

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

TABLE OF CONTENTS

ACCOUNTANTS' REPORT	1
FINANCIAL STATEMENTS	
Balance Sheet	2
Statement of Revenues, Expenses, and Changes in Fund Balance	3
Statement of Cash Flows	4
Notes to Financial Statements	5-7
Supplementary Information	8-9

SERGIO R. PENTON, P.A.
CERTIFIED PUBLIC ACCOUNTANT
782 N.W. LEJEUNE ROAD
SUITE 437
MIAMI, FLORIDA 33126

MEMBER:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TEL (305) 448-1362
FAX (305) 448-0052

Independent Accountants' Review Report

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

We have reviewed the accompanying financial statements of Brickell 25, Inc., A Condominium Association as of December 31, 2016, which comprise the balance sheet as of December 31, 2016, and related statements of revenues, expenses and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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

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 pages 9 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have not audited, reviewed, or compiled the required supplementary information, and, accordingly, we do not assume any responsibility for it.



Sergio R. Penton, P.A.
March 10, 2017

**BRICKELL 25, INC., A CONDOMINIUM ASSOCIATION
BALANCE SHEET
DECEMBER 31, 2016**

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	\$ 17,511	\$ 5,299	\$ 22,810
Assessments Receivable	3,346	-	3,346
Prepaid Insurance	33,772	-	33,772
Due from Replacement Fund	4,640	-	4,640
Furniture and Equipment	27,680	-	27,680
Less Accumulated Depreciation	<u>(24,076)</u>	<u>-</u>	<u>(24,076)</u>
 Total Assets	 <u>\$ 62,873</u>	 <u>\$ 5,299</u>	 <u>\$ 68,172</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Accounts Payable & Accrued Expenses	\$ 1,455	-	1,455
Insurance Payable	17,242	-	17,242
Prepaid Assessments	11,426	-	11,426
Due to Operating Fund	<u>-</u>	<u>4,640</u>	<u>4,640</u>
 TOTAL LIABILITIES	 30,123	 4,640	 34,763
 FUND BALANCE	 <u>32,750</u>	 <u>659</u>	 <u>33,409</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 62,873</u>	 <u>\$ 5,299</u>	 <u>\$ 68,172</u>

See Accountants' Review Report and The Accompanying Notes

BRICKELL 25, INC., A CONDOMINIUM ASSOCIATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
<u>REVENUES</u>			
Regular Assessments	\$ 264,751	\$ -	\$ 264,751
Interest Income	11	3	14
Laundry Income	5,906	-	5,906
Bad Debt Recovery	1,435	-	1,435
Other	1,093	-	1,093
TOTAL REVENUES	\$ 273,196	\$ 3	\$ 273,199
<u>EXPENSES</u>			
Legal & Professional	6,459	-	6,459
Insurance	89,542	-	89,542
Electricity	13,483	-	13,483
Water & Sewer	13,885	-	13,885
Cable-TV	19,905	-	19,905
Telephone	4,503	-	4,503
Elevator Maintenance	13,654	-	13,654
Fire Pannel Monitoring	3,960	-	3,960
Janitorial Services	7,270	-	7,270
Managements Fees	11,577	-	11,577
Trash Pick up	18,183	-	18,183
Salaries	25,947	-	25,947
Payroll Taxes	5,866	-	5,866
Pool Maintenance & Repairs	3,245	-	3,245
Repairs, Maintenance & Replacements	29,815	-	29,815
ADP, Postage & Others	5,670	-	5,670
Depreciation	2,955	-	2,955
TOTAL EXPENSES	\$ 275,919	\$ -	\$ 275,919
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(2,723)	3	(2,720)
BEGINNING FUND BALANCE	35,473	656	36,129
ENDING FUND BALANCE	\$ 32,750	659	33,409

See Accountants' Review Report and The Accompanying Notes

BRICKELL 25, INC., A CONDOMINIUM ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	OPERATING FUND	REPLACEMENT FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (Deficiency) of Revenue Over Expenses	\$ (2,723)	3	\$ (2,720)
Adjustments to Reconcile Revenues (Deficiency)			
To Net Cash Provided by Operating Activities:			
Depreciation	2,955	-	2,955
(Increase) Decrease in:			
Assessments Receivables	(2,232)	-	(2,232)
Due from Replacement Fund	(4,640)		(4,640)
Prepaid Insurance & Expenses	(1,599)	-	(1,599)
Increase (Decrease) in:			
Accounts Payable & Accrued Expenses	384	-	384
Insurance Payable	2,171	-	2,171
Due to Operating Fund	-	4,640	4,640
Prepaid Assessments	(4,972)	-	(4,972)
	<u>(4,972)</u>	<u>-</u>	<u>(4,972)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (10,656)</u>	<u>\$ 4,643</u>	<u>\$ (6,013)</u>
NET INCREASE (DECREASE) IN CASH	(10,656)	4,643	(6,013)
CASH AT BEGINNING OF YEAR	<u>28,167</u>	<u>656</u>	<u>28,823</u>
CASH AT END OF YEAR	<u>\$ 17,511</u>	<u>\$ 5,299</u>	<u>\$ 22,810</u>

See Accountants' Review Report and The Accompanying Notes

BRICKELL 25, INC., A CONDOMINIUM ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 March 1, 2017, 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 ninety days or more delinquent. All other assessments receivable at December 31, 2016 are considered to be fully collectible.

BRICKELL 25, INC., A CONDOMINIUM ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 Furniture and Equipment at cost and depreciates it using the straight-line method.

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

Homeowners' associations may be taxed as a tax-exempt homeowners' association under Internal Revenue code section 528 or a regular corporation. For the year ended December 31, 2016, the association was taxed as a regular corporation and filed Form 1120.

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 \$ 659 at December 31, 2016, 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.

BRICKEL 25, INC., A CONDOMINIUM ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE – E COMMITMENTS AND CONTINGENCIES

Management Contract

The Association entered into a management agreement with Vesta Property Services. The agreement is for a period of one year expiring on December 31, 2017, for an annual fee of \$ 11,766.00 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, 2018, the current monthly service charge of approximate \$ 1,450 plus fuel costs adjustments, the company was acquired by Progressive Waste Solutions.

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 \$ 1,112.00 per month. Otis Elevator Company acquired Executive Elevator Service, Inc., the contract expires on August 1, 2017.

Cable Service

Bulk cable service is provided by Comcast of Miami, Inc. on a month to month basis. The current monthly service charges are \$1,592.

SUPPLEMENTARY INFORMATION

**BRICKEL 25, INC., A CONDOMINIUM ASSOCIATION
 SUPPLEMENTARY INFORMATION ON FUTURE
 MAJOR REPAIRS AND REPLACEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016**

The Association conducted an internal study to estimate the remaining useful lives and the replacements costs of components of common property. The following information is based on the study and presents significant information about the components of common property. The Board of Directors has elected it.

<u>Common Area Component</u>	<u>Estimated Remaining Useful Life (in years)</u>	<u>Estimated Current Replacement Cost</u>	<u>Replacement Fund Balance at December 31, 2016</u>
Roof water proofing	12	\$ 144,000	\$ 656
Painting and water proofing	3	20,000	-
Elevators	0	<u>500,000</u>	<u>-</u>
		<u>\$ 664,000</u>	<u>\$ 656</u>

See Accountant's Review Report