

**BRICKELL 25, INC.,
A CONDOMINIUM ASSOCIATION**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

DRAFT

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To the Board of Directors and Members
Brickell 25, Inc., A Condominium Association
Miami, Florida

We have reviewed the accompanying balance sheet of Brickell 25, Inc., A Condominium Association as of December 31, 2013, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements of Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of my procedures provide a reasonable basis for my report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order to them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Sergio R. Penton, P.A.
February 28, 2014

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BRICKELL 25, INC., A CONDOMINIUM ASSOCIATION
BALANCE SHEET
DECEMBER 31, 2013

	<u>OPERATING FUNDS</u>	<u>REPLACEMENT FUNDS</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	\$ 33,496	\$ 722	\$ 34,218
Assessments Receivable- Net	5,232	-	5,232
Prepaid Insurance & Expenses	24,897	-	24,897
Deposits	2,289	-	2,289
Equipment & Leasehold Improvements	17,913	-	17,913
Less Accumulated Depreciation	<u>(17,913)</u>	<u>-</u>	<u>(17,913)</u>
 Total Assets	 <u>\$ 65,914</u>	 <u>\$ 722</u>	 <u>\$ 66,636</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Accrued Expenses	\$ 450	-	450
Insurance Payable	17,335	-	17,335
Prepaid Assessments	<u>7,157</u>	<u>-</u>	<u>7,157</u>
 TOTAL LIABILITIES	 24,942	 -	 24,942
 FUND BALANCE	 <u>40,972</u>	 <u>722</u>	 <u>41,694</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 65,914</u>	 <u>\$ 722</u>	 <u>\$ 66,636</u>

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BRICKELL 25, INC., A CONDOMINIUM ASSOCIATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>OPERATING FUNDS</u>	<u>REPLACEMENT FUNDS</u>	<u>TOTAL</u>
<u>REVENUES</u>			
Regular Assessments	\$ 247,619	\$ -	\$ 247,619
Interest Income	17	-	17
Laundry Income	6,454	-	6,454
Other	1,770	-	1,770
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	\$ 255,860	\$ -	\$ 255,860
	<hr/>	<hr/>	<hr/>
<u>EXPENSES</u>			
Legal & Professional	\$ 4,526		4,526
Insurance	76,238	-	76,238
Electricity	16,758	-	16,758
Water & Sewer	10,523	-	10,523
Cable-TV	17,464	-	17,464
Telephone	3,381	-	3,381
Elevator Maintenance	12,980	-	12,980
Fire Pannel Monitoring	2,993	-	2,993
Janitorial Services	5,220	-	5,220
Managements Fees	10,836	-	10,836
Lawn Maintenance & Landscaping	2,581	-	2,581
Trash Pick up	15,623	-	15,623
Salaries	23,326	-	23,326
Payroll and Other Taxes	6,208	-	6,208
Pool Maintenance & Repairs	3,382	-	3,382
Repairs, Maintenance & Replacements	19,823	-	19,823
ADP, Postage & Others	3,686	-	3,686
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	\$ 235,548	\$ -	\$ 235,548
	<hr/>	<hr/>	<hr/>
EXCESS REVENUES	20,312	-	20,312
BEGINNING FUND BALANCES	20,660	722	21,382
	<hr/>	<hr/>	<hr/>
ENDING FUND BALANCES	\$ 40,972	722	41,694
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BRICKELL 25, INC., A CONDOMINIUM ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>OPERATING FUNDS</u>	<u>REPLACEMENT FUNDS</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess Revenues	\$ 20,312	-	\$ 20,312
Adjustments to Reconcile Revenues To Net Cash Provided by Operating Activities:			
(Increase) Decrease in:			
Assessments Receivables	(2,262)	-	(2,262)
Prepaid Insurance & Expenses	(1,273)	-	(1,273)
Deposits	(698)		(698)
Increase (Decrease) in:			
Accounts Payable	(324)	-	(324)
Insurance Payable	350	-	350
Accrued Expenses & Other Payables	450	-	450
Prepaid Assessments	2,787	-	2,787
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (970.00)	-	\$ (970.00)
NET INCREASE IN CASH	\$ 19,342.00	-	\$ 19,342.00
CASH AT BEGINNING OF YEAR	14,154	722	14,876
CASH AT END OF YEAR	<u>\$ 33,496</u>	<u>\$ 722</u>	<u>\$ 34,218</u>

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BRICKELL 25, INC., A CONDOMINIUM ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE – A ORGANIZATION

Brickell 25, Inc., (The “Association”) is a statutory condominium association incorporated in the State of Florida on January 1, 1969. The Association is responsible for the operation and maintenance of the common areas owned by the individual unit owners. Brickell 25, Inc., A Condominium Association consists of 37 residential units located in Miami, Florida.

NOTE – B DATE OF MANAGEMENT REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 28, 2014, the date that the financial statements were available to be issued.

NOTE – C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The association maintains its accounts using fund accounting. Financial resources are currently classified for accounting and reporting purpose in the following funds established according to their nature and purpose:

Operating Funds

These funds are used to account for financial resources available for the general operation of the association and reflect the operating assessments paid by members and regular costs of operation, including any special assessments.

Replacement and Deferred Maintenance Fund

This fund is used to account for financial resources designated for future major repairs and replacements and capital improvements as required under section 718.112(2)(F) of the Florida statutes.

Member Assessments

Association unit owners are subject to monthly assessments based on an annual budget to provide funds for the association’s operating expenses, future capital acquisitions and major repairs and replacements. Any excess assessments at year-end are retained by the association for use in future years. Special assessments for specific purpose may also be imposed from time to time as deemed appropriate by the Board of Directors. The Association’s policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are forty days or more delinquent. The Association considers all assessments receivable at December 31, 2013 to be fully collectible.

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BRICKELL 25, INC., A CONDOMINIUM ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE – C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Property and Equipment

Real property and common areas acquired from the developer 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 capitalized Equipment and Leasehold Improvements at cost and depreciates it using the straight-line method, over an estimated useful live of five and seven years.

Prepaid Maintenance Assessments

Represents assessments collected in advance and to be reported as earned in subsequent periods.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purpose of reporting cash flow, cash in bank includes cash available, which is on deposit in bank accounts.

Income Taxes

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue code section 528 for the year ended December 31, 2013. Under that section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of association property. Net nonexempt function income, which includes earned interest, revenues received from coin laundry machines, and other miscellaneous income is taxed at 30%.

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BRICKEL 25, INC., A CONDOMINIUM ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE – D FUTURE MAJOR REPAIRS AND REPLACEMENTS

Florida Statutes provide that each proposed budget include provisions for reserves for future major repairs and replacements. These amounts are restricted to their intended purpose unless modified by a qualified unit owners vote. Accumulated funds, which aggregate \$ 722 at December 31, 2013, are held in separate accounts. Actual expenditures may vary from the estimate future expenditures for major repairs and replacements, 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 levy special assessments, or it may delay major repairs and replacements until funds are available.

NOTE – E COMMITMENTS AND CONTINGENCIES

Management Contract

The Association entered into a management agreement with M&E Associates of Miami, Inc. a subsidiary of Vesta Property Services. The agreement is for a period of one year expiring on December 31, 2013, for an annual fee of \$ 10,836.00 payable monthly.

Waste Pick Up Service

The Association entered into a three years waste and recycling pick up service agreement on October 10, 1998 with United Environmental Services of South Florida. This contract is automatically renewed every three years and expires on October 16, 2015, the current monthly service charge of approximate \$ 1,352.70. During 2004, the company was acquired by Waste Service of Florida.

Elevator Maintenance Service Agreement

On August 1, 1991, the association entered into an elevator maintenance agreement with Executive Elevator Service, Inc., renewable every three years, payable at the current price of \$ 1,046.60 per month. Otis Elevator Company acquired Executive Elevator Service, Inc., the contract expires on April 01, 2015

Cable Service

Bulk cable service is provided by Comcast of Miami, Inc. on a month to month basis. The current monthly service charges are \$1,466.72.

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