Pelican Cove Condominium Association, Inc.

Financial Statements and Supplementary Information

December 31, 2024

Miller & Company, LLP
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Sarasota, Florida 34237

Pelican Cove Condominium Association, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Pelican Cove Condominium Association, Inc.

Opinion

We have audited the accompanying financial statements of Pelican Cove 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, the financial statements referred to above present fairly, in all material respects, the financial position of Pelican Cove 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 Opinion

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 Pelican Cove 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 a basis for our audit opinion.

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 Pelican Cove Condominium Association, Inc.'s ability to continue as a going concern within one year after the date that financial statements are available to be issued.

Auditor's Responsibility 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 Pelican Cove 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 Pelican Cove 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.

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 4 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.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule of operating fund expenses and the supplementary schedule of replacement fund activity are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information about future major repairs and replacements be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 financial reporting for placing the basic 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 financial statements, and other knowledge we obtained during our audit of the basic 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.

Miller & Company, LLP

Miller & Company, LLP
Certified Public Accountants
Sarasota, Florida
March 26, 2025

Pelican Cove Condominium Association, Inc.
Balance Sheet
December 31, 2024

	Operating Fund	Replacement Fund	Total
Assets			
Cash and cash equivalents	$ 2,017,681	$ 1,220,984	$ 3,238,665
Certificates of deposit	-	670,468	670,468
Assessments receivable, net	50,414	-	50,414
Prepaid insurance	279,874	-	279,874
Property and equipment, net	43,231	-	43,231
Interfund receivable (payable)	38,887	(38,887)	-
Total assets	$ 2,430,087	$ 1,852,565	$ 4,282,652
Liabilities and Fund Balances			
Accounts payable	$ 195,561	$ -	$ 195,561
Accrued expenses	124,880	46,000	170,880
Assessments received in advance	78,660	-	78,660
Deferred legacy funds	151,018	-	151,018
Taxes payable	23,934	-	23,934
Contract liabilities - SIRS	-	61,946	61,946
Contract liabilities - replacement fund	-	1,744,619	1,744,619
	574,053	1,852,565	2,426,618
Fund balances	1,856,034	-	1,856,034
Total liabilities and fund balances	$ 2,430,087	$ 1,852,565	$ 4,282,652

See independent auditor's report and accompanying notes.

Pelican Cove Condominium Association, Inc.
Statement of Revenues, Expenses, and Changes in Fund Balances
Year Ended December 31, 2024

	Operating Fund	Replacement Fund	Total
Revenues			
Member assessments	$ 6,529,323	$ 1,530,547	$ 8,059,870
Interest income	41,290	132,953	174,243
Harbor slip fees	58,024	-	58,024
Real estate application fees	39,760	-	39,760
Kayack rack rental fees	35,125	-	35,125
Other income	22,708	-	22,708
Insurance claim income	21,958	-	21,958
Total revenues	6,748,188	1,663,500	8,411,688
Expenses			
Insurance expense	2,611,388	-	2,611,388
Replacements	-	1,663,500	1,663,500
Maintenance	1,349,424	-	1,349,424
Service and utilities	961,052	-	961,052
Administration	701,124	-	701,124
Grounds	673,847	-	673,847
Gate house	245,964	-	245,964
Other expenses	234,670	-	234,670
Uninsured loss expense	65,347	-	65,347
Capital expenditures	43,651	-	43,651
Depreciation	20,528	-	20,528
Total expenses	6,906,995	1,663,500	8,570,495
Deficiency of revenues over expenses	(158,807)	-	(158,807)
Fund balances, beginning of year	2,014,841	-	2,014,841
Fund balances, end of year	$ 1,856,034	$ -	$ 1,856,034

See independent auditor's report and accompanying notes.

Pelican Cove Condominium Association, Inc.
Statement of Cash Flows
Year Ended December 31, 2024

	Operating Fund	Replacement Fund	Total
Cash flows from operating activities			
Deficiency of revenues over expenses	$ (158,807)	$ -	$ (158,807)
Adjustments to reconcile deficiency of revenues over expenses to net cash provided by (used in) operating activities			
Depreciation	20,528	-	20,528
Changes in operating assets and liabilities			
Assessments receivable	(17,269)	-	(17,269)
Prepaid insurance	1,688,889	-	1,688,889
Accounts payable	91,288	-	91,288
Accrued expenses	70,027	46,000	116,027
Assessments received in advance	49,117	-	49,117
Deferred legacy funds	31,106	-	31,106
Taxes payable	10,963	-	10,963
Contract liabilities - SIRS	-	(61,946)	(61,946)
Contract liabilities - replacement fund	-	(664,030)	(664,030)
Net cash provided by (used in) operating activities	1,785,842	(679,976)	1,105,866
Cash flows from investing activities			
Investments in certificates of deposit	-	(1,612,000)	(1,612,000)
Redemptions of certificates of deposit	-	3,201,000	3,201,000
Net cash provided by (used in) investing activities	-	1,589,000	1,589,000
Cash flows from financing activities			
Interfund transfers	(45,903)	45,903	-
Net cash provided by (used in) financing activities	(45,903)	45,903	-
Net increase in cash and cash equivalents	1,739,939	954,927	2,694,866
Cash and cash equivalents, beginning of year	277,742	266,057	543,799
Cash and cash equivalents, end of year	$ 2,017,681	$ 1,220,984	$ 3,238,665
Cash paid during the year for:			
Income taxes	$ 13,467		

See independent auditor's report and accompanying notes.

Note 1-Nature of Organization

Pelican Cove Condominium Association, Inc. (the "Association") is a not-for-profit corporation organized in 1973 to provide an entity pursuant to Chapter 718 of the Florida Statutes for the administration, maintenance, operation, and management of Pelican Cove Condominium located in Sarasota, Florida. The Association consists of 731 residential units.

Assessments against the owners of the units, which are the principal source of revenue, are based on the estimated amounts required to protect and maintain the property owned by the owners in common of Pelican Cove Condominium Association, Inc. and allocated among the units based on square footage. Common property expenses include building exteriors, pool, and paved areas.

All policy decisions are formulated by the Association's board of directors. Certain major decisions are referred to the general membership before action is taken. Assessments are determined annually by the board of directors based upon anticipated maintenance and other operating requirements of the Association.

Note 2-Summary of Significant Accounting Policies

Basis of Accounting
The accompanying financial statements have been prepared using fund accounting in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the accounting period in which performance obligations are met regardless of when cash is received, and recognizes expenses in the accounting period in which the obligations are incurred regardless of when cash is disbursed.

Fund accounting requires funds such as operating funds and funds for future major repairs and replacements to be classified separately for accounting and reporting purposes.

Fund accounting is helpful in segregating funds having restrictions on their use. Disbursements from the operating fund are generally made at the discretion of the board of directors. Disbursements from the replacement fund may be made only for the repair or replacement of the common components.

Note 2-Summary of Significant Accounting Policies (Continued)

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund - This fund is used to accumulate financial resources designated for future replacements, major repairs, and purchases of additional commonly owned assets. Expenditures from this fund are restricted to those items for which assessments were levied.

Cash and Cash Equivalents
For the purposes of the statement of cash flows, the Association considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Commonly Owned Assets
The Association has the responsibility to preserve and maintain the commonly owned assets. The commonly owned assets include property that is directly associated with the units which includes property without which the units could not be occupied and exterior property that is normally part of freestanding units. Commonly owned assets also include property that is not directly associated with the units and is not necessary for the primary use of the units, although individual unit owners may benefit from its use.

The Association's policy is not to capitalize and depreciate the commonly owned assets as ownership is vested directly or indirectly to the unit owners and these assets are not deemed to be severable.

Member Assessments
Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. The performance obligation for operating assessments is the maintenance and management of the common area property of the Association. The Association recognizes revenue from operating assessments as the performance obligations are satisfied over time on a daily pro-rata basis using the input method to the extent that collection of assessments is probable. Any excess operating assessments at year-end are retained by the Association for use in the succeeding year. The performance obligation for replacement assessments is satisfied when the funds are expended for their designated purpose (generally at a point in time).

Note 2-Summary of Significant Accounting Policies (Continued)

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from members. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of historical loss levels and an analysis of the collectibility of individual accounts. The Association's policy is to retain legal counsel to collect delinquent assessments. A provision for expected credit losses of $4,059 was deemed necessary as of December 31, 2024. The balances of assessments receivable as of the beginning and end of the year were $37,204 and $54,473, respectively.

Revenue from member assessments is reported net of amounts deemed uncollectible from members.

Contract Liabilities – Replacement Fund

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to the replacement assessments. During the current period, the Association assessed and received $804,391 for the replacement fund. The balances of contract liabilities – replacement fund as of the beginning and end of the year were $2,532,721 and $1,806,565, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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.

Fair Value of Financial Instruments

The Association has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value due to the short maturity of these financial instruments.

Note 3-Member Assessments

The Association bills its members in advance on a monthly basis. Assessment fees received in advance for 2025 were $78,660.

Monthly assessments to members averaged $835 in 2024. Of that amount, $91 was designated to the replacement fund.

Note 4-Future Major Repairs and Replacements

The Association is in compliance with the Florida Statutes which require the Association's budget to include assessments for future major repairs and replacements, unless waived by an annual vote of the members. A study was conducted while preparing the 2025 budget to estimate the remaining useful lives and the replacement costs of the components of common property.

The Association is also in compliance with the Florida Statutes which require the Association's budget to include assessments for the replacement of structural integrity components. A structural integrity reserve study ("SIRS") was conducted while preparing the 2025 budget to estimate the remaining useful lives and the replacement costs of the structural integrity components of common property.

The Association is in compliance with their funding policy for future major repairs and replacements over the estimated useful lives of the components, including structural integrity components, based on the studies' estimates of current replacement cost and considering amounts previously accumulated in the replacement fund. The studies indicated a funding requirement utilizing the cash flow method of $776,280 for regular reserve components and $65,318 for structural integrity components, which have been included in the 2025 budget.

Accumulated funds are held in a separate bank account and generally are not available for expenditures for normal operations.

Funds are being accumulated in the replacement fund based upon estimates of future needs for repairs and replacements of common property components.

Amounts are based on normal operations and without the effect of potential catastrophic occurrences. Actual expenditures may vary from the estimated future expenditures, and the variations may be material.

Note 4-Future Major Repairs and Replacements (Continued)

Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to Florida Statutes, to increase regular assessments, pass special assessments, borrow, or delay major repairs and replacements until funds are available.

Note 5-Income Taxes

The Association is classified as a nonexempt membership organization for both federal and state income tax purposes for the year ended December 31, 2024. The Association is subject to specific rulings and regulations applicable to nonexempt membership organizations. In general, the Association is required to separate its taxable income and deductions into membership transactions, non-membership transactions, and capital transactions.

The Association has an option for income tax purposes to elect on an annual basis to be taxed as a regular corporation under Section 277 of the Internal Revenue Code whereby non-exempt function income is taxed at regular corporate rates, or to be taxed at a special corporate rate of 30% on its net non-exempt function income, less $100 exclusion, in accordance with Section 528 of the Internal Revenue Code. For 2024, the Association has elected to file under 528, and incurred $18,802 of income tax expense.

The Association's income tax returns are generally subject to examination by the applicable taxing authorities for three years after the returns are filed. Currently, there are no audits in progress for any tax periods.

Note 6 -Property and Equipment

Property and equipment consisted of office equipment, vehicles, gym equipment, and furniture owned by the Association which are recorded at cost. Depreciation expense for the year ended December 31, 2024 was $20,528. A summary of property and equipment as of December 31, 2024 was as follows:

Equipment	$ 373,679
Office equipment	108,711
Accumulated depreciation	(439,159)
	$ 43,231

Note 7-Concentrations of Credit Risk for Cash Deposits

The Association maintains its cash balances at a financial institution located in southwest Florida. Accounts at commercial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per bank. As of December 31, 2024, the bank balances exceeded the FDIC limit and were at risk. The Association has not experienced any losses on such accounts and believes it is not exposed to any significant risk on cash.

Note 8-Pension Plan

The Association maintains a 401k profit-sharing plan. Employees may contribute amounts as prescribed by IRS guidelines. The Association matches 50% of employee contributions, up to a maximum of 8% of their annual salary. Pension expense for 2024 totaled $59,592.

Note 9-Contingent Liability

The Association's current windstorm insurance policy contains a 10% hurricane deductible clause. Based on the approximate $98 million valuation of the buildings, the first 10%, or approximately $9.8 million in damages caused by a named storm would be the responsibility of the Association. As certain other expenses may be incurred by the Association in the event of a hurricane, the ultimate extent of any losses cannot be determined.

Note 10-Solar Array Contracts

Pelican Cove Condominium Association members desired to reduce their carbon footprint per the 2020 Unit Owner Survey. With the Federal Government offering a 26% federal income tax credit to individual taxpayers who invest in the installation of solar panels, a group of interested Pelican Cove owners offered to finance two solar array projects to take advantage of the tax credit enabling the Association to reduce electricity cost over the 25-year span of the projects.

The Maintenance Building solar array project was financed by four residents and requires semiannual payments of $6,237 for 5 years. The first of the payments were made in December 2021. Expense for 2024 was $12,474.

Note 10-Solar Array Contracts (Continued)

The Pavilion Building solar array project became active in the second half of 2023. The contract is for $132,532 and was signed by eight residents who will finance the project. It requires semi-annual payments of $6,627 for 10 years. Expense for 2024 was $13,253.

Note 11-Hurricanes Milton and Helene

During 2024, the Association sustained property damage as a result of Hurricanes Milton and Helene and insurance claims were filed. For 2024, the Association incurred $234,670 of hurricane related expenses and recognized $21,958 from insurance proceeds. The Association has ongoing hurricane repair projects. The expenses are being recognized when the services are received.

Note 12-Subsequent Events

Management has evaluated the events and transactions that have occurred through March 26, 2025, the date the financial statements were available to be issued and noted no items requiring adjustment of the financial statements or additional disclosure.

Supplementary Information

Pelican Cove Condominium Association, Inc.
Supplementary Schedule of Operating Fund Expenses
Year Ended December 31, 2024

Administration	
Management/admin salaries	$ 381,975
Bonus and overtime	10,569
Admin benefits	96,732
Payroll admin and taxes	41,410
80% health reimbursement	1,808
Employee recognition	2,789
Applicant processing	4,490
Uniforms	6,317
Education/licenses	4,621
Accounting/audit fees	10,520
Bank service charges and fees	5,088
Legal fees	35,909
Printing	11,764
PC news printing/postage	653
Telephone expense	11,676
Office supplies	4,275
Fees payable to division	2,985
Pool permits	1,475
Taxes - income	18,802
Professional fees	16,132
Technology	17,688
Office equipment	8,349
Postage	1,774
Admin - other expenses	1,515
Annual picnic	(170)
Art show	745
New owners welcome	324
Renters welcome	118
Science and environmental council BW&E membership	600
Earth day	191
	701,124
Gate house	
Gate salaries	40,991
Bonus and overtime	2,756
Gate - benefits	9,512
Gate - payroll admin and taxes	4,420
Gate - temp salaries	183,365
Gate house other expenses	4,920
	245,964

Pelican Cove Condominium Association, Inc.
Supplementary Schedule of Operating Fund Expenses
Year Ended December 31, 2024

Service and utilities	
Cable television	356,448
Electric	57,618
Water	154,221
Sewer	312,044
Natural gas	25,404
Garbage	15,470
Termite service	36,879
Reclaimed water	2,968
	961,052
Maintenance	
Maintenance salaries	632,852
Bonus and overtime	8,732
Maintenance - benefits	146,983
Maintenance - payroll admin and taxes	62,507
Permitting and contractors fees	44,680
Water line service	4,278
Sewer main repair and services	39,263
Tools and equipment	1,799
Building supplies	127,557
Housekeeping supplies	6,981
Pool supplies	36,551
HVAC maintenance and repair	6,636
Electrical supplies	28,231
Harbor expense	128
Recreational maintenance	13,633
Building drainage	3,348
Roof repairs	156,740
Carport roof maintenance	(2,649)
Pest control	5,773
Maintenance - other	4,463
Maintenance - other unbudgeted expense	19,322
Safety equipment	673
Uninsured losses	943
	1,349,424

Pelican Cove Condominium Association, Inc.
Supplementary Schedule of Operating Fund Expenses
Year Ended December 31, 2024

Grounds	
Grounds - salaries	409,509
Bonus and overtime	2,608
Grounds - benefits	70,338
Grounds - payroll admin and taxes	42,981
Grounds - temp salaries	28,833
Tree trimming and removal	39,075
Tree planting	225
Fertilization	1,262
Pond maintenance	1,629
Irrigation expense	3,474
Equipment repair supplies	21,055
Sod	4,399
Ornamental planting	12,847
Rock and shell	3,279
Gas and oil	5,429
Tools and equipment grounds	5,091
Stepping stones and concrete	1,142
Beautification	2,769
Grounds - other expenses	1,383
Mangrove trimming	13,600
Safety equipment	157
Uninsured losses	2,762
	673,847
Capital equipment expenditures	
Office equipment purchase	8,276
Machinery and equipment	9,648
Solar array payments	25,727
	43,651
Uninsured loss expense	
Uninsured loss expense	59,563
Uninsured loss	5,784
	65,347
Insurance expense	
Insurance expense	2,700
Insurance expense	2,608,688
	2,611,388

Pelican Cove Condominium Association, Inc.
Supplementary Schedule of Operating Fund Expenses
Year Ended December 31, 2024

Depreciation	
Depreciation expense	20,528
Other expenses	
Hurricane expense	234,670
Total operating fund expenses	$ 6,906,995

Pelican Cove Condominium Association, Inc.
Supplementary Schedule of Replacement Fund Activity
Year Ended December 31, 2024

The Association's policy is to recognize replacement fund interest income as received. Expenditures from replacement fund interest are made at the discretion of the Board of Directors.

The following is the activity in the replacement fund for the year ended December 31, 2024:

	Contract Liabilities	Fund Balance	Total
Pooled balance, beginning of year	$ 2,532,721	$ -	$ 2,532,721
Additions			
Regular	742,445	132,953	875,398
SIRS	61,946	-	61,946
Charges			
Roof	(1,155,075)	(132,953)	(1,288,028)
Common facilities	(299,831)	-	(299,831)
Paint	(70,699)	-	(70,699)
Harbor	(4,200)	-	(4,200)
Road	(742)	-	(742)
	(1,530,547)	(132,953)	(1,663,500)
Pooled balance, end of year	$ 1,806,565	$ -	$ 1,806,565

An independent engineer conducted a study in May 2024 to estimate the remaining useful lives and the replacement costs of the components of common property. The study was utilized by the Board of Directors during the preparation of the 2025 budget.

Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

The following table is based on the study and presents significant information about the components of common property:

Reserve Account	Estimated Remaining Lives (Years)	Estimated Cost to Replace	2025 Funding Requirement
Roof	1 to 22	$ 4,626,970	$ -
Common facilities	1 to 29	4,493,483	-
Harbor	1 to 15	1,538,527	-
Paint	1 to 2	179,265	-
Roads	1 to 17	1,438,860	-
30 cash flow funding		-	776,280
		$ 12,277,105	$ 776,280

In 2022, the Florida legislature passed Senate Bill 4D regarding condominium building safety laws. The law requires a "structural integrity reserve study" to be performed at least every ten years and members cannot waive mandatory funding of reserves for structural integrity components regardless of a membership vote.

In September 2024, an independent engineer conducted a structural integrity reserve study to estimate the remaining useful lives and the replacement costs of the structural integrity components of common property. The study was utilized by the Board of Directors during in preparation of the 2025 budget.

Estimated current replacement costs have not been revised since the completion date and utilize an interest rate of 5% and an annual inflation rate of 4% between the date of the study and the date that the structural integrity components will require repair or replacement.

The following table is based on the study and presents significant information about the structural integrity components of common property:

Structural Integrity Components	Estimated Remaining Lives (Years)	Estimated Cost to Replace	2025 Funding Requirement
Roof	3 to 18	$ 616,955	
Structure	4	40,800	
Plumbing	10	263,160	
Electrical	1 to 6	75,000	
Waterproofing and exterior painting	4	63,750	
30-year cash flow funding		-	$ 65,318
		$ 1,059,665	$ 65,318