



**Excelsior Beach to Bay Owners
Association, Inc. and Subsidiary**

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

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Carr, Riggs & Ingram, LLC
Certified Public Accountants
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Miramar Beach, Florida 32550

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members of
Excelsior Beach to Bay Owners Association, Inc. and Subsidiary
Sarasota, Florida

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Qualified Opinion

We have audited the accompanying consolidated financial statements of Excelsior Beach to Bay Owners' Association, Inc. and Subsidiary, which comprise the consolidated balance sheet as of December 31, 2021, and the related consolidated statement of revenue, expenses and changes in fund balance and cash flows for the year then ended, and the related notes to the consolidated 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 consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of Excelsior Beach to Bay Owners' Association, Inc. and Subsidiary as of December 31, 2021, and the consolidated statement of revenue, expenses and changes in fund balance 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

We did not obtain sufficient appropriate audit evidence for the amount recognized for performance obligations in the rental fund and related rental commission income because insufficient accounting controls are exercised to reconcile the advanced deposits liability in the accounting records to the reservation's deposit system. We were unable to obtain sufficient appropriate audit evidence about these performance obligations and the related rental commission income through 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 Consolidated Financial Statements section of our report. We are required to be independent of Excelsior Beach to Bay Owners' Association, Inc. and Subsidiary 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 a basis for our qualified audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Excelsior Beach to Bay Owners' Association, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 Excelsior Beach to Bay Owners' Association, Inc. and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate that raise substantial doubt about Excelsior Beach to Bay Owners' Association, Inc. and Subsidiary'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information contained in the Schedule of Changes in Accumulated Funds for Future Major Repairs and Replacements and Schedule of Operating Fund Revenue and Expenses – Budget and Actual, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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 be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated 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 consolidated 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 inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated 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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC

Miramar Beach, Florida
December 28, 2022

**Excelsior Beach to Bay Owners' Association, Inc. and Subsidiary
Consolidated Balance Sheet**

December 31,

2021

	Operating Fund	Replacement Fund	Rental Fund	Total
Assets				
Cash	\$ 108,442	\$ 635,991	\$ 1,257,282	\$ 2,001,715
Special assessment receivables	9,954	109,469	-	119,423
Prepaid expenses	139,358	-	-	139,358
Property and equipment, net	8,971	-	-	8,971
Utility deposit	330	-	-	330
Interfund balance	(70,209)	70,209	-	-
Total assets	\$ 196,846	\$ 815,669	\$ 1,257,282	\$ 2,269,797
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 5,183	\$ -	\$ 35,036	\$ 40,219
Prepaid assessments	32,792	-	-	32,792
Performance obligation	-	815,669	1,179,831	1,995,500
Total liabilities	37,975	815,669	1,214,867	2,068,511
Total fund balance	158,871	-	42,415	201,286
Total liabilities and fund balance	\$ 196,846	\$ 815,669	\$ 1,257,282	\$ 2,269,797

The accompanying notes are an integral part of these consolidated financial statements.

**Excelsior Beach to Bay Owners Association, Inc. and Subsidiary
Consolidated Statement of Revenue, Expenses and Changes in Fund Balance**

For the year ended December 31,

2021

	Operating Fund	Replacement Fund	Rental Fund	Total
Revenue				
Regular assessments	\$ 1,071,368	\$ 303,483	\$ -	\$ 1,374,851
Special assessment	125,026	266,368	-	391,394
Rental operations	-	-	282,472	282,472
Interest income	-	3,284	108	3,392
Other income	5,094	-	60,594	65,688
Total revenue	1,201,488	573,135	343,174	2,117,797
Expenses				
Administrative	39,899	-	30,787	70,686
Rental operations	-	-	111,963	111,963
Depreciation	3,329	-	-	3,329
Insurance	387,700	-	2,461	390,161
Maintenance and repairs	279,492	573,135	4,399	857,026
Personnel	204,794	-	174,000	378,794
Security	17,674	-	10,210	27,884
Utilities	257,189	-	7,894	265,083
Total expenses	1,190,077	573,135	341,714	2,104,926
Excess of Revenue over Expenses	11,411	-	1,460	12,871
Beginning Fund Balance, as restated	147,460	-	40,955	188,415
Ending Fund Balance	\$ 158,871	\$ -	\$ 42,415	\$ 201,286

The accompanying notes are an integral part of these consolidated financial statements.

**Excelsior Beach to Bay Owners Association, Inc. and Subsidiary
Consolidated Statement of Cash Flows**

For the year ended December 31,

2021

	Operating Fund	Replacement Fund	Rental Fund	Total
Operating Activities				
Excess of revenue over expenses	\$ 11,411	\$ -	\$ 1,460	\$ 12,871
Adjustments to reconcile excess of revenue over expenses to net cash provided (used) by operating activities:				
activities:				
Depreciation	3,329	-	-	3,329
Changes in operating assets and liabilities:				
Special assessment receivables	(9,954)	(109,469)	-	(119,423)
Prepaid expenses	(51,447)	-	-	(51,447)
Accounts payable	(53,230)	-	10,425	(42,805)
Prepaid assessments	9,842	-	-	9,842
Performance obligation	-	(38,779)	587,976	549,197
Interfund balance	134,440	(134,440)	-	-
Net cash provided (used) by operating activities	44,391	(282,688)	599,861	361,564
Investing Activities				
Sale of certificates of deposit	-	208,310	-	208,310
Purchase of property and equipment	(7,478)	-	-	(7,478)
Net cash provided (used) by investing activities	(7,478)	208,310	-	200,832
Net Increase (Decrease) in Cash	36,913	(74,378)	599,861	562,396
Cash at Beginning of Year	71,529	710,369	657,421	1,439,319
Cash at End of Year	\$ 108,442	\$ 635,991	\$ 1,257,282	\$ 2,001,715

The accompanying notes are an integral part of these consolidated financial statements.

Excelsior Beach to Bay Owners Association, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Excelsior Beach to Bay Owners Association, Inc. and Subsidiary (the “Association”), a Florida not-for-profit corporation, was formed on February 15, 1979. Membership in the Association consists of consists of multi-phases with 8 buildings and 166 residential units. The Association is located in Sarasota, Florida on approximately 13 acres.

The Association was organized for the purpose of maintaining and protecting the elements owned by the owners in common, including buildings, carports, tennis courts, pools, elevators, streets, roads, sidewalks, etc. Disposition of common area property requires consent of the members in accordance with the Association's governing documents and Florida Statutes.

Excelsior Real Estate Corporation of Siesta Key (the “Corporation”) is a wholly-owned subsidiary of the Association and Florida profit corporation. The Corporation was formed on March 25, 1993 for the purpose of renting and managing the condominium units on behalf of the participating owners. Its assets, liabilities, and activities are included in these consolidated financial statements.

All policy decisions, including the annual budget and owners' assessments, are formulated by the Board of Directors. Decisions are referred to the general Association membership before action is taken, when so required by the governing documents of the Association.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Principles of Consolidation

The accompanying consolidated financial statements include accounts of Excelsior Beach to Bay Owners Association, Inc. and its wholly owned subsidiary, Real Estate Corporation of Siesta Key. The activity of Real Estate Corporation of Siesta Key is presented in the Rental Fund.

Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Excelsior Beach to Bay Owners Association, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds

The Association is a not-for-profit organization which employs the fund method of accounting in order to properly account for restrictions on the expenditures resulting from actions of the Board of Directors, the Association voting membership, or applicable Florida Statute. The consolidated financial statements segregate the accounting for such funds as Operating, Replacement, or Non-Restricted Dedicated Funds. At the end of the year, excess funds are retained by the fund generating such excess during the year.

The Operating Fund is used to account for financial resources available for the general operation of the Association. Disbursements from the Operating Fund are generally at the discretion of the Board of Directors.

The Replacement Fund is generally used to account for assessments made for major repair and replacement of common property, and related expenses. Disbursements from the Replacement Fund may only be utilized in accordance with Florida Statutes and the purposes established by the Board of Directors and the Association membership. Interest income earned in the Replacement Fund for painting and sealing is allocated to that component and all other interest is allocated to the pooled component.

The Rental Fund is used to account for the rental operations (i.e. rental commissions, beach services, housekeeping, etc.) and the related expenses. Disbursements from the rental management fund are generally at the discretion of Excelsior Real Estate Corporation of Siesta Key.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly-liquid debt instruments with an original maturity of 90 days or less.

Accounts Receivable from Owners and Allowance for Doubtful Accounts

Accounts receivable from owners are reported at the outstanding balance due from owners, net of any allowance for doubtful accounts. The Association provides for doubtful accounts based on experience and analysis of individual accounts. When specific accounts are determined to be uncollectible, they are written off by charging the allowance and crediting the receivable. Since management considers all receivables to be collectible as of December 31, 2021, no allowance has been established at this time.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the balance sheet. These items will be expensed over the applicable usage period.

Excelsior Beach to Bay Owners Association, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalization and Depreciation

Real property acquired by the Association is capitalized when it (a) is used to generate significant cash flows from members on the basis of usage or from nonmembers or (b) can be disposed of for cash with the Association retaining the proceeds. Real property acquired by the Association that does not meet these guidelines is not capitalized, and accordingly, replacements, major repairs, and improvements to this property are not capitalized; instead, they are reported as expenses in the fund making the expenditure. Real property that has not been capitalized is identified in Note 1.

Property acquired by the Association is capitalized at cost and is depreciated over the estimated useful lives, which range from 5 to 10 years, using the straight-line method of depreciation.

Contract Assets and Liabilities

Contract assets represent revenue recognized in excess of amounts billed. No such amounts are reported on the balance sheet as of December 31, 2021. Contract liabilities represent revenue collected in advance of the contract period or amounts billed in excess of revenues recognized. These liabilities are reported on the balance sheet as prepaid assessments and performance obligation liabilities.

Revenue Recognition

The Association recognizes revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue is recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. For purposes of this Association, the definition of customers includes the Association's members, as well as, guests who rent from the Association as part of its rental program.

Advertising

Advertising costs are expensed as incurred. For the year ended December 31, 2021, advertising expense in the Operating Fund totaled \$500, which is included in rental operations expenses on the accompanying Statement of Revenue, Expenses, and Changes in Fund Balance.

Income Taxes

The Association provides for federal and state income taxes currently payable or refundable, as well as for those deferred due to timing differences between reporting revenues and expenses for consolidated financial statement purposes versus tax purposes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The measurement of current and deferred tax assets and liabilities is based on the provisions of the enacted tax law. The effect of a change in tax rates is recognized during the period that includes the enactment date.

Excelsior Beach to Bay Owners Association, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred tax assets are reduced by a valuation allowance if doubt exists as to the realization of the related tax benefits. Deferred tax assets and liabilities consist of net operating losses and temporary differences arising from the different methods of depreciation used for tax and consolidated financial statement presentation, respectively.

Sales Tax

Sales tax or other transactional taxes imposed on revenue producing transactions are presented on a net basis and are not recognized as revenue.

Rental Program

Excelsior Real Estate Corporation of Siesta Key acts as an agent for selling, renting and managing the condominium units on behalf of the participating owners. Participating unit owners enter into an agreement with Excelsior Real Estate Corporation of Siesta Key. Excelsior Real Estate Corporation of Siesta Key reimburses the Association for wages paid to staff for the rental operations. Excelsior Real Estate Corporation of Siesta Key pays the Association for rent, security, office equipment, etc. for the rental operations. The intercompany revenue and expenses are eliminated for consolidation of this wholly owned subsidiary.

Excelsior Real Estate Corporation of Siesta Key, the Association's rental management fund, earns a commission for the management and operations of the rental management fund. The commission earned by the rental management fund is 18% for stays booked through Excelsior and for stays booked through owners the fee is 12%. Excelsior Real Estate Corporation of Siesta Key also earns other revenue fees from the rental operations such as processing, cancelation, cleaning, etc., which is shown on these consolidated financial statements; however, the gross revenues earned on unit rentals are the property of the separate unit owners and are not shown as revenue on these consolidated financial statements. The Association is merely acting as an agent on behalf of the participating owners. Therefore, income for the owners and expenses directly related to the units in the Association's rental management program are not included in these consolidated financial statements. Sales tax collections, participants' working capital deposits, tenant security deposits and advance rents, and undisbursed rents are held in separate bank accounts from those in the operating, replacement, and rental operation management funds.

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 28, 2022. See Note 12 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Excelsior Beach to Bay Owners Association, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restatement of Beginning Fund Balance

The accompanying consolidated financial statements have been restated to include the rental fund activity reported by the wholly owned subsidiary, Excelsior Real Estate Corporation of Siesta Key. During the current year, management determined the activity should have been consolidated per generally accepted accounting principles. The effect of the restatement increases beginning fund balance by \$40,955. Rental fund balance at the beginning of the year has been adjusted for the effects of the restatement.

In addition, operating fund balance has been restated \$11,287 from \$158,747 as previously reported to \$147,460 to account for various 2020 expenses paid for in 2021 but not properly accrued as of December 31, 2020. Operating fund balance at the beginning of the year has been adjusted for the effects of the restatement.

Note 3: OWNERS' ASSESSMENTS

Revenue and expenses are allocated to units equally between each section (building), and accordingly, assessment rates are established using this formula. The quarterly rate for 2021 ranged from \$1,462 to \$1,704. Regular assessments for the year ended December 31, 2021 totaled \$1,336,072, of which \$264,704 was allocated to the Replacement Fund.

The following table reconciles budgeted regular assessments to the amounts recognized as assessment revenue in the Statement of Revenue, Expenses and Changes in Fund Balance.

<i>For the year ended December 31,</i>	2021		
	Operating Fund	Replacement Fund	Total
Budgeted regular assessments	\$ 1,071,368	\$ 264,704	\$1,336,072
Less additions to performance obligation		(264,704)	(264,704)
Add releases from performance obligation	-	303,483	303,483
 Total regular assessments	 \$ 1,071,368	 \$ 303,483	 \$1,374,851

The Association levied a special assessment totaling \$151,168 during the year ended December 31, 2022 for Building 5 (section #2) painting and restoration. The special assessment has a due date of November 30, 2021, and individual assessments for the 32 unit owners was \$4,724. As of November 30, 2021, the Association incurred project expenses exceeding the special assessment levy. Accordingly, the Association recognized \$151,168 of revenue in the accompanying Statement of Revenue, Expenses and Changes in Fund Balance.

Excelsior Beach to Bay Owners Association, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 3: OWNERS' ASSESSMENTS (Continued)

The Association levied a special assessment totaling \$115,200 during the year ended December 31, 2022 for the Gulf Building (section #1) painting and restoration. The special assessment has a due date of January 14, 2022, and individual assessments for the 30 unit owners was \$3,840. As of December 31, 2021, the Association incurred project expenses exceeding the special assessment levy. Accordingly, the Association recognized \$115,200 of revenue in the accompanying Statement of Revenue, Expenses and Changes in Fund Balance.

The Association levied a special assessment totaling \$125,026 during the year ended December 31, 2021 for all 8 buildings for windstorm insurance excess costs. The special assessment has a due date of November 30, 2021, and individual assessments for the unit owners ranged from \$383 to \$969. As of December 31, 2021, the Association incurred insurance expenses exceeding the special assessment levy. Accordingly, the Association recognized \$125,026 special assessment revenue in the accompanying Statement of Revenue, Expenses and Changes in Fund Balance.

The Association levied a special assessment totaling \$66,400 in January of 2021 at \$400 per unit. The Association did not utilize the special assessment funds during 2021 as anticipated; therefore, the Board approved to refund the special assessment in full to the owners in December 2021. As a result, the Association did not recognize revenue or expenses relating to this special assessment in the accompanying Statement of Revenue, Expenses and Changes in Fund Balance.

Note 4: REVENUErecognition

As disclosed in Note 2 to the consolidated financial statements, the Association's customers consist of its members, which are lot owners within the development. The contracts between these customers and the Association primarily relate to maintaining, managing and providing access to the property and amenities owned in common by the lot owners.

Performance Obligations

The Association's revenues are derived primarily from assessments to its members and income resulting from rental operations, including rental management commissions, housekeeping, reservation and damage fees, and reimbursement income.

The Association generally recognizes its revenues from unit owners over time with the exception of reserve assessments and rental operating activities, which are being recognized at a point in time. As of December 31, 2021, the Association has reported a performance obligation liability totaling \$815,669, relating to the future major repair and/or replacement of specific components of common property. The assessments related to this performance obligation are generally reported in the replacement fund and will be recognized as revenue at the point in time when the funds are expended for their designated purpose.

Excelsior Beach to Bay Owners Association, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 4: REVENUErecognition (Continued)

As of December 31, 2021, the Association has recognized a performance obligation liability totaling \$1,179,831 in the rental escrow fund, relating to funds received in advance of rental guest stays. A portion of the advance rental deposits will be recognized as income resulting from rental operations at the point in time when the reservation stay occurs.

Significant Judgments

For those revenue items recognized over time, the Association generally utilizes the input method of measurement, where revenue is recognized based on the Association's efforts towards the satisfaction of a performance obligation. For Operating Fund assessment amounts, revenue is recognized over time as the Association performs routine maintenance, protection and management of the common area property. For all other Operating Fund revenue, the Association recognizes revenue when the services are rendered or goods are received at a point in time. For Replacement Fund amounts, the Association recognizes revenue at the point in time when the corresponding expenses are incurred. For Rental operations, revenue is recognized at a point in time when rental commissions are earned by the wholly owned subsidiary for rental stays.

Disaggregated Revenue

The Association derives its revenue from various activities and sources having different qualitative factors that may affect the amount, timing, or uncertainty of revenues and cash flows. The following chart contains disaggregated revenue information that reflects these qualitative factors.

<i>For the year ended December 31,</i>	2021
<i>Recognized over time</i>	
Operating fund assessments	\$ 1,071,368
<i>Recognized at a point in time</i>	
Replacement fund assessments	303,483
Special assessment	391,394
Rental operations	282,472
Other income	65,688
<i>Not subject to ASC Topic 606</i>	
Interest income	3,392
Total revenue	\$ 2,117,797

Excelsior Beach to Bay Owners Association, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 4: REVENUE RECOGNITION (Continued)

The following table presents information about accounts receivable, contract assets, and contract liabilities:

<i>For the year ended December 31,</i>	2021
Special assessment accounts receivable, net - beginning balance	\$ -
Special assessment accounts receivable, net - ending balance	119,423
Contract liabilities	
Prepaid assessments - beginning balance	22,950
Prepaid assessments - ending balance	32,792
Performance obligation liabilities - beginning balance	1,446,303
Performance obligation liabilities - ending balance	1,995,500

Note 5: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require the Association to accumulate funds for future major repairs and replacements, unless otherwise decided by the voting membership. The Association has adopted a program to accumulate funds for estimated future major repairs and replacements through regular assessments.

The Board of Directors annually reviews the major components of common property. As part of this review, the Board re-evaluates the estimated remaining useful lives and the estimated replacement costs of each of the components of the Replacement Fund. Where applicable, licensed contractors and architects are consulted regarding useful lives and replacement costs. The Board of Directors last performed a review of the estimated replacement costs, remaining lives, and funding requirements for the reserve components in 2021.

The Association is funding for future major repairs and replacements over the estimated remaining useful lives of the components based on their study's estimates of replacement costs and considering amounts previously accumulated in the Replacement Fund. Accordingly, the funding amount of \$264,704, based on a full funding plan, was included in the fiscal year 2021 budget.

Actual expenditures may vary from the estimated amounts and the variations may be significant; therefore, amounts accumulated in the Replacement Fund may not be adequate to meet all future needs. If additional funds are needed, the Association has the right to increase regular assessments, to levy special assessments, or it may delay major repairs and replacements until funds are available.

Excelsior Beach to Bay Owners Association, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 6: INCOME TAXES

The Association files its tax return as a regular corporation on Form 1120. As such, the Association must comply with Internal Revenue Code (IRC) Section 277, which applies to certain membership organizations. Under IRC Section 277, the Association is required to separate membership income and expenses from nonmembership income and expenses. Each component is taxed separately; however, net membership income is exempt from taxation if certain elections are made. For the year ended December 31, 2021, the Association's net nonmembership income was \$2,189, which was partially offset by the prior year net operating loss. The Association has a remaining net loss carryforward of \$17,833 which may be carried forward to offset up to 80% of future net nonmembership income annually, if needed. For the year ended December 31, 2021, the Association's federal income tax expense totaled \$92. No state taxes are due for 2021.

Excelsior Real Estate Corporation of Siesta Key filed a separate tax return as a regular corporation on Form 1120. For the year ended December 31, 2021, Excelsior Real Estate Corporation of Siesta Key's net operating loss totaled \$6,742. No federal or state taxes are due for 2021.

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 IRS. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Association's policy is to record interest expense or penalties related to income tax in (operating) expense. For the year ended December 31, 2021, no interest or penalties were paid or accrued. The Association is subject to routine audits by taxing jurisdictions; however, there are no audits for any tax periods in progress. The Association's management believes it is no longer subject to income tax examinations for years prior to fiscal year 2018.

Note 7: CREDIT RISK

The Association assesses regular and special assessments to its members. It is the Association's policy to turn over significantly past due accounts for collection and to file liens against the individual lots. Should the collection of any such liens be enforced by the sale of the lot, the collectability of the receivable is dependent on the quick sale market value of the lot, and the amount of any other liens that have priority. Market value may be influenced by the real estate market in Sarasota, Florida.

The Association places its cash and certificate of deposit with federally insured financial institutions. At times, the balances at these financial institutions may exceed the FDIC insured limit.

Excelsior Beach to Bay Owners Association, Inc. and Subsidiary Notes to Consolidated Financial Statements

Note 8: WINDSTORM INSURANCE

The insurance policy for windstorm coverage renewed in April 2022. The deductible amount for wind/hail is estimated at \$2,470,000.

Note 9: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<i>December 31,</i>	2021		
	Operating Fund	Rental Fund	Total
Furniture and Fixtures	\$ 60,188	\$ -	\$ 60,188
Landscape Improvements	23,127	-	23,127
Signs	20,000	-	20,000
Computer software	-	1,541	1,541
Reservation software	-	7,311	7,311
 Total cost	 103,315	 8,852	 112,167
Accumulated depreciation	(94,344)	(8,852)	(103,196)
 Property and equipment, net	 \$ 8,971	 \$ -	 \$ 8,971

Note 10: INTERFUND BALANCES

Florida Statutes section 718.112(2)(f)3 states that reserves accumulated for capital expenditures and deferred maintenance “shall be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a majority vote of the members at a duly called meeting of the association.” As of December 31, 2021, the operating fund owes \$70,209 to the replacement fund due to the use of reserves to pay for general operating expenses of the Association. The use of the reserve funds to pay for the general operations of the Association has not been approved by the members of the Association.

Note 11: COMMITMENTS

The Association entered into a contract with D&D Painting & restoration to begin on May 1, 2021 for \$572,305. The project is expected to be completed on December 15, 2021 for Buildings 4, 5, Gulf building, Villas, and ancillary buildings. The expected completion date for Buildings 1, 2, 3, and ancillary buildings is December 15, 2022.

The Association entered into a contract with DecoCrete Services LLC to begin on December 9, 2021 for \$257,670. The project is expected to be completed by December 31, 2022.

**Excelsior Beach to Bay Owners Association, Inc. and Subsidiary
Notes to Consolidated Financial Statements**

Note 12: SUBSEQUENT EVENTS

The Association is in progress of painting and improving each building within the Association. The improvements are being funded with reserve funds and special assessments levied for each building. Subsequent to the year ended December 31, 2021, the Association levied the following assessments:

Levy Date	Due Date	Building	Assessment			
			Amount	Per Unit	Units	
04/08/22	06/01/22	North Villa	\$ 16,823	\$ 4,206	4	
04/08/22	06/01/22	South Villa	5,648	1,412	4	
05/13/22	07/01/22	Building # 5 - Levy 2	26,537	829	32	
05/13/22	07/01/22	Building # 4	162,877	5,090	32	
09/07/22	11/01/22	Building # 4 - Levy 2	96,092	3,003	32	
09/07/22	11/01/22	Building # 3	134,895	6,132	22	
07/01/22	08/12/22	Building # 2	81,239	3,693	22	
11/10/22	12/01/22	Building # 1	56,690	2,835	20	
01/12/22	03/11/22	Gulf Building - Levy 2	90,177	3,006	30	
04/08/22	06/01/22	Gulf Building - Levy 3	190,829	6,361	30	

Supplementary Information

Excelsior Beach to Bay Owners Association, Inc. and Subsidiary
Schedule of Changes in Accumulated Funds for Future Major Repairs and
Replacements

For the year ended December 31,

2021

Component	Beginning Balance	Additions	Subtractions	Special Assessment	Ending Balance
Painting			\$ (118,250)		
Community Room			(34,222)		
Major Repairs			(420,663)	\$ 266,368	
Total pooled	\$ 854,448	\$ 267,988	\$ (573,135)	\$ 266,368	\$ 815,669

Per Building

Building 1	\$ 104,857	\$ 32,396	\$ (6,590)	\$ 130,663
Building 2	\$ 116,735	\$ 35,635	\$ (7,248)	\$ 145,122
Building 3	\$ 100,034	\$ 35,635	\$ (7,248)	\$ 128,421
Building 4	\$ 178,174	\$ 51,832	\$ (13,944)	\$ 216,062
Building 5	\$ 153,600	\$ 51,832	\$ (245,036)	\$ 151,145
Gulf Building	\$ 146,413	\$ 48,594	\$ (249,542)	\$ 115,223
North Villa	\$ 30,358	\$ 6,032	\$ (24,888)	\$ 11,502
South Villa	\$ 24,277	\$ 6,032	\$ (18,639)	\$ 11,670
Total pooled	\$ 854,448	\$ 267,988	\$ (573,135)	\$ 266,368
				\$ 815,669

December 31,

2021

Performance obligation liability	\$ 815,669
Replacement fund balance	-
Total	\$ 815,669

**Excelsior Beach to Bay Owners Association, Inc. and Subsidiary
Schedule of Operating Fund Revenue and Expenses – Budget and Actual**

For the year ended December 31,

2021

	Actual	Budget	Variance - Favorable (Unfavorable)
Revenue			
Regular assessments	\$ 1,071,368	\$ 1,071,485	\$ (117)
Special assessment	125,026	-	125,026
Other income	5,094	69,315	(64,221)
Total revenue	1,201,488	1,140,800	60,688
Expenses			
Administrative	39,899	44,500	4,601
Depreciation	3,329	-	(3,329)
Insurance	387,700	313,000	(74,700)
Maintenance and repairs	279,492	261,800	(17,692)
Personnel	204,794	247,500	42,706
Security	17,674	26,000	8,326
Utilities	257,189	248,000	(9,189)
Total expenses	1,190,077	1,140,800	(49,277)
Excess of Revenue over Expenses	\$ 11,411	\$ -	\$ 11,411

**Excelsior Beach to Bay Owners Association, Inc. and Subsidiary
Supplementary Information on Future Major Repairs and Replacements
(Unaudited)**

The following table is based on an informal study performed by the Board in September 2021 and presents significant information about the components of common property:

Components	Estimated Remaining Useful Life (Years)	Estimated Replacement Cost	Accumulated Funds at December 31, 2021
Pooled items			
Roofing	16	\$ 672,000	
Painting	3	466,477	
Alarm System	2	105,000	
Elevators	19	560,000	
Carports	11	564,875	
Pools	11	111,752	
Paving	8	223,220	
Pumps & Equip't	0	107,900	
Tennis Court Renovation	5	41,998	
Major Repairs	0	1,474,769	
Total pooled items		\$ 4,327,991	\$ 815,669