

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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SERGIO R. PENTON, P.A.
CERTIFIED PUBLIC ACCOUNTANT

782 N.W. LEJEUNE ROAD
SUITE 435
MIAMI, FLORIDA 33126

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

MEMBER:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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, 2021, which comprise the balance sheet as of December 31, 2021, 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 14, 2022

BRICKELL 25, INC., A CONDOMINIUM ASSOCIATION
BALANCE SHEET
DECEMBER 31, 2021

	OPERATING FUND	REPLACEMENT FUND	TOTAL
<u>ASSETS</u>			
Cash in Bank	\$ 19,932	\$ 628	\$ 20,560
Cash in Money Market Account	98,008		98,008
Assessments Receivable	3,726	-	3,726
Prepaid Insurance	43,107	-	43,107
Furniture and Equipment	27,680	-	27,680
Less Accumulated Depreciation	(27,680)	-	(27,680)
 Total Assets	 \$ 164,773	 \$ 628	 \$ 165,401
 <u>LIABILITIES AND FUND BALANCE</u>			
Accounts Payable	\$ 2,887	-	\$ 2,887
Accrued Expenses	150	-	150
Insurance Payable	22,825	-	22,825
Prepaid Assessments	12,012	-	12,012
Loan Payable	115,133	-	115,133
 TOTAL LIABILITIES	 153,007	 -	 153,007
 FUND BALANCE	 11,766	 628	 12,394
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 164,773	 \$ 628	 \$ 165,401

BRICKELL 25, INC., A CONDOMINIUM ASSOCIATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
<u>REVENUES</u>			
Regular Assessments	\$ 349,512	\$ -	\$ 349,512
Interest Income	220	-	220
Laundry Income	5,848	-	5,848
Late Fees	400	-	400
Others	414	-	414
TOTAL REVENUES	\$ 356,394	\$ -	\$ 356,394
<u>EXPENSES</u>			
Legal & Professional	24,759	-	24,759
Insurance	117,328	-	117,328
Electricity	15,667	-	15,667
Water & Sewer	18,437	-	18,437
Cable-TV	12,654	-	12,654
Telephone	7,485	-	7,485
Elevator Maintenance	15,996	-	15,996
Fire Pannel Monitoring	16,231	-	16,231
Janitorial Services	7,410	-	7,410
Managements Fees	12,960	-	12,960
Trash Pick up	17,363	-	17,363
Salaries	43,992	-	43,992
Payroll Taxes	5,328	-	5,328
Pool Maintenance & Repairs	2,672	-	2,672
Repairs, Maintenance & Replacements	60,005	-	60,005
Lawn Maintenance & Landscaping	3,670	-	3,670
Interest & Bank Fees	5,083	-	5,083
ADP Fees, Postage & Others	5,284	-	5,284
TOTAL EXPENSES	\$ 392,324	\$ -	\$ 392,324
EXCESS OF (EXPENSES) OVER REVENUES	(35,930)	-	(35,930)
BEGINNING FUND BALANCE	47,696	628	48,324
ENDING FUND BALANCE	\$ 11,766	\$ 628	\$ 12,394

See Accountants' Review Report and The Accompanying Notes

BRICKELL 25, INC., A CONDOMINIUM ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>OPERATING</u> <u>FUND</u>	<u>REPLACEMENT</u> <u>FUND</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of Expenses Over Revenues	\$ (35,930)	\$ -	\$ (35,930)
(Increase) Decrease in:			
Assessments Receivables	(1,298)	-	(1,298)
Prepaid Insurance & Expenses	(6,523)	-	(6,523)
Increase (Decrease) in:			
Accounts Payable & Accrued Expenses	(406)	-	(406)
Insurance Payable	4,402	-	4,402
Prepaid Assessments	4,342	-	4,342
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (35,413)	\$ -	\$ (35,413)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans Payable	(28,034)	-	(28,034)
NET INCREASE (DECREASE) IN CASH	(63,447)	-	(63,447)
CASH AT BEGINNING OF YEAR	181,387	628	182,015
CASH AT END OF YEAR	\$ 117,940	\$ 628	\$ 118,568

See Accountants' Review Report and The Accompanying Notes

BRICKELL 25, INC., A CONDOMINIUM ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 14, 2022, 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. At December 31, 2021, the Association had no delinquent assessments, all assessments receivable are considered to be fully collectible.

BRICKELL 25, INC., A CONDOMINIUM ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021, 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 \$ 628 at December 31, 2021, 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, 2020

NOTE – D FUTURE MAJOR REPAIRS AND REPLACEMENTS (Cont)

The Association is in the process of refinancing the original loan obtained from Cit Bank for additional funds in the amount of \$143,000 for a total new refinanced loan of about \$256,000. The terms will be for five years at an interest rate similar to the current loan. These funds will be use for the costs of quake wrapping the 21 columns in the two garages, construction of helical piles in the East garage, new fire pump, professional fees and possible expenditures on the pool.

NOTE – E LOAN PAYABLE

At the recommendation of the structure engineering firm hired by the association to restore the columns in both the east and west garages from damages caused by environmental erosion, the association decided to obtain a \$150,000 loan to cover the cost of repairs.

The five years Loan is payable to Cit Bank, NA in monthly installments of \$2,579.73 of principle and interest. Interest is computed at the annual rate of 3.85%.

The following is a summary of principal maturities during the next five years:

2022	29,141
2023	30,299
2024	31,498
2025	24,195

NOTE – F COMMITMENTS AND CONTINGENCIES

The Association has various contracts for services to maintain the common property including management services, waste pick-up service, elevator service and cable service. These contracts have different expiration dates and renewal terms.

The insurance broker has advised the association of the fact that numerous insurance underwriters had given notice of withdrawing from the Florida Insurance market. Consequently the renewal policies on May of 2022 will likely have a significant increase on the premium amount.

SUPPLEMENTARY INFORMATION

**BRICKEL 25, INC., A CONDOMINIUM ASSOCIATION
 SUPPLEMENTARY INFORMATION ON FUTURE
 MAJOR REPAIRS AND REPLACEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021**

The Association conducted an inspection of the roof, did some repairs and estimates it has between five to ten years before the roof would need replacement. The following information is based on the Association's estimates.

<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, 2018</u>
Roof Replacement	4	\$ 150,000	\$ 627
Painting and water Proofing **	6	30,000	-
Elevators	-	<u>500,000</u>	<u>-</u>
		<u>\$ 680,000</u>	<u>\$ 627</u>

The special assessment that would be required to cover the cost of replacing the elevators was rejected by the owners on 2015 and again on 2017.

The board will take a new vote from the owners for the approval of installing two new elevators, or upgrade the elevator cabins, or not incur any expenditure for 2022.

** The building exterior was painted and waterproof in 2019