



Carillon Beach Association, Inc.

FINANCIAL STATEMENTS

December 31, 2023



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Independent Auditor's Report

Board of Directors
Carillon Beach Association, Inc.
Panama City Beach, Florida

Opinion

We have audited the accompanying financial statements of Carillon Beach Association, Inc. (Association), which comprise the balance sheet as of December 31, 2023, and the related statements of revenues and expenses, changes in fund balance, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carillon Beach Association, Inc. as of December 31, 2023, 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 Carillon Beach 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 Carillon Beach Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 Carillon Beach 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 Carillon Beach 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating fund revenues and expenses – budget and actual on page 19 is presented for the purpose of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that supplementary information on future major repairs and replacements on page 20 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, which 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.

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

CARR, RIGGS & INGRAM, LLC
Panama City Beach, Florida
October 30, 2025

Carillon Beach Association, Inc.
Balance Sheet

<i>December 31, 2023</i>	Operating Fund	Replacement Fund	Total
Assets			
Cash and cash equivalents	\$ 213,661	\$ 1,013,184	\$ 1,226,845
Certificates of deposit	-	106,722	106,722
Assessments receivable, net	119,239	-	119,239
Prepaid expenses	61,279	-	61,279
Other receivables, net	11,294	-	11,294
Interfund balance	(99,046)	99,046	-
Property and equipment, net	20,352	-	20,352
Operating lease right-of-use assets, net	211,908	-	211,908
Utility deposits	5,582	-	5,582
Total assets	\$ 544,269	\$ 1,218,952	\$ 1,763,221
Liabilities and fund balance			
Liabilities			
Accounts payable and accrued expenses	\$ 178,374	\$ -	\$ 178,374
Operating lease liabilities	\$ 214,233	-	214,233
Performance obligation	-	1,218,952	1,218,952
Prepaid assessments	79,504	-	79,504
Total liabilities	472,111	1,218,952	1,691,063
Fund balance	72,158	-	72,158
Total liabilities and fund balance	\$ 544,269	\$ 1,218,952	\$ 1,763,221

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

Carillon Beach Association, Inc.
Statement of Revenues and Expenses

<i>For the year ended December 31, 2023</i>	Operating Fund	Replacement Fund	Total
Revenue			
Regular assessments	\$ 1,494,439	\$ 168,903	\$ 1,663,342
Design review fees	16,300	-	16,300
Interest income	113	4,115	4,228
Beach service	105,635	-	105,635
Rent	10,450	-	10,450
Construction fees	94,670	-	94,670
Administrative fees	38,484	-	38,484
Golf cart rentals	50,874	-	50,874
Miscellaneous	23,904	-	23,904
Total revenue	1,834,869	173,018	2,007,887
Expenses			
Administrative	278,237	-	278,237
Compliance officer/consultants	24,000	-	24,000
Depreciation	7,537	-	7,537
Insurance	67,634	-	67,634
Gatehouse	122,084	-	122,084
Maintenance and repairs	867,987	173,018	1,041,005
Miscellaneous	39,619	-	39,619
Roving security	169,119	-	169,119
Utilities	140,625	-	140,625
Wages and benefits	223,289	-	223,289
Total expenses	1,940,131	173,018	2,113,149
Excess (deficit) of revenue over (under) expenses	\$ (105,262)	\$ -	\$ (105,262)

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

Carillon Beach Association, Inc.
Statement of Changes in Fund Balance

<i>For the year ended December 31, 2023</i>	Operating Fund	Replacement Fund	Total
Fund balance			
Beginning fund balance	\$ 17,376	\$ -	\$ 17,376
Restatement adjustment	110,061	-	110,061
Beginning fund balance - restated	127,437	-	127,437
Excess (deficit) of revenue over (under) expenses	(105,262)	-	(105,262)
Capital contributions	49,983	-	49,983
Total fund balance	\$ 72,158	\$ -	\$ 72,158

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

Carillon Beach Association, Inc.
Statement of Cash Flows

<i>Year ended December 31, 2023</i>	Operating Fund	Replacement Fund	Total
Operating Activities			
Excess (deficit) of revenue over (under) expenses	\$ (105,262)	\$ -	\$ (105,262)
Adjustments to reconcile excess (deficit) of revenue over (under) expenses to net cash provided by (used in) operating activities			
Bad debts	1	-	1
Depreciation	7,537	-	7,537
Amortization of the operating lease right-of-use assets	47,370	-	47,370
Changes in operating assets and liabilities:			
Assessments receivable, net	(78,634)	-	(78,634)
Prepaid expenses	(8,440)	-	(8,440)
Other receivables, net	41,011	-	41,011
Accounts payable and accrued expenses	(81,821)	-	(81,821)
Operating lease liabilities	(45,045)	-	(45,045)
Performance obligation	-	(18,903)	(18,903)
Prepaid assessments	19,801	-	19,801
Interfund balance	79,169	(79,169)	-
Net cash provided (used) by operating activities	\$ (124,313)	\$ (98,072)	\$ (222,385)
Investing Activities			
Maturities of certificates of deposit	-	106,492	106,492
Purchases of certificates of deposit	-	(106,607)	(106,607)
Net cash provided (used) by investing activities	-	(115)	(115)

(Continued)

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

Carillon Beach Association, Inc.
Statement of Cash Flows
(Continued)

<i>Year ended December 31, 2023</i>	Operating Fund	Replacement Fund	Total
Financing Activities			
Capital contributions	49,983	-	49,983
Net cash provided by (used in) financing activities	49,983	-	49,983
Net increase (decrease) in cash and cash equivalents	(74,330)	(98,187)	(172,517)
Cash and cash equivalents at beginning of year	287,991	1,111,371	1,399,362
Cash and cash equivalents at end of year	\$ 213,661	\$ 1,013,184	\$ 1,226,845

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

Carillon Beach Association, Inc. Notes to Financial Statements

NOTE 1: DESCRIPTION OF THE ORGANIZATION

Carillon Beach Association, Inc., a Florida not-for-profit corporation, was formed in 1991. Membership in the Association consists of the lot owners of the homeowners' association. The Association's common property is located on approximately 104 acres on the Gulf of Mexico in Panama City Beach, Florida. The Association has 412 members.

The Association was organized for the purpose of maintaining and protecting the elements of common property of Carillon Beach, including parking areas, sidewalks, swimming pools, green areas, beach walkovers, and buildings. During 2022, the original developer of the Association donated additional common property consisting of the lake within the Association and neighboring wetlands. Disposition of common area property requires unanimous consent of the members.

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.

The Association is self-managed.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Estimates

The preparation of 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 financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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 expenses resulting from actions of the Board of Directors, the Association voting membership, or applicable Florida Statutes. The financial statements segregate the accounting for such funds as either operating or replacement funds. At the end of the year, excess funds are retained by the fund generating such excess during the year.

Carillon Beach Association, Inc. Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and the Association's manager.

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 Associations membership. Interest income is allocated to the operating and replacement funds in proportion to the interest earned in each fund.

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.

Assessments Receivable and Allowance for Credit Losses

Assessments receivable from owners are reported as the outstanding balance due from owners, net of an allowance for credit losses. The Association evaluates its receivables on an ongoing basis by analyzing owner relationships and previous payment histories. The allowance for credit losses is management's best estimate of the amount of probable credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When specific accounts are determined to be uncollectible, they are written off by charging the allowance and crediting the receivable. At December 31, 2023, an allowance of \$0 has been established.

Other receivables are related to amounts due to the Association from organizations other than owners. At December 31, 2023, they are considered to be entirely collectible. So, there is no allowance for credit losses necessary.

Prepaid Expenses

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

Capitalization and Depreciation

Real property acquired by the Association is capitalized when it is used to generate significant cash flows from members on the basis of usage or from nonmembers or 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 expense. Real property that has not been capitalized is identified in Note 1.

Carillon Beach Association, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalization and Depreciation (continued)

Personal property acquired by the Association is capitalized at cost. It is depreciated over its estimated useful life using the straight-line method, which is generally five to seven years.

Contract Assets and Liabilities

Contract assets represents revenue recognized in excess of amounts billed. No such amounts are reported on the balance sheet as of December 31, 2023. Contract liabilities represents revenue collected in advance of the contract period or amounts billed in excess of revenue recognized. These liabilities are reported on the balance sheet as prepaid assessments and performance obligation liabilities.

Leases

The Association leases property and associated buildings related to office space. The Association determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on our balance sheet(s). Finance leases are included as finance ROU assets, other current liabilities, and other long-term liabilities on our balance sheet(s).

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, management has elected the practical expedient to use the risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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.

Carillon Beach Association, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Guidance

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration.

The Association adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only. Please refer to the accounts receivable from owners policy note.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 30, 2025 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NOTE 3: OWNERS' ASSESSMENTS

Revenues and expenses are allocated to the owners based on the ratio of each membership to the total number of memberships. The rate for a full membership in 2023 was \$4,730. Budgeted regular assessments for the year ended December 31, 2023 totaled \$1,494,439. Assessments for the replacement fund totaled \$150,000.

The following table reconciles budgeted regular assessments to the amounts recognized as assessment revenue in the statement of revenues and expenses.

Year ended December 31, 2023

	Operating Fund	Replacement Fund	Total
Budgeted regular assessments	\$ 1,494,439	\$ 150,000	\$ 1,644,439
Add releases from performance obligation	-	18,903	18,903
Total assessments	\$ 1,494,439	\$ 168,903	\$ 1,663,342

Carillon Beach Association, Inc. Notes to Financial Statements

NOTE 4: CAPITAL CONTRIBUTIONS

Per the Declaration of Covenants, each new owner shall pay a one-time fee for working capital in the amount of 50% of the total general assessment applicable to such unit for the year in which the purchase occurs. For the year ended December 31, 2023, capital contributions totaled \$49,983 as shown on the accompanying statement of revenue, expenses and changes in fund balance.

NOTE 5: REVENUE RECOGNITION

As disclosed in note 2 to the 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 Obligation

The Association's revenue is derived primarily from assessments to its members. The Association generally recognizes its revenue from contracts with customers over time with the exception of replacement fund assessments, which are being recognized at a point in time. As of December 31, 2023, the Association has reported a performance obligation liability totaling \$1,218,952, relating to the future major repair and 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.

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 amounts, revenue is recognized as time elapses and the Association performs routine maintenance, protection and management of the common area property. For replacement fund amounts, the Association recognizes revenue at the point in time when replacement fund expenses are incurred.

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.

Carillon Beach Association, Inc.
Notes to Financial Statements

NOTE 5: REVENUE RECOGNITION (Continued)

Year ended December 31, 2023

Recognized over time

Operating fund assessments	\$ 1,494,439
Miscellaneous	23,904

Recognized at a point in time

Replacement fund assessments	168,903
Design review fees	16,300
Construction fees	94,670
Beach service	105,635
Administrative fees	38,484
Golf cart rentals	50,874

Not subject to ASC Topic 606

Interest income	4,228
Rent	10,450

Total revenue	\$ 2,007,887
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The following table presents information about assessments receivable, contract assets, and contract liabilities.

Year ended December 31, 2023

Assessments receivable, net - beginning balance	\$	40,606
Assessments receivable, net - ending balance		119,239
Other receivables, net - beginning balance		29,677
Other receivables, net - ending balance		11,294
Contract assets (no beginning or ending balance)		-
Contract liabilities		
Prepaid assessments - beginning balance		59,703
Prepaid assessments - ending balance		79,504
Performance obligation liability - beginning balance, as restated		1,319,355
Performance obligation liability - ending balance		1,218,952

Carillon Beach Association, Inc. Notes to Financial Statements

NOTE 6: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's Board of Directors has elected to designate funds to be accumulated for future major repairs and replacements. The Association has adopted a program to accumulate funds for estimated future major repairs and replacements through regular assessments.

The Association conducted a study in 2020 by a certified construction consultant to estimate the remaining useful lives and replacement costs of the major components of common property. The Board of Directors annually reviews this information as part of its budget process the major components of common property. As a 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 BUDGET OF THE ASSOCIATION PROVIDES FOR LIMITED VOLUNTARY DEFERRED EXPENDITURE ACCOUNTS, INCLUDING CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE, SUBJECT TO LIMITS ON FUNDING CONTAINED IN THE ASSOCIATION'S GOVERNING DOCUMENTS. BECAUSE THE OWNERS HAVE NOT ELECTED TO PROVIDE FOR RESERVE ACCOUNTS PURSUANT TO SECTION 720.303(6), FLORIDA STATUTES, THESE FUNDS ARE NOT SUBJECT TO THE RESTRICTIONS ON USE OF SUCH FUNDS SET FORTH IN THAT STATUTE, NOR ARE THEY CALCULATED IN ACCORDANCE WITH THAT STATUTE.

The Association used \$99,046 from the replacement fund for operations during 2023. The Board intends to repay the entire amount during 2024 and therefore, reflected the \$99,046 as an interfund receivable and payable.

NOTE 7: INCOME TAXES

The Association elected to file its tax return for 2023 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, 2023, the Association had a net nonmembership loss of \$12,234. The Association has a total net nonmembership loss carryforward totaling \$45,209, which can be carried forward to offset a portion of future net nonmembership income annually.

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, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the 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, 2023, 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

Carillon Beach Association, Inc.
Notes to Financial Statements

NOTE 7: INCOME TAXES (Continued)

Association's management believes it is no longer subject to income tax examinations for years prior to 2021.

NOTE 8: CREDIT RISK

The Association assesses regular and special (when necessary) assessments to its members. Unpaid assessments accrue late charges of one percent per month after thirty days. It is the Association's policy to turn over significantly past due accounts for collection and to file liens against the individual properties. Should the collection of any such liens be enforced by the sale of the unit, the collectability of the receivable is dependent on the quick sale market value of the unit, and the amount of any such other liens that have priority. Market value may be influenced by the real estate market in Panama City Beach, Florida.

The Association places its cash and certificates of deposit with federally insured financial institutions. At times, the balances at these financial institutions may exceed the FDIC insured limit of \$250,000. At December 31, 2023, there were no amounts uninsured.

NOTE 9: PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2023, consists of the following:

Furniture and equipment	\$	95,268
Less accumulated depreciation		(74,916)
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Property and equipment, net	\$	20,352
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Depreciation expense for 2023 was \$7,537.

NOTE 10: LEASES

The Company has an operating lease for property and associated buildings. This lease has a remaining lease term of 4 years.

<i>For the year ended December 31,</i>		2023
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Operating lease cost	\$	45,045
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Carillon Beach Association, Inc.
Notes to Financial Statements

NOTE 10: LEASES (Continued)

Weighted average remaining lease term and discount rates consist of the following:

<i>For the year ended December 31,</i>	<u>2023</u>
Right-of-use assets obtained in exchange for lease obligations	
Operating leases	\$ 211,908
Weighted average remaining lease term	
Operating leases	4 years
Weighted average discount rate	
Operating leases	5.50%

Future minimum lease payments under non-cancellable leases as of December 31, 2023 were as follows:

<i>For the year ending December 31,</i>	Operating Leases
2024	\$ 58,102
2025	59,264
2026	60,450
2027	61,659
Total future minimum lease payments	239,475
Less imputed interest	(25,242)
Present value of lease liabilities	<u>\$ 214,233</u>
Reported as of December 31, 2023	
Operating lease liabilities	<u>\$ 214,233</u>
Total	<u>\$ 214,233</u>

NOTE 11: CONTINGENCY

The insurance policy for windstorm coverage was renewed February 26, 2023. The deductible amount for named hurricane storms is approximately \$159,116, which represents 5% of the insured value of the common areas.

Carillon Beach Association, Inc.
Notes to Financial Statements

NOTE 12: COMMITMENT

Maintenance Contract

During 2020, the Association entered into a maintenance agreement with a local vendor to continue to use their services for a five-year period with potential 1.5% increases in the fee per year. Total expense for the agreement was \$409,000 for the year ended December 31, 2023, including added taxes and fees. The future minimum annual payments, excluding taxes and fees, under the agreement for the years ended December 31, 2023 through 2024 is a minimum of \$409,000 with potential 1.5% increases in the future.

NOTE 13: RELATED PARTY

Carillon Beach Institute, Inc. (CBI) is a not-for-profit organization that owns parcels of real property situated within the boundaries of the Association property. It is governed by the same board of directors as that of the Association.

In 2007 the Association leased real property, located within the boundaries of the Association's property, owned by CBI, under terms of a ten year lease agreement for \$1 per year. The lease was not renewed when it expired in 2017. The Association continues to use the property owned by CBI. At the date of issuance of these financial statements, there has not been a formal arrangement to continue the lease. As of December 31, 2023, there were no amounts owed to or due from CBI related to this lease.

Note 14: PRIOR PERIOD ADJUSTMENT

During 2023 the Association determined that expenses paid by the operating fund for tennis/pickleball court resurfacing in 2022 should have been paid by the reserve fund instead. The Association also determined that previous receipts of non-refundable construction deposits had not been appropriately classified as revenue. These errors created an overstatement of operating fund expenses, understatement of operating fund revenues, and resulted in a \$110,061 understatement of the operating fund balance, with no net effect on the replacement fund balance. The following table reports the changes made.

<i>December 31, 2023</i>	Operating Fund	Replacement Fund	Total
Fund balance, as originally reported	\$ 17,376	\$ -	\$ 17,376
Overstatement of performance obligation due to understatement of expenses	-	28,561	28,561
Over(under)statement of expenses	28,561	(28,561)	-
Overstatement of performance obligation due to revenue classification error	-	81,500	81,500
Under(over)statement of construction fee revenues	81,500	(81,500)	-
Restatement adjustment	110,061	-	110,061
Fund balance, as restated	127,437	-	127,437

Carillon Beach Association, Inc.
Notes to Financial Statements

Note 15: SUBSEQUENT EVENTS

On October 25th, 2024, the Association approved a special assessment totaling \$368,000 to fund the Safety & Security Phase 2 Project. The special assessment was levied to all owners on November 1st 2024 and was due by December 1st, 2024. Individual owner assessments ranged from \$133 to \$1,112.

Supplementary Information

Carillon Beach Association, Inc.
Schedule of Operating Fund Revenues and Expenses –
Budget and Actual

<i>Year ended December 31, 2023</i>	Actual	Budget (Unaudited)	Variance (Unaudited)
Revenue			
Regular assessments	\$ 1,494,439	\$ 1,494,719	\$ (280)
Design review fees	16,300	9,572	6,728
Interest income	113	35	78
Beach service	105,635	100,000	5,635
Rent	10,450	23,973	(13,523)
Construction fees	94,670	51,500	43,170
Administrative fees	38,484	33,475	5,009
Golf cart rentals	50,874	53,618	(2,744)
Miscellaneous	23,904	9,687	14,217
Total revenue	1,834,869	1,776,579	58,290
Expenses			
Administrative	278,237	221,102	(57,135)
Depreciation	7,537	-	(7,537)
Compliance officer/consultants	24,000	30,000	6,000
Insurance	67,634	76,145	8,511
Gatehouse	122,084	105,558	(16,526)
Maintenance and repairs	867,987	901,752	33,765
Miscellaneous	39,619	17,208	(22,411)
Roving security	169,119	155,806	(13,313)
Utilities	140,625	145,313	4,688
Wages and benefits	223,289	179,998	(43,291)
Total expenses	1,940,131	1,832,882	(107,249)
Excess (deficit) of revenue over (under) expenses	\$ (105,262)	\$ (56,303)	\$ (48,959)

**Carillon Beach Association, Inc.
Supplementary Information on Future Major Repairs and
Replacements (Unaudited)**

Component	Estimated Remaining Useful Life (years)	Current Estimated Replacement Cost
Sites and grounds	1 - 17	\$ 1,450,445
Guardhouse	1 - 12	42,550
Post office	1 - 12	33,425
Lake Carillon pool	1 - 15	117,516
Beach club pool	1 - 15	164,916
Bellview pool	1 - 15	250,927
Walkovers	1 - 15	573,375
Total		\$ 2,633,154