Income	386	-	-	386
Interest Income	3,380	6,056	486	9,922
Total Revenues	371,137	107,294	6,720	485,151
EXPENSES:				
Administrative	43,102	-	-	43,102
Insurance	275,293	-	-	275,293
Contracts	52,600	-	-	52,600
Utilities	3,205	-	-	3,205
Repairs and Maintenance	38,785		-	38,785
Reserve Expenses		106,038		106,038
Interest Expense	-	-	6,720	6,720
Total Expenses	412,985	106,038	6,720	525,743
Excess (Deficiency) of Revenues over Expenses	(41,848)	1,256	-	(40,592)
Fund Balances - Beginning of Year	177,117	12,055	-	189,172
Prior Period Adjustment	32,632	-	-	32,632
Fund Balances - End of Year	$ 167,901	$ 13,311	$ -	$ 181,212

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

JUPITER LAKES VILLAS CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2024

	Operating Fund	Replacement Fund	Special Assessment Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Excess (Deficiency) of Revenues over Expenses	$ (41,848)	$ 1,256	$ -	$ (40,592)
Adjustments to Reconcile Excess (Deficiency) of Revenues over Expenses to Net Cash Provided by (Used in) Operating Activities:				
Prior Period Adjustment	32,632	-	-	32,632
(Increase) Decrease in Assets:				
Assessment Receivable, net	22,877	-	5,669	28,546
Prepaid Insurance	1,526	-	-	1,526
Prepaid Expenses	(1,771)	-	-	(1,771)
Other Asset	303	-	-	303
Unbilled Special Assessment	-	-	55,840	55,840
Increase (Decrease) in Liabilities:				
Accounts Payable and Accrued Expenses	19,538	-	-	19,538
Prepaid Assessments	19,885	-	818	20,703
Deferred Special Assessment	(29,735)	-	-	(29,735)
Variance at Turnover	(29,332)	-	-	(29,332)
Contract Liabilities (Assessments Received in Advance-Replacement Fund)	-	144,369	-	144,369
Contract Liabilities (Assessments Received in Advance-Special Assessment Fund)	-	-	15,665	15,665
Net Cash Provided by (Used in) Operating Activities	(5,925)	145,625	77,992	217,692
CASH FLOWS FROM FINANCING ACTIVITIES				
Insurance Payable	(1,883)	-	-	(1,883)
Interfund Borrowings	(23,649)	(49,544)	73,193	-
Principal Payments on Loan	-	-	(147,175)	(147,175)
Net Cash Provided by (Used in) Financing Activities	(25,532)	(49,544)	(73,982)	(149,058)
Net Increase (Decrease) in Cash and Cash Equivalents	(31,457)	96,081	4,010	68,634
Cash and Cash Equivalents - Beginning of Year	235,242	335,202	-	570,444
Cash and Cash Equivalents - End of Year	$ 203,785	$ 431,283	$ 4,010	$ 639,078
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash Paid for Interest	$ -	$ -	$ 6,720	$ 6,720
Cash Paid for Income Taxes	$ -	$ -	$ -	$ -

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

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization – Jupiter Lakes Villas Condominium Association, Inc. is a not-for-profit, non-stock Corporation organized pursuant to Chapter 718 of the Florida Statutes in 1979. The Association was formed to maintain and protect the common areas owned by the individual unit owners in common, and consists of 136 residential units located in Jupiter, Florida.

2. Basis of Accounting – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

4. Use of Estimates in the Preparation of Financial Statements – 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.

5. Member Assessments and Allowance for Credit Losses – Association members are subject to quarterly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Income and expenses are allocated to each unit owner based on the approved budget. Assessment revenue is recognized as the related performance obligations that are satisfied at the transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments and special assessments are satisfied when these funds are expended for their designated purposes. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. As of December 31, 2024, the allowance for credit losses totaled $4,555. The Association provides for credit losses based on experience and analysis of individual accounts. Any excess assessments at year-end are retained by the Association for use in the succeeding year.

   The Association treats uncollectible assessments as credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include closely monitoring of outstanding assessment balances by management, members payment history of outstanding assessment balances, and susceptibility to factors outside the Association's control. The balances of assessments receivable, net, as of the beginning and end of the year are $25,932 and $3,055, respectively. The balances of special assessment receivable as of the beginning and end of the year are $11,063 and $5,394, respectively.

6. Interest Income – The Association's policy is to allocate to the operating, replacement fund and special assessment funds all interest earned on their respective cash accounts.

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Recognition of Assets – Real property and common areas acquired from the developer and related improvements to such property 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 Association capitalizes personal property at cost and depreciates it using the straight-line method.

8. Cash and Cash Equivalents – For purposes of the December 31, 2024 balance sheet and the statement of cash flows for the year ended December 31, 2024, the Association considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

9. Income Taxes – The Association's policy is to record interest expense or penalties related to income tax in operating expenses. For the year ended December 31, 2024, no interest or penalties were paid or accrued.

10. Concentrations of Credit Risk – Financial instruments which potentially subject the Association to concentrations of credit risk are primarily cash and cash equivalents and assessments receivable. The Association invests its excess cash and cash equivalents in both deposits and high-quality short-term liquid money market instruments with major financial institutions and the 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.

11. Fair Value of Financial Instruments – The carrying amounts of cash and cash equivalents, receivables, and payables approximate their fair values due to their short-term maturities.

12. Prepaid Assessments – Assessments received in advance for the subsequent year are recognized as prepaid assessments on the accompanying balance sheet.

13. 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) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance 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 $273,603 and $417,972, respectively.

14. Contract Liabilities (Special Assessments Received in Advance – Special Assessment Fund) – The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance – special assessment fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to special assessments. The balances of contract liabilities (assessments received in advance – special assessment fund) as of the beginning and end of the year are $104,936 and $90,866, respectively.

NOTE B – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate to $431,283, are presented on the accompanying December 31, 2024 balance sheet as contract liabilities and replacement fund balance. These "Assessments Received in Advance – replacement fund" and the replacement fund balance are held in separate bank accounts and are generally not available for operating purposes.

In 2023, the Board of Directors had an independent reserve study conducted but was not utilized in the preparation of the 2024 budget. The unit owners approved funding of $239,500 in the 2024 budget. The unit owners approved funding of $254,633 for 2025.

For that reason, and because actual expenditures, however, may vary from the estimated amounts and the variations may be material, therefore, amounts accumulated in the replacement fund 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 pass special assessments, or delay major repairs and replacements until funds are available.

Components	Balance 01/01/24	Assessments/ Interest	Intrafund Transfer	Other Income	Expenditures	Balance 12/31/24
Roof	$ 62,834	$ -	$ -	$ -	$ (57,648)	$ 5,186
Painting	114,953	-	-	-	-	114,953
Road	(39,695)	221,000	-	-	(37,590)	143,715
Contingency	115,803	-	-	12,107	-	127,910
Lake	19,708	6,500	-	-	-	26,208
Hardwood Tree Trimming	-	6,000	4,800	-	(10,800)	-
Interest	12,055	6,056	(4,800)	-	-	13,311
	$ 285,658	$ 239,556	$ -	$ 12,107	$ (106,038)	$ 431,283

NOTE C – WINDSTORM INSURANCE

The Association maintains insurance coverage for damage sustained by the common property. The insurance coverage in force includes deductible amounts which the Association would be required to fund. In addition, inasmuch as certain other expenses may be incurred by the Association in the event of a hurricane, the ultimate extent of any such a loss in excess of the aforementioned maximum deductible cannot be determined.

NOTE D – COMMITMENTS

The Association has entered into various contract services to maintain the common property and to administer the Association. The contracts have different expiration dates and renewal terms.

NOTE E – INCOME TAXES

In 2024, the Association has elected to file as a homeowners' association and file an 1120-H in accordance with Internal Revenue Code section 528. Under this 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 Internal Revenue Service. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2024, 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 audits for any tax periods in progress.

NOTE F – UNINSURED CASH BALANCES

The Association maintains its cash balances at two financial institutions. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to $250,000 per depositor. At December 31, 2024, the Association has $175,595 funds in excess of FDIC. The Association has not incurred losses related to these investments.

NOTE G – INSURANCE PAYABLE

During 2024, the Association financed its insurance premiums with two financing companies. The commercial property policy amount financed was $176,523 and payable in nine (9) monthly installments of $19,616 including finance interest at 11.00% per annum through January 2025. The other finance agreement was $30,967 and payable in eleven (11) monthly installments including interest at 8.90% per annum through January 2025. The financing is secured by any unearned premiums or other sums which may become collectible under the terms of the agreement. At December 31, 2024, the total outstanding balance, including accrued interest, was $22,558.

NOTE H – CONTINGENCIES

The Association is from time-to-time subject to complaints and claims, including litigation, arising in the ordinary course of business. Management believes that none of the claims and complaints of which it is currently aware will materially affect its financial position or future operating results with the exception to increase legal costs which may or may not be covered by the Association's directors' and officers' insurance, although no assurance can be given with respect to the ultimate outcome of any such claims or with respect to the occurrence of any future claims.

Florida's Senate Bill SB 4-D was effective May 26, 2022, and Bill SB 154 was approved on June 9, 2023, making it mandatory for all Florida condominium and cooperative buildings three stories or higher to undergo milestone inspections, structural inspections, to no longer allow for the waiver or reduction in the funding of reserves as well as submit specific building reporting information to the Division of Florida Condominiums. The full impact of the reserve funding requirement (which is effective December 31, 2024) in the new law is, as of the date of the audit report, undeterminable at this time.

NOTE I – SPECIAL ASSESSMENTS

On August 3, 2021, the Board of Directors approved a special assessment in the amount of $890,800 to fund roof replacements. The Board of Directors (Board) provided the owners two options to pay the assessment in full at $6,550 or 40 equal installments of $204.40 beginning October 1, 2021 for ten years. On June 13, 2022, based on lower project expenses, the Board provided a credit refund. In addition, the Board changed the monthly payment terms of the special assessment to eleven (11) quarterly payments of $63.05 through October 2028. In 2024, special assessment expenses (interest payments) of $6,720 were recognized. At December 31, 2024, the unbilled special assessment was $125,706, and the contract liabilities (assessments received in advance – special assessment fund) was $90,866.

NOTE J – LOAN PAYABLE

On September 18, 2021, the Association executed a loan with a financial institution in the amount of $900,000 to finance the roof replacement project with a maturity date of September 8, 2032. (See Note I). The term was for twelve (12) months consisting of an interest only payment with a 3.950% per annum. Beginning October 8, 2022, the terms consist of 119 monthly consecutive principal and interest payments of $9,114.97 with the interest rate fixed at 3.950% per annum. The Association has paid down the loan and at December 31, 2024, the loan payable balance is $43,426. The loan is collateralized by general and special assessments.

NOTE K – PRIOR PERIOD ADJUSTMENT

Prior period adjustments are transactions and corrections relating to prior accounting records and are made in order to reflect a current year without distortion. There was a $32,632 adjustment to increase the operating fund balance due to prior year expenses. There is no effect on current year loss.

NOTE L – DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 27, 2025, the date that the financial statements were available to be issued.