

CARILLON BEACH ASSOCIATION, INC.

PANAMA CITY BEACH, FLORIDA

FINANCIAL STATEMENTS

DECEMBER 31, 2024



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INDEPENDENT AUDITORS' 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. (the "Association"), 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 the Association 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association 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 the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 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, including omissions, 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 the Association'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 the Association'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 16 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 the Schedule of Future Major Repairs and Replacements on page 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of 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.



Pensacola, Florida
March 31, 2026

CARILLON BEACH ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2024

ASSETS

	Operating Fund	Replacement Fund	Total
Assets:			
Cash and cash equivalents	\$ 489,422	\$ 1,081,203	\$ 1,570,625
Assessments receivable	193,068	-	193,068
Other receivables	6,746	-	6,746
Due from related party	55,146	-	55,146
Prepaid expenses	82,823	-	82,823
Utility deposits	5,582	-	5,582
Interfund balances	(147,110)	147,110	-
Operating lease right-of-use-assets, net	154,861	-	154,861
Furniture and equipment, net of accumulated depreciation of \$84,027	27,705	-	27,705
Total Assets	\$ 868,243	\$ 1,228,313	\$ 2,096,556

LIABILITIES AND FUND BALANCES

Liabilities:			
Accounts payable	\$ 50,374	\$ -	\$ 50,374
Income tax payable	9,363	-	9,363
Builder deposits	144,500	-	144,500
Deferred revenue - construction fees	22,500	32,500	55,000
Wedding deposits	8,331	-	8,331
Operating lease liabilities	163,456	-	163,456
Assessments received in advance	223,326	-	223,326
Contract liabilities (assessments received in advance replacement fund)	-	1,195,813	1,195,813
Total liabilities	621,850	1,228,313	1,850,163
Fund Balances	246,393	-	246,393
Total Liabilities and Fund Balances	\$ 868,243	\$ 1,228,313	\$ 2,096,556

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

CARILLON BEACH ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2024

	Operating Fund	Replacement Fund	Total
Revenues:			
Regular assessments	\$ 1,654,598	\$ 183,139	\$ 1,837,737
Special assessments	162,441	-	162,441
Design review fees	3,550	-	3,550
Interest income	114	6,467	6,581
Beach service	100,000	-	100,000
Wedding income	20,513	-	20,513
Construction fees	13,934	-	13,934
Administrative fees	37,700	-	37,700
Golf cart rentals	55,192	-	55,192
Guest fees	142,746	-	142,746
Miscellaneous income	20,350	-	20,350
Total revenues	<u>2,211,138</u>	<u>189,606</u>	<u>2,400,744</u>
Expenses:			
Administrative	271,268	-	271,268
Compliance officer and consultants	22,000	-	22,000
Depreciation	9,111	-	9,111
Gatehouse	142,641	-	142,641
Insurance	112,329	-	112,329
Repairs and maintenance	704,026	189,606	893,632
Special projects	32,929	-	32,929
Miscellaneous	6,826	-	6,826
Security	216,388	-	216,388
Special assessment	162,441	-	162,441
Utilities	137,068	-	137,068
Payroll	262,100	-	262,100
Income tax expense	9,363	-	9,363
Total expenses	<u>2,088,490</u>	<u>189,606</u>	<u>2,278,096</u>
Excess of Revenues Over Expenses	122,648	-	122,648
Fund Balances at Beginning of Year	72,159	-	72,159
Capital contributions	51,586	-	51,586
Fund Balances at End of Year	<u>\$ 246,393</u>	<u>\$ -</u>	<u>\$ 246,393</u>

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

CARILLON BEACH ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

	Operating Fund	Replacement Fund	Total
Cash Flows From Operating Activities:			
Excess of revenues over expenses	\$ 122,648	\$ -	\$ 122,648
Adjustments to reconcile excess of revenues over expenses to net cash provided by (used in) operating activities:			
Depreciation	9,111	-	9,111
Amortization of right-of-use assets, operating in excess of rent paid	6,270	-	6,270
Changes in -			
Assessments receivable	(73,829)	-	(73,829)
Other receivables	4,548	-	4,548
Due from related party	(77,774)	-	(77,774)
Prepaid expenses	(21,544)	-	(21,544)
Interfund balances	48,064	(48,064)	-
Accounts payable	18,546	-	18,546
Income tax payable	9,363	-	9,363
Builder deposits	26,000	-	26,000
Deferred revenue - construction fees	22,500	32,500	55,000
Wedding deposits	2,913	-	2,913
Assessments received in advance	143,822	-	143,822
Contract liabilities (assessments received in advance replacement fund)	-	(23,139)	(23,139)
Net cash provided by (used in) operating activities	<u>240,638</u>	<u>(38,703)</u>	<u>192,572</u>
Cash Flows From Investing Activities:			
Purchase of furniture and equipment	<u>(16,464)</u>	<u>-</u>	<u>(16,464)</u>
Cash Flows From Financing Activities:			
Capital contributions	<u>51,586</u>	<u>-</u>	<u>51,586</u>
Change in cash and cash equivalents	275,760	(38,703)	227,694
Cash and cash equivalents, Beginning of Year	<u>213,662</u>	<u>1,119,906</u>	<u>1,333,568</u>
Cash and cash equivalents, End of Year	<u>\$ 489,422</u>	<u>\$ 1,081,203</u>	<u>\$ 1,570,625</u>

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

CARILLON BEACH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - NATURE OF ORGANIZATION

Carillon Beach Association, Inc. (the "Association") was incorporated in 1991 under the laws of Florida as a not-for-profit corporation for the purpose of maintaining and protecting the common property of the 412 member homeowners' association. Membership in the Association consists of the lot owners of Carillon Beach, located on approximately 104 acres on the Gulf of Mexico in Panama City Beach, Florida.

The unit owners each have an undivided ownership interest in the common areas and elements, including parking areas, sidewalks, swimming pools, green areas, beach walkovers, and buildings. During 2022, the original developer 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 required by the governing documents of the Association. The Association is self-managed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting:

The Association is a not-for-profit corporation 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 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 each separate fund.

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association. Disbursements from the operating fund are generally at the discretion of the Board of Directors and the Association's manager.

Replacement Fund - These funds are used to accumulate financial resources restricted for future major repairs and replacements of designated common elements that require replacement less frequently than annually. Disbursements from this replacement fund may only be utilized in accordance with Florida Statutes and the purposes established by the Board of Directors and the Association's membership. Interest income is allocated to the operating and replacement funds in proportion to the interest earned in each fund.

CARILLON BEACH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment:

Real property acquired by the Association, if any, 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 expenditure. Real property that has not been capitalized is identified in Note 1.

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

Estimates and Assumptions:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Revenue Recognition:

Association members are subject to annual assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. Assessments received in the operating fund in advance of this period are reported as assessments paid in advance on the balance sheet. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.

Contract Liabilities (Assessments received in advance-replacement fund):

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement fund assessments. The balances of contract liabilities (assessments received in advance-replacement fund) as of the beginning and end of the year are \$1,218,952 and \$1,195,813, respectively.

CARILLON BEACH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessments Receivable from Owners and Allowance for Credit Losses:

Assessments receivable from owners are reported as the outstanding balance due from owners. 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. There was no allowance for expected credit losses as of December 31, 2024.

Other receivables are related to amounts due to the Association from organizations other than owners. At December 31, 2024, they are considered to be entirely collectible. Therefore, an allowance for credit losses is not considered necessary.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid debt instruments purchased with an original maturity of three months or less.

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.

Income Taxes:

Homeowners' associations may be taxed either as a homeowners' association or as a regular corporation. As a regular corporation, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its nonmember income, such as interest earnings, at regular federal and state corporate rates.

Leases

Accounting standard codification 842, "Leases" ("ASC 842") requires a lessee to recognize a right-of-use asset and a lease liability for all leases with a term greater than 12 months on its balance sheet regardless of whether the lease is classified as financing or operating. The Association's lessee arrangement include operating leases for property and associated buildings related to office space. Under this arrangement, the Association records right-of-use assets and corresponding lease liabilities, each of which is based on the present value of the remaining lease payments discounted using the risk-free rate practical expedient allowable under ASC 842. All leases are recorded on the balance sheet except for leases with an initial term less than 12 months for which the Association elected short-term lease recognition under ASC 842. Lease terms may contain renewal and extension options and early termination features. Lease expense is recognized on a straight-line basis over the lease term.

CARILLON BEACH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events:

Management has evaluated subsequent events through March 31, 2026, which is the date the financial statements were available to be issued.

NOTE 3 - MEMBERS' ASSESSMENTS

Members' assessments are allocated to the owners based on the ratio of each membership to the total number of memberships. Annual property assessments to owners were budgeted to range from \$163 - \$1,301 per quarter for the year ended December 31, 2024. Regular operating fund assessments for the year ended December 31, 2024 totaled \$1,654,598. Regular replacement fund assessments recognized as revenue for the year ended December 31, 2024 totaled \$183,139.

NOTE 4 - CAPITAL CONTRIBUTIONS

The Association's Declaration of Covenants requires each new owner to pay a one-time fee for working capital in the amount of 50% of the total general assessment applicable to such property for the year in which the purchase occurs. For the year ended December 31, 2024, capital contributions totaled \$51,586 as shown on the accompanying statement of revenue, expenses and changes in fund balance.

NOTE 5 - SPECIAL ASSESSMENT

On October 25, 2024, the Association approved a special assessment totaling \$369,801 to fund the Safety & Security Phase 2 Project. The special assessment was levied to all owners on November 1, 2024 and due by December 1, 2024. Individual owner assessments ranged from \$133 to \$1,112. During the year ended December 31, 2024, expenses and revenue recognized related to the special assessment totaled \$162,441. As of December 31, 2024, there was \$207,360 in deferred special assessment revenue included in assessments received in advance on the Association's balance sheet.

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.

CARILLON BEACH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 - FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

The Association conducted a study in 2024 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 members have not elected to provide for reserve accounts pursuant to *Florida Statutes Section 720.303(6)*, 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 \$147,110 from the replacement fund for operations during 2024. The Board intends to repay the entire amount during 2025 and therefore, reflected the \$147,110 as an interfund receivable and payable.

NOTE 7 - INCOME TAXES

Homeowners' associations may elect to be taxed under Internal Revenue Code ("IRC") Section 277, which applies to certain membership organizations, or under IRC Section 528, which applies specifically to homeowner associations as that term is defined for tax purposes. For the year ended December 31, 2024, the Association was taxed under the provisions of IRC Section 277. Under IRC Section 277, the Association is required to separate membership income and expenses from non-membership 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, 2024, the Association had net non-membership income of \$44,588 resulting in federal taxes totaling \$9,363.

The Association follows accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-than-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2024, the Association has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

CARILLON BEACH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Concentration of Credit Risk - Uninsured Cash Balances:

The Association's cash balances held at financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to certain limits. At December 31, 2024, the Association had cash balances of \$957,912 held by financial institutions in excess of insured limits.

Concentration of Credit Risk - Owner Assessments:

The Association assesses regular and special assessments to its members. Unpaid assessments accrue late charges of 1% 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 property, the collectability of the receivable is dependent on the quick sale market value of the property, 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.

Insurance Deductibles:

The Association's policy for windstorm coverage was renewed on December 28, 2025. The Association's policy limit is \$2,339,000 at 100% replacement cost. The Association's policy for windstorm coverage, in the event of a hurricane, carry a Named Hurricane (Storm) deductible (per occurrence) representing 3% of the insured value of the building. The estimated deductible in the event of a hurricane is approximately \$70,170. Other maximum deductibles include \$24,670 for all other wind damage.

Maintenance Contracts

During the year ended December 31, 2020, the Association entered into a maintenance agreement with a local vendor to continue to use their services for a five-year period with 1.5% increases in the fee per year. Total expense for the agreement was \$420,177 for the year ended December 31, 2024. The agreement expired on February 14, 2025, however, the Association and the vendor agreed to auto renew the contract for an additional year. Payments for the year ended December 31, 2025, totaled \$429,044 in relation to the autorenewal.

During the year ended December 31, 2024, the Association entered into a landscape maintenance agreement with a local vendor for a three-year period with a 3% increase in the fee per year; the contract expires in March 2027. Total expense for the agreement was \$62,996 for the year ended December 31, 2024. Future minimum payments under the agreement total \$85,884, \$88,460 and \$22,277 for the years ended December 31, 2025 and 2026 and the three-month period ended March 31, 2027, respectively.

CARILLON BEACH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 - PROPERTY AND EQUIPMENT

A summary of property and equipment at historical cost as of December 31, 2024 is as follows:

Equipment	\$ 108,949
Furniture	2,783
Less accumulated depreciation	<u>(84,027)</u>
Total property and equipment	<u>\$ 27,705</u>

Depreciation expense was \$9,111 for the year ended December 31, 2024

NOTE 10 - RELATED PARTY TRANSACTIONS

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, 2024, there were no amounts owed to or due from CBI related to this lease.

Throughout the year the Association makes payments on behalf of CBI and vice-a-versa resulting in a related party payable or receivable. As of December 31, 2024, CBI owed the Association \$55,146.

Annually, CBI assesses the Association dues which are collected and remitted by the Association from owners to CBI. During the year ended December 31, 2024, these fees totaled \$84,652.

NOTE 11 - LEASES

The Association leases property and associated buildings from a third-party which expire on December 31, 2027. As of December 31, 2024, the right-of-use assets related to the operating leases totaled \$154,861 and the lease liabilities totaled \$163,456. Operating lease expense totaled \$58,044 for the year ended December 31, 2024.

CARILLON BEACH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11 - LEASES (Continued)

The following table presents supplemental information pertaining to the operating leases as of and for the year ended December 31, 2024.

Operating cash flows from operating leases	\$	58,044
Weighted-average remaining lease term in years for operating leases		3.00
Weighted-average discount rate for operating leases		3.74%

The following table presents the maturities of the company's operating lease liabilities and the present value discount as of December 31, 2024:

2025	\$	56,573
2026		57,705
2027		58,859
Total undiscounted cash flows		<u>173,137</u>
Less: present value discount		<u>(9,681)</u>
Total lease liabilities	<u>\$</u>	<u>163,456</u>

NOTE 12 - OTHER INCOME

Beach Service

The Association has an agreement with a beach service company to provide beach amenity service from March 1 to October 31 each year. In exchange for allowing the beach service company to operate and rent equipment on its common property, the Association is guaranteed to generate \$100,000 per year, and 20% of revenue over \$500,000. The current agreement expires on December 31, 2026. Commissions earned were \$100,000 during the year ended December 31, 2024.

Golf Cart Rentals

The Association has an agreement with a golf cart rental company to rent golf carts to owners and guests in the community. In exchange for allowing the company to be the exclusive golf cart rental company within the community, the Association is paid 10% of revenue related to golf cart rentals in the community and \$3,000 towards the Association's marketing costs. The current agreement expires on December 31, 2028. Commissions earned were \$55,192 during the year ended December 31, 2024.

CARILLON BEACH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 12 - OTHER INCOME (Continued)

Construction Fees

The Association assess owners a non-refundable fee upon commencement of construction of their homes in the form of administrative fees, which are recognized upon completion of construction in the operating fund and impact fees, which are recognized as qualifying repair and maintenance expenses are incurred in the replacement fund. During the year ended December 31, 2024, revenue recognized related to administrative fees totaled \$13,934 in the operating fund. There were no impact fees recognized as revenue during the year ended December 31, 2024. Deferred revenue related to administrative fees and impact fees totaled \$22,500 and \$32,500, respectively, as of December 31, 2024.

Guest Fees

The Association allows owners to short term rent their properties. Each renter is required to register their vehicle and pay a guest fee to access the front gate and amenities. During the year ended December 31, 2024, these fees totaled \$142,746.

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2024, the Association changed its accounting principle related to the recognition of construction administration fees (see Note 12). Prior to January 1, 2024, these fees were recognized as revenue when received. Effective January 1, 2024, the Association defers these fees and recognizes them as revenue upon completion of the related construction project.

Management implemented this change to align the Association's revenue recognition practices with the guidance in ASC 606, Revenue from Contracts with Customers, which requires revenue to be recognized when performance obligations are satisfied.

As a result of this change, construction administration fees received during the year ended December 31, 2024 that relate to projects not yet completed are recorded as deferred revenue and will be recognized as revenue in future periods when the related projects are completed. The adoption of this accounting change resulted in a decrease in revenue and a corresponding increase in liabilities within the operating fund of approximately \$22,500 for the year ended December 31, 2024.

The Association applied the change prospectively beginning January 1, 2024. Retrospective application was determined to be impracticable because historical information necessary to determine the timing of revenue recognition for construction administration fees received in prior periods was not readily available and such fees relate to projects spanning multiple years.

SUPPLEMENTARY INFORMATION

CARILLON BEACH ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES
BUDGET AND ACTUAL

	Actual	Budget (Unaudited)	Variance (Unaudited)
Revenues:			
Regular assessments	\$ 1,654,598	\$ 1,625,483	\$ 29,115
Special assessments	162,441	-	162,441
Design review fees	3,550	5,161	(1,611)
Interest income	114	35	79
Beach service	100,000	100,000	-
Wedding income	20,513	7,500	13,013
Construction fees	13,934	25,750	(11,816)
Administrative fees	37,700	31,266	6,434
Golf cart rentals	55,192	54,000	1,192
Guest fees	142,746	250,000	(107,254)
Miscellaneous income	20,350	18,008	2,342
Total revenues	<u>2,211,138</u>	<u>2,117,203</u>	<u>93,935</u>
Expenses:			
Administrative	271,268	274,575	(3,307)
Compliance officer and consultants	22,000	30,000	(8,000)
Depreciation	9,111	-	9,111
Gatehouse	142,641	113,113	29,528
Insurance	112,329	84,332	27,997
Repairs and maintenance	704,026	896,312	(192,286)
Special projects	32,929	80,000	(47,071)
Miscellaneous	6,826	32,000	(25,174)
Security	216,388	207,961	8,427
Special assessment	162,441	-	162,441
Utilities	137,068	145,444	(8,376)
Payroll	262,100	197,998	64,102
Income tax expense	9,363	-	9,363
Total expenses	<u>2,088,490</u>	<u>2,061,735</u>	<u>26,755</u>
Excess of Revenues Over Expenses	<u>\$ 122,648</u>	<u>\$ 55,468</u>	<u>\$ 67,180</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

CARILLON BEACH ASSOCIATION, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
(UNAUDITED)
DECEMBER 31, 2024

In 2024, the Association engaged an independent engineer to update a study to estimate the remaining useful lives and replacement costs of the common property components.

The following information is based on the independent engineer's evaluation of these estimates and presents significant information about the components of common property.

Component	Estimated Useful life	Estimated Remaining Useful Life	Estimated Cost for Deferred Maintenance or a Capital Expenditure	Funding Required 2025	Balance December 31, 2024
Beach Club Pool					
ADA Lift	15	15	\$ 25,000	\$	\$
ADA Ramp	15	15	40,000		
Bathrooms	20	15	40,000		
Building Exterior - Seal/Paint	10	10	21,000		
Doors	20	2	12,000		
Pool Deck	5	5	4,792		
Pool Deck Furniture	10	10	39,825		
Pool Interior	10	10	37,520		
Pool Railings	20	15	42,900		
Roof, Tile	30	1	<u>33,000</u>		
Subtotal for Beach Club Pool			296,037		
Bellview Pool					
Basketball Court	15	6	20,200		
Bathrooms	20	15	40,000		
Building Exterior - Seal/Paint	10	9	17,500		
Doors/Windows	15	2	36,000		
Playground Equipment	15	6	18,750		
Pool Deck Furniture	10	9	9,186		
Pool Deck	5	5	6,066		
Pool Fence	25	1	37,350		
Pool Interior (Main, Wading)	10	7	41,800		
Pool Heaters	6	1	9,000		
Roof, Metal	30	14	33,600		
Tennis Courts	5	5	5,550		
Tennis Courts	25	25	30,000		
Tennis Courts Fencing	25	2	<u>10,350</u>		
Subtotal for Bellview Pool			315,352		
Guardhouse					
Building Exterior - Seal/Paint	10	10	7,000		
Doors/Windows	20	2	15,800		
Gate, Access Control	10	10	54,999		
HVAC Equipment	10	1	4,800		
Roof, Metal	30	12	<u>10,500</u>		
Subtotal for Guardhouse			93,099		
Kiosk					
Digital Kiosk	10	10	40,000		
Kiosk Structure	10	10	<u>10,000</u>		
Subtotal for Kiosk			50,000		

CARILLON BEACH ASSOCIATION, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
(UNAUDITED)
DECEMBER 31, 2024
(CONTINUED)

Lake Carillon Pool			
Bathrooms	20	15	40,000
Building Exterior - Seal/Paint	7	1	14,700
Cladding, EIFS	7	7	6,825
Doors/Windows	20	2	9,000
Pool Deck	5	5	5,250
Pool Deck Furniture	10	10	10,750
Pool Fence	10	10	8,401
Pool Heater	6	4	4,500
Pool Interior	10	1	35,150
Roof, Metal	30	14	16,065
Subtotal for Lake Carillon Pool			<u>150,641</u>
Post Office			
Building Exterior - Seal/Paint	5	1	1,875
Mailboxes	15	2	20,549
Roof, Metal	30	12	11,000
Subtotal for Post Office			<u>33,424</u>
Site and Grounds			
Asphalt	6	3	146,110
Asphalt	20	17	876,660
Directional/Street Signs	20	10	7,400
Gravel Cover	5	2	64,000
Pavers (Roads)	10	7	15,000
Pavers (Promenade)	5	5	8,895
Perimeter Fencing	30	1	121,695
Roundabout Features	10	10	35,000
Sign/Monument	20	11	20,000
Street Lights	25	1	90,000
Stucco Columns (Promenade)	10	10	4,000
Subtotal for Site and Grounds			<u>1,388,760</u>
Walkovers			
Beach Walkovers	5	3	340,312
Railings (Picket)	20	4	165,000
Walkover #1	20	14	30,500
Walkover #2	20	9	31,000
Walkover #3	20	15	37,875
Walkover #4	20	15	26,250
Walkover #5	20	14	9,000
Walkover #6	20	15	25,250
Walkover #7	20	10	37,625
Walkover #8	20	14	29,375
Subtotal For Walkovers			<u>732,187</u>
Total Pooled Items			<u>\$ 3,059,500</u> <u>\$ 210,964</u> <u>\$ 1,228,313</u>