PLAZA DEL PRADO
CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

PLAZA DEL PRADO
CONDOMINIUM ASSOCIATION, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Unit Owners
Plaza Del Prado
Condominium Association, Inc.

Dear Members:

Qualified Opinion

We have audited the accompanying financial statements of Plaza Del Prado Condominium Association, Inc., which comprise the balance sheet as of December 31, 2025, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Plaza Del Prado Condominium Association, Inc., as of December 31, 2025 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 Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence regarding the amounts at which security deposits are recorded in the accompanying balance sheet at December 31, 2025 (stated at $290,335).

During our audit, we were unable to obtain sufficient and appropriate evidence regarding the transactions and account balances for special assessment balances for the period ended December 31, 2025. The supporting documentation for this period was incomplete or unavailable, and alternative procedures did not provide adequate audit evidence. As a result, we could not satisfy ourselves as to the accuracy or completeness of the financial information relating to this period. This matter may have a material effect on the financial statements for the year ended December 31, 2025.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Plaza Del Prado Condominium 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 qualified audit opinion.

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Emphasis of Matter

As discussed in Note 6, the Due To/From Funds reflects an amount of $153,139 by which reserve cash balances are insufficient to fully support amounts designated for future major repairs and replacements. Florida Statute 718 requires that structural integrity reserve components be funded in accordance with the most recent structural integrity reserve study and that such funds be accounted for separately. The Association may increase assessments, levy a special assessment, or obtain membership approval to reallocate available resources. Our opinion is not modified with respect to this matter.

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 Plaza Del Prado Condominium Association'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 Plaza Del Prado Condominium 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 Plaza Del Prado Condominium 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.

Gerstle, Rosen & Goldenberg, P.A.

Gerstle, Rosen & Goldenberg, P.A.
Certified Public Accountants
Hollywood, Florida
August 29, 2026

PLAZA DEL PRADO
CONDOMINIUM ASSOCIATION, INC.

BALANCE SHEET

December 31, 2025

	OPERATING FUND	REPLACEMENT FUND	SPECIAL ASSESSMENT	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 193,422	$ 1,183,483	$ 3,641,997	$ 5,018,902
Cash - Security Deposits	223,129			223,129
Certificate of Deposit		503,000		503,000
Assessments Receivable, Net of Allowance For Credit Losses of $ 167,321	388,147		126,285	514,432
Other Receivable	49,719			49,719
Prepaid Expenses	45,456			45,456
Unbilled Special Assessments - 2017			7,078,396	7,078,396
Unbilled Special Assessments - 2023			19,391,280	19,391,280
Utility Deposits	61,167			61,167
Due To/From Funds	(258,509)	153,159	105,350	
TOTAL ASSETS	$ 702,531	$ 1,839,642	$ 30,343,308	$ 32,885,481
LIABILITIES AND FUND BALANCES				
Accounts Payable	$ 213,053	$	$	$ 213,053
Other Current Liabilities	2,171			2,171
Retainage Payable			481,759	481,759
Loan Payable-2017			4,230,497	4,230,497
Loan Payable-2023			21,528,407	21,528,407
Security Deposits	290,335			290,335
Prepaid Member Assessments	305,270		10,030	315,300
Contract Liabilities-Deferred Reserves		106,397		106,397
RSV - Structural Integrity (Bldg. Component) SIRS		1,717,896		1,717,896
Deferred Special Assessment 2017			4,136,893	4,136,893
Deferred Cable Income	98,123			98,123
Prepaid Rental/Lease	1,114			1,114
TOTAL LIABILITIES	910,066	1,824,293	30,387,586	33,121,945
Fund Balances	(207,535)	15,349	(44,278)	(236,464)
TOTAL LIABILITIES AND FUND BALANCES	$ 702,531	$ 1,839,642	$ 30,343,308	$ 32,885,481

PLAZA DEL PRADO
CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

Year Ended December 31, 2025

	OPERATING FUND	REPLACEMENT FUND	SPECIAL ASSESSMENT	TOTAL
REVENUES				
Member Assessments	$ 7,171,401	$ 98,268	$	$ 7,269,669
Special Assessment - 2023			10,477,728	10,477,728
Special Assessment 2017			297,090	297,090
Rental Income	11,533			11,533
Interest Income		10,564	9,503	20,067
Credit Losses	(75,000)			(75,000)
Cable Proceeds	18,690			18,690
FOB Income	10,441			10,441
Interest Income	1,531			1,531
Late Fee Income	16,981			16,981
Laundry Income	106,306			106,306
Legal Settlement Income	62,927			62,927
Application/Screening	16,136			16,136
Parking Income	15,895			15,895
Parking Rent/Fees	1,985			1,985
Other Income	64,203			64,203
TOTAL REVENUES	7,423,029	108,832	10,784,321	18,316,182
EXPENSES				
Administrative Expenses	296,239			296,239
Utilities	979,844			979,844
Contracts	1,883,118			1,883,118
Insurance	2,564,860			2,564,860
Repairs & Maintenance	758,914			758,914
Payroll & Benefits	1,053,195			1,053,195
Special Assessment Expenses - 2023			10,522,324	10,522,324
Special Assessment 2017 Expenditures			306,275	306,275
Reserve Expenditures		98,268		98,268
TOTAL EXPENSES	7,536,170	98,268	10,828,599	18,463,037
EXCESS REVENUES (EXPENSES)	(113,141)	10,564	(44,278)	(146,855)
FUND BALANCES - BEGINNING	(94,394)	4,785	0	(89,609)
FUND BALANCES - ENDING	$ (207,535)	$ 15,349	$ (44,278)	$ (236,464)

PLAZA DEL PRADO
CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2025

	OPERATING FUND	REPLACEMENT FUND	SPECIAL ASSESSMENT	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
EXCESS REVENUES (EXPENSES)	$ (113,141)	$ 10,564	$ (44,278)	$ (146,855)
ADJUSTMENTS TO RECONCILE EXCESS REVENUES (EXPENSES) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
DECREASE (INCREASE) IN ASSETS:				
Assessments Receivable - Net of Allowance	(226,695)		61,831	(164,864)
Other Receivable	(2,127)			(2,127)
Prepaid Expenses	47,198			47,198
Unbilled Special Assessments - 2017			812,061	812,061
Unbilled Special Assessments - 2023			3,591,484	3,591,484
Due To/From Funds	(118,940)	(153,159)	272,099	0
INCREASE (DECREASE) IN LIABILITIES:				
Accounts Payable	(33,478)		(104,388)	(137,866)
Other Current Liabilities	2,171			2,171
Retainage Payable			(741,119)	(741,119)
Security Deposits	8,400			8,400
Prepaid Member Assessments	208,819		(53,070)	155,749
Contract Liabilities-Deferred Reserves		21,732		21,732
RSV - Structural Integrity (Bldg. Component) SIRS		1,717,896		1,717,896
Deferred Special Assessment 2017			(306,277)	(306,277)
Deferred Special Assessment 2023			(10,478,047)	(10,478,047)
Deferred Cable Income	(18,690)			(18,690)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(246,483)	1,597,033	(6,989,704)	(5,639,154)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Certificate of Deposit		(503,000)		(503,000)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	0	(503,000)	0	(503,000)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds From (Payments On) Loan			8,313,099	8,313,099
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	0	0	8,313,099	8,313,099
NET INCREASE (DECREASE) IN CASH	(246,483)	1,094,033	1,323,395	2,170,945
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	663,034	89,450	2,318,602	3,071,086
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 416,551	$ 1,183,483	$ 3,641,997	$ 5,242,031
SUPPLEMENTAL DISCLOSURES:				
Interest Paid	$ 0	$ 0	$ 1,561,441	$ 1,561,441
Income Tax Paid				
Federal	$ 0	$ 0	$ 0	$ 0
State	$ 0	$ 0	$ 0	$ 0

The Accompanying Notes Are An Integral Part Of This Financial Statement.

1. ORGANIZATION

Plaza Del Prado Condominium Association, Inc., (the “Association”) is a statutory condominium association incorporated on December 28, 1970, in the State of Florida. The Association is responsible for the operation and maintenance of the common property of Plaza Del Prado Condominium Association, Inc., and consists of 622 residential and 4 commercial units located in Aventura, Florida.

2. DATE OF MANAGEMENT’S REVIEW

The Association has evaluated subsequent events through August 29, 2026, the date that the financial statements were available to be issued. Based upon this evaluation, the Association has determined that no subsequent events have occurred which require adjustment to or disclosure in the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Association uses the accrual method of accounting, i.e., revenues are recognized as earned and expenses are recorded in the period in which they are incurred.

Fund Accounting

The Association’s governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

> 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 major repairs and replacements.
>
> Special Assessment Fund - This fund is used to accumulate financial resources designated for specific major repairs and replacements.

Member Assessments, Special Assessments and Allowance for Credit Losses

Association members are subject to monthly assessments to provide funds for the Association’s operating expenses and major repairs and replacements based on each owner’s percentage of common ownership. Any excess assessments at year end are retained by the Association for use in the succeeding year. Association members are also subject to occasional special assessments approved by the Board of Directors as deemed necessary for the operations of the Association. Assessment’s receivable represents amounts billed to owners that remain unpaid at year-end and are stated at the amounts expected to be collected. The Association evaluates collectability based on owner payment history, current conditions, and other relevant factors. Amounts for which collection is no longer considered probable are not recognized as revenue. The Association pursues collection through its established procedures, including late notices, legal demand, and liens. The balances of assessments receivable as of the beginning and end of the year are $349,568 and $514,432, respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Member Assessments, Special Assessments and Allowance for Credit Losses (Continued)

The Association treats uncollectible assessments and other charges as credit losses. In measuring expected credit losses, the Association considers historical experience and current conditions. In the event that the Association does not prevail against homeowners with delinquent assessments, an allowance for credit losses of $167,321 has been established as of the date of the Balance Sheet.

The Association elected the practical expedient under ASU 2025-05 and assumes current conditions remain unchanged over the remaining life of the receivables when estimating expected credit losses.

Cash and Cash Equivalents

For presentation purposes, cash and cash equivalents consists primarily of cash, money market accounts, and other highly liquid investments (not allocated to Investments) that are readily convertible into cash and purchased with original maturities of three months or less.

Concentration of Credit Risk

The Association maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to such balances. The Association maintains Insured Cash Sweep accounts which allows the Association, as a depositor, to protect their funds beyond the standard FDIC limits, therefore reducing the risk of cash concentration.

Rental Income

The Association leases two commercial units under long-term lease agreements to third-party operators, which include a market, tailor and a hair salon. Rental income totaling $11,573 was collected for the year ended December 31, 2025. All related rental income and expenses are reported in the Statement of Revenues, Expenses, and Changes in Fund Balances.

Storage Rental

The Association leases a storage space under a long-term lease agreement to an owner. Rental income totaling $6,000 was collected for the year ended December 31, 2025 for 2024 and 2025. All related income and expenses are reported in the Statement of Revenues, Expenses, and Changes in Fund Balances.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Association invests excess funds in Certificates of Deposit and U.S. Treasury securities. These investments are classified as held-to-maturity because the Association has the positive intent and ability to hold them to maturity and, accordingly, they are carried at amortized cost, which approximates fair value. Investment maturities generally range from less than one year to five years, with interest rates in effect during the year that were consistent with market rates for similar instruments. Certificates of Deposit are typically insured by the FDIC up to applicable limits, and U.S. Treasury securities are backed by the full faith and credit of the U.S. Government; therefore, management does not believe the investments represent a concentration of credit risk. The Association structures investment maturities to align with anticipated reserve funding needs and does not anticipate early withdrawals. The estimated fair value of these investments approximates carrying value and reflects Level 1 inputs for U.S. Treasury securities and Level 2 inputs for Certificates of Deposit under ASC 820. The investments had an amortized cost basis of $503,000 and aggregate face value was $500,000 at December 31, 2025.

Property and Equipment

Real property and common area property acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the owners in common and not by the Association. Capital Expenditures are charged to the designated funds. Generally, personal property purchased by the Association is expensed.

Real property not directly associated with units are recognized as assets by the Association when the Association has title to the property and either the asset can be disposed of by the Board of Directors or generates significant cash flows from members on the basis of usage or from nonmembers. Common personal property purchased with Association funds, with a useful life of more than one year, is capitalized on the Association's financial statements. Capitalized assets are depreciated over their estimated useful lives using the straight-line method of depreciation.

Due To/From Funds

The Association occasionally engages in transactions, arising in the ordinary course of business, between funds. The Associations' policy is to reimburse the appropriate fund for such transactions on a timely basis. Due To/From Funds, if applicable, are recorded to the extent certain transactions between funds have not been reimbursed to the appropriate fund.

Revenue Recognition

The Association derives its revenue from operating assessments, reserve assessments, special assessments, and other ancillary sources. Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Association expects to be entitled to in exchange for those goods or services. The Association has applied ASC 606-10-10-4 as all contracts with owners have similar characteristics and applying the guidance to individual contracts would not produce materially different results. Assessments represent a series of similar services that are transferred over time; therefore, revenue is recognized over time as services are provided.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Association has identified the following performance obligations:

> Operating assessments – The performance obligation is the maintenance and management of the common area property. This obligation is satisfied on a periodic basis throughout the year. Operating assessment revenue is recognized periodically, as billed, when collection is considered probable.
>
> Reserve assessments – The performance obligation is the expenditure of the assessed funds for their designated purpose. Reserve assessment revenue is recognized when the related expenditures are incurred, except for amounts applied to capitalized property and equipment. Reserve assessments related to capitalized assets are recognized when the expenditures are made and the assets are placed in service. Management believes this recognition method faithfully depicts the transfer of services to owners.
>
> Special assessments – The performance obligation is the specific purpose for which the assessment was levied. When a special assessment is approved, the Association obtains an enforceable right to receive consideration from owners. Amounts billed and not yet collected are recorded as Assessment Receivable. Amounts not yet billed but for which the Association has an enforceable right to receive payment are recorded as an Unbilled Special Assessment, which represents a contract asset under ASC 606-10-45-1. Special assessment revenue is recognized when the related performance obligation is satisfied—that is, when the Association incurs expenditures for the designated projects. Any difference between assessment proceeds and project expenditures at year-end is recorded as Deferred Special Assessment Income until the remaining performance obligations are fulfilled.

In evaluating whether collectability is probable, the Association considers each owner's ability and intent to pay when due. If collectability of fees is not probable (e.g., delinquent owners, foreclosures), revenue is not recognized.

Deferred Reserve Revenue

Replacement reserve assessments are recognized as revenue when the Association incurs expenditures for the designated reserve components. Amounts collected in advance of satisfying these performance obligations are recorded as Deferred Reserve Revenue within the Replacement Fund. Deferred Reserve Revenue at the beginning and end of the year were $93,018 and $1,824,293, respectively. As projects funded by reserves are undertaken, the related amounts are recognized as revenue in the period the expenditures occur.

Prepaid Member Assessments

Prepaid Member Assessments consist of amounts received, which are applicable to subsequent years' assessments. The balances of Prepaid Member Assessments as of the beginning and end of the year are $159,551 and $315,300, respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest Income

The Association recognizes interest income on the Operating, Replacement Fund Special Assessment Fund as earned. The Association's policy is to allocate interest income earned on the Replacement Fund to specific replacement components in accordance with Florida Statutes Chapter 718.

Income Taxes

The Association is subject to federal and state taxation. The Association has elected to be taxed as a Homeowners' Association and exclude from taxation exempt function income, in accordance with Section 528 of the Internal Revenue Code, which generally consists of annual revenue from member assessments to maintain the common elements. Consequently, the Association is taxed only on its non-exempt function income at the flat Federal rate of 30%. The Association may be subject to tax on investment income and other non-exempt income, but at different rates. When applicable, interest and penalties will be reported as interest expense and administrative expense, respectively.

The Association will elect to file its 2025 federal income tax return on Form 1120-H under Section 258 of the Internal Revenue Code4 From time to time, the Association may have temporary differences relating to the recognition of income and expenses for financial and tax reporting purposes. The overall effects of the temporary differences, if any, between financial and taxable income are not material to the financial statements as a whole. Accordingly, no deferred tax assets or liabilities are recorded.

The Association has evaluated its tax positions and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the Income Taxes Topic of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC").

The Association has no income tax returns under examination by the Internal Revenue Service. The Association believes it is no longer subject to income tax examinations for years prior to December 31, 2022.

Use of Estimates

The Association uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Fair Value Measurement

Under FASB ASC 820, *Fair Value Measurements and Disclosures*, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Association has determined that there was no material difference between the carrying value and fair value of its financial assets and liabilities at December 31, 2025; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2025.

4. OTHER RECEIVABLES

Other Receivables as of December 31, 2025 were as follows:

	BALANCE 12/31/2025
Due From Vendors and Other	$ 8,993
OTCA Common Law Trust	10,000
Due from Prior Management	7,735
Rental & Leases	2,200
Laundry	20,791
Total Other Receivables	$ 49,719

5. PREPAID EXPENSES

Prepaid Expenses as of December 31, 2025 were as follows:

	BALANCE 12/31/2025
Service Contracts	$ 45,456
Total Prepaid Expenses	$ 45,456

6. FUTURE MAJOR REPAIRS AND REPLACEMENTS

In accordance with Florida Statutes Chapter 718 § 112(2)(f)(2a), in addition to annual operating expenses, the budget of the Association must include reserve accounts for capital expenditures and deferred maintenance. These accounts must include, but are not limited to, roof replacement, building painting, and pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost, and any other item that has a deferred maintenance expense or replacement cost that exceeds $25,000. The amount to be reserved to the Replacement Fund annually must be computed using a formula based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense of the reserve item. These accounts, when adopted, are restricted to their intended purpose unless modified by a qualified unit owner vote.

Effective December 31, 2025, the Association was required to obtain a structural integrity reserve study (“SIRS”) to comply with Chapter 718 § 112(2)(f)(2a). The purpose of the SIRS was to obtain an independent estimate of the remaining useful lives and the replacement costs of the Structural and Non-Structural components of common property. This study must be completed at least every 10 years for each building on the condominium property that is three stories or higher in height, as determined by the Florida Building Code. For an Association that is required to obtain a structural integrity reserve study, reserves must be maintained for the structural items identified in the reserve study for which the Association is responsible pursuant to the declaration of condominium. The amount included in the Association budget for such items must be based on the findings and recommendations of the Association’s most recent independent structural integrity reserve study.

6. FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

At a minimum, the study must include the following items as related to the structural integrity and safety of the common property:

a. Roof
b. Structure (including load-bearing walls and other primary structural members and primary structural systems as those terms are defined in Florida Statutes § 627.706)
c. Fireproofing and fire protection systems
d. Plumbing
e. Electrical systems
f. Waterproofing and exterior painting
g. Windows and exterior doors
h. Any other item that has a deferred maintenance expense or replacement cost that exceeds $25,000 and the failure to replace or maintain such item negatively affects the items listed in sub-subparagraphs (a)-(g), as determined by the visual inspection portion of the structural integrity reserve study.

In accordance with Chapter 718 § 112(2)(f)(2)(a)-(e), for any budget adopted on or after December 31, 2024, members of the Association may not vote to determine to provide no reserves or less reserves than required by this subsection for the aforementioned items listed above. In addition, the members may not vote to use reserve funds, or any interest accruing thereon, for any other purpose other than the replacement or deferred maintenance costs of the aforementioned items listed above.

At a duly constituted meeting, the Association elected to partially fund Non-SIRS and fully fund the SIRS future major repairs and replacements based on the recommendations of the SIRS study conducted by an independent reserve study specialist in October 2024 and the Non-SIRS reserve study conducted by an independent reserve study specialist in November 2024, as disclosed in the supplementary information on Future Major Repairs and Replacements. Actual expenditures, however, may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right to increase regular assessments levy special assessments, or delay major repairs and replacements until funds are available.

The Association has adopted the pooling method, which allows the Association to utilize all available replacement funds for future projects rather than only using funds designated for each individual replacement component.

<u>Expenditures</u>

The Association had expenditures of $98,268 with the following vendors, $5,568 with AB Electric, $3,000 with Pritts, Inc., $27,000 with Otis Elevator Company, $18,500 with Total Appliance & AC Repair’s, Inc., $8,200 with Alfresco Air, LLC, and $36,000 with Estrella Plumbing Contractors, Inc.

6. FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

The balance of the Replacement Fund at December 31, 2025, consists of the following:

COMPONENTS	BALANCE 12/31/2024	INTEREST/ ASSESSMENTS	TRANSFERS	EXPENDITURES	BALANCE 12/31/2025
Pooled (Prior to SIRS Report)	$ 84,665	$0	$ (84,665)	$0	$0
Structural Integrity Reserve Funds - Pooled - (SIRS)	0	1,717,896	0	0	1,717,896
Non-Structural Reserve Funds - Pooled - (NON-SIRS)	0	120,000	84,665	(98,268)	106,397
SUB-TOTAL DEFERRED RESERVE REVENUE	84,665	1,837,896	0	(98,268)	1,824,293
Fund Balance					
Fund Balance (SIRS)	0	0	0	0	0
Fund Balance (NON-SIRS)	4,785	10,564	0	0	15,349
SUB-TOTAL FUND BALANCE	4,785	10,564	0	0	15,349
TOTAL	$ 89,450	$ 1,848,460	$0	$ (98,268)	$ 1,839,642

Structural Reserves and Non-Structural Reserves Allocation of Funds – Contingency

Prior to and as of December 2024, the Association had a single, pre-existing pool of Reserve Funds, which had been utilized for both “Structural” and “Non-Structural” Replacement Fund Components. During 2025, based upon the estimates provided in the Independent SIRS and Non-SIRS Reports obtained by the Association, the existing pooled funds were allocated into a Non-SIRS fund, which is restricted for their intended purpose in accordance with Florida Statute. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

Due to Replacement Fund

Florida Statute requires that replacement funds be accounted for separately and be fully funded. The Due To/From Funds reflects an amount of $153,259, by which the reserves are underfunded. The Association may increase assessments, pass an additional special assessment or have a membership vote to reallocate between the funds.

6. FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

Legislative Update

On June 23, 2025, the Florida Legislature passed House Bill 913 in an effort to provide relief to Condominium Association members. The newly signed bill, which took effect July 1, 2025, includes various updates to Florida Statutes Chapter 718. The Bill included extending the deadline for Associations that are required to obtain a structural integrity reserve study to December 31, 2025.

In addition, House Bill 913 allows, for an Association that must have a structural integrity reserve study, to approve a special assessment, secure a line of credit or a loan to fund capital expenses required by a milestone inspection under Florida Statutes § 553.899 or the structural reserve funding required by the structural integrity reserve study. The line of credit or loan must be sufficient to fund the cumulative amount of any previously waived or unfunded portions of the reserve-funding amount required by the most recent structural integrity reserve study. Funding from the line of credit or loan must be immediately available for access by the board to fund required repairs without further approval by the membership. Funding structural reserves by any means other than regular assessments (i.e., special assessments, line of credit, or loans) requires approval of a majority of the membership.

House Bill 913 clarifies that if an Association completes a milestone inspection required by Florida Statutes § 553.899, the Association may delay the performance of a required structural integrity reserve study for no more than the two (2) consecutive budget years immediately following the milestone inspection. This will allow the Association to focus its financial resources on completing the repair and maintenance recommendations of the milestone inspection.

If the Association has completed a milestone inspection pursuant to Florida Statutes § 553.899 within the previous 2 calendar years, House Bill 913 states that for any budget adopted on or before December 31, 2028, the board, upon the approval of a majority of the total voting interests of the Association, may temporarily pause, for a period of no more than two (2) consecutive annual budgets, reserve fund contributions or reduce the amount of reserve funding for the purpose of funding repairs recommended by the milestone inspection. An Association that has paused reserve contributions must have a structural integrity reserve study performed before the continuation of reserve contributions in order to determine the Associations reserve funding needs and to recommend a reserve-funding plan.

The Association is currently evaluating the impact of this legislation on its reserve funding strategy and long-term financial planning.

7. SPECIAL ASSESSMENT 2017 / SPECIAL ASSESSMENT 2021 / SPECIAL ASSESSMENT 2023 DEFERRED SPECIAL ASSESSMENT INCOME / UNBILLED SPECIAL ASSESSMENT RECEIVABLE / SUBSEQUENT EVENT

Special Assessment 2017

On November 1, 2017, the Board of Directors approved a special assessment in the amount of $5,482,101. The special assessment was to fund the repayment of the loan to finance the concrete restoration of the east and west garage, planters, exterior building repairs, balconies, painting, lobbies and hallway restoration, rotunda, railings and gates, tennis courts, cameras, furniture, landscaping, other miscellaneous repairs, related costs, soft costs, plus any contingencies related to these projects. The special assessment was to be paid in one lump sum or owners could elect to use loan funds.

7. SPECIAL ASSESSMENT 2017 / SPECIAL ASSESSMENT 2021 / SPECIAL ASSESSMENT 2023 DEFERRED SPECIAL ASSESSMENT INCOME / UNBILLED SPECIAL ASSESSMENT RECEIVABLE / SUBSEQUENT EVENT

Special Assessment 2017 (Continued)

In August 2023, the special assessment payments were restructured to coincide with the 2023 Special Assessment loan funding, the payments were amortized over 204 months.

For the year ended December 31, 2025, the Association billed approximately $812,061, while aggregate expenditures and prior-period expense reclassifications totaled $1,118,336. The deferred special assessment balance as of December 31, 2025, is $4,136,893.

Unbilled Special Assessment Receivable Special Assessment 2017

As of December 31, 2025, the Association recorded an Unbilled Special Assessment Receivable of $7,078,396 which represents the remaining portion of the installments for owners who choose to pay their share of the assessment in 204 equal monthly installments.

Due to limitations in the documentation and reconciliation procedures, the auditor was unable to obtain sufficient and appropriate audit evidence to verify the completeness and accuracy of these amounts. As a result, a qualified opinion was issued on the financial statements.

Special Assessment 2021

During 2021, the Board of Directors approved a special assessment of $1,213,000, billed in accordance with each owner’s respective percentage of common ownership in three consecutive monthly payments.
The funds were to replace life safety expense funds from the 2017 special assessment that had been allocated to emergency repairs to the roof, generator and elevator repairs.

Special Assessment 2023

On June 15, 2023, the Board of Directors approved a special assessment in the amount of $25,000,000, billed in accordance with each owner’s respective percentage of common ownership. The special assessment is to provide funding for completion of the 40-year restoration project, detailed below and payoff the loan.

Association members had two options of paying, in one lump sum by September 1, 2023, or elect to use loan funds and pay two hundred and forty (240) consecutive equal principal and interest payments, per the percentage of ownership monthly starting September 1, 2023 and ending September 1, 2043. Owners who choose the lump sum will receive a credit for unpaid interest on the loan.

Association members who opted for monthly payments and transfer by sale or other otherwise during the time period will be responsible for all remaining payments at that time.

For the fiscal year ended December 31, 2025, the Association billed approximately $3,591,484 in total billings and recognized $10,858 in interest income. Aggregate expenditures, inclusive of prior-period expense reclassifications, totaled $13,632,049. As of December 31, 2025, the special assessment balance was a deficit of $44,278.

7. SPECIAL ASSESSMENT 2017 / SPECIAL ASSESSMENT 2021 / SPECIAL ASSESSMENT 2023 DEFERRED SPECIAL ASSESSMENT INCOME / UNBILLED SPECIAL ASSESSMENT RECEIVABLE / SUBSEQUENT EVENT (Continued)

Unbilled Special Assessment Receivable Special Assessment 2023

As of December 31, 2025, the Association recorded an Unbilled Special Assessment Receivable of $19,391,280, which represents the remaining portion of the installments for owners who choose to pay their share of the assessment in 240 equal monthly installments.

Due to limitations in the documentation and reconciliation procedures, the auditor was unable to obtain sufficient and appropriate audit evidence to verify the completeness and accuracy of these amounts. As a result, a qualified opinion was issued on the financial statements.

Commitments-Special Assessment 2017/2021/2023 - Expenditures

The Association incurred expenses with multiple vendors totaling approximately $10,449,942. Vendors included the National Concrete Preservation, Inc., S & D Engineering Construction, MA Construction Group LLC, First Class Parking, Corp., LS Curtis, Inc., South Coast Restoration & Painting, LLC, Healthy Home Enterprises, LLC, Smejoff Group, LLC, SLS Consulting, Inc., The Falcon Group, LG Consultants, LLC, Estella Plumbing, Thermal Concepts, other various vendors, including interest payments of approximately $1,561,441.

Commitments-Special Assessment 2017/2021/2023

In 2023, the Association signed a contract with National Concrete Preservation, Inc., for Garage Deck Repairs and Waterproofing in the amount of $6,528,930. As of December 31, 2025, the contract increased with change orders to $11,151,773. The Association is committed to completing the project at an additional cost of approximately $879,085. Such projects are subject to change orders and professional fees as work progresses.

In 2020, the Association signed a contract with Investcom Construction LLC for West Deck and Garage Restoration in the amount of $2,815,500. In April 2021, the Association reached a settlement agreement and agreed to amend the original agreement and scope of work. The contract increased to $2,994,126, with change orders. In addition, the Association agreed to pay cost and legal fees of $205,874. As detailed below, (Note 12), a subsequent lawsuit was filed and is in the process of being litigated.

In 2021, the Association signed a contract with National Concrete Preservation, Inc., for light fixture removal, railing replacement and stairwell repairs in the amount of $207,278. As of October, 2024, the contract with change orders has increased to $332,032, as stated on Application for Payment #009. The Association completed the project has of December 31, 2025.

In 2023, the Association signed a contract with Alfresco Air LLC for replacement of the boiler system for the North and South Tower in the amount of $1,448,000. With change orders the project increased to $1,497,450 as of October 2024. Such projects are subject to change orders and professional fees as work progresses.

In 2023, the Association signed a contract with Thermal Concepts for replacement of the eight (8) hallway a/c units for the North and South Tower in the amount of $1,294,318. The Association completed the project as of December 31, 2025.

7. SPECIAL ASSESSMENT 2017 / SPECIAL ASSESSMENT 2021 / SPECIAL ASSESSMENT 2023 DEFERRED SPECIAL ASSESSMENT INCOME / UNBILLED SPECIAL ASSESSMENT RECEIVABLE / SUBSEQUENT EVENT (Continued)

Commitments-Special Assessment 2017/2021/2023 (Continued)

In 2023, the Association signed a contract with Thermal Concepts for replacement of the cooling towers North and South Tower in the amount of $1,922,940. The project was completed in 2025.

In 2023, the Association signed a contract with South Coast Restoration & Painting, LLC, for the façade Concrete repair project in the amount of $2,767,000. Subsequently, the contract has increased to $3,771,341, with change orders, as stated on Application #017 dated May 21, 2026. Such projects are subject to change orders and professional fees as work progresses

In 2023, the Association signed a contract with LG Consultants, LLC, for project management. The contract reflects a fee for Planning (Phase 1) of $17,500, Pre-Construction (Phase 2) monthly fees $22,325, Construction Administration (Phase 3) monthly fees $22,325 and Project Close Out (Phase 4) of $17,500. The Association is committed to funding the contract fees as work progresses.

In 2023, the Association signed a contract with The Falcon Group for the engineering inspection fees mechanical work and restoration repairs in the garage, billed hourly. Reimbursable expense, per the agreement, are to be added to invoices. The Association is committed to funding the contract fees as work progresses.

In 2023, the Associations signed a contract with Estrella Plumbing Contractor, Inc., for the main laundry drain stack replacement in the North and South towers in the amount of $179,720. The project was completed in 2025.

In 2023, the Association entered into a contract with SD Engineering and Construction, Inc., to act as the project manager for the three phases of the West Parking Deck project. The Association is committed to funding the contract fees as work progresses

In 2024, the Association entered into a contract with WDM Electric, Inc., to complete the 40-year inspection electrical repairs and modifications for $920,710. Subsequently, the contract has increased to $1,054,215, with change orders, as stated on Application #022, dated June 2026, when the final payment of $105,421 was requested.

In 2024, the Association entered into a contract with Smejoff Group, LLC for refinishing or replacing 167 elevator landing doors in the amount of $168,725. The contract increased to 169 doors for a total of $171,188. The project was completed in 2025.

In 2024, the Association entered into a contract with Smejoff Group, LLC for the Rotunda Renovation in the amount of In the Amount of $383,418. Such projects are subject to change orders and professional fees as work progresses. The Association is committed to funding the balance of the contract as work progresses.

In 2025 the Association signed a contract with MGC Systems Corp., for Fire Alarm and Fire Sprinkler installation in the amount of $3,232,400. As of January 31, 2026 the contract was increased to $3,404,625 with change orders. Such projects are subject to change orders and professional fees as work progresses. The Association is committed to funding the balance of the contract as work progresses.

7. SPECIAL ASSESSMENT 2017 / SPECIAL ASSESSMENT 2021 / SPECIAL ASSESSMENT 2023 DEFERRED SPECIAL ASSESSMENT INCOME / UNBILLED SPECIAL ASSESSMENT RECEIVABLE / SUBSEQUENT EVENT (Continued)

In 2025 the Association signed a contract with M.A. Construction Group, LLC for asphalt repairs in the amount of $546,657. The Association completed the project as of December 31, 2025.

In 2025 the Association signed a contract with Healthy Home Enterprises, LLC for asbestos abatement in the amount of $475,456, and an additional $68,000 for administrative cost. The Association is committed to funding the balance of the contract as work progresses. Such projects are subject to change orders and professional fees as work progresses

Retainage

Retainage of $481,759 is reflected on the balance sheet at December 31, 2025 and is due at the end of each project upon completion and approval from the engineers.

The balance of the Special Assessment 2017-2021 Fund at December 31, 2025, consists of the following:

	Deferred S/A Balance 12/31/2024	Activity 2025	Deferred S/A Balance 12/31/2025	S/A Budget
Income				
S/A II -2017 Billed	$8,033,819	$ 812,061	$8,845,880	$10,573,000
S/A 2021 Billed	1,213,000	0	1,213,000	1,213,000
Unbilled Special Assessment	7,890,457	(812,061)	7,078,396	0
S/A Interest Income	474,693	(9,698)	1,064,995	0
Loan Proceeds	0	0	0	1,620,946
S/A Interest Income	0	9,728	9,728	0
Interest Income	472	(267)	205	2,884,704
Total Income	17,612,441	(237)	18,212,204	16,291,650
Expenses				
S/A-Spent	(3,958,618)	(96,582)	(4,055,200)	0
S/A-Bank Loan Cost	(9,030)	0	(9,030)	0
S/A-Balcony & Railing	(21,549)	0	(21,549)	385,000
S/A-Elevator	(65,429)	0	(65,429)	401,000
S/A-Proj. Manager	(165,491)	0	(165,491)	150,000
S/A-Bldg. Exterior	(1,082,410)	0	(1,082,410)	750,000
S/A-Electric	(85,284)	85,284	0	302,000
S/A-Garage	(2,729,559)	(7,052)	(2,736,611)	8,700,000
S/A Spent HVAC R/R	(298,996)	0	(298,996)	0
S/A-Landscape/Irrigat.	(49,318)	0	(49,318)	713,750
S/A-Lobby Renov.	(2,085,415)	0	(2,085,415)	2,050,000
S/A-Pool Deck Repair	(158,349)	0	(158,349)	44,000
S/A-Roofs	(400,000)	0	(400,000)	800,000
S/A-Tiki/Tennis/Storage	(52,869)	0	(52,869)	53,900
S/A-Loan Interest	(1,161,603)	(287,713)	(1,449,316)	0
S/A-Professional and Consulting	(213,030)	0	(213,030)	0
S/A-Furniture	0	0	0	120,000
S/A-Landscape/Treehand	0	0	0	51,000
S/A-Plumbing	0	0	0	100,000
S/A-Asbestos Assess.	(7,036)	0	(7,036)	6,000
S/A-Engineering	0	0	0	1,514,000
S/A-Bank Service Charges	(25)	25	-	0
S/A-Permits	(25,260)	0	(25,260)	0
S/A-Generator	0	0	0	108,000
S/A-Fencing	0	0	0	22,000
S/A-Cameras	0	0	0	21,000
Operating transfer	(600,000)	0	(600,000)	0
Total Expenses	(13,169,271)	(306,038)	(13,475,309)	16,291,650
Total Deferred	$4,443,170	($306,275)	$4,736,895	$0

7. SPECIAL ASSESSMENT 2017 / SPECIAL ASSESSMENT 2021 / SPECIAL ASSESSMENT 2023 DEFERRED SPECIAL ASSESSMENT INCOME / UNBILLED SPECIAL ASSESSMENT RECEIVABLE / SUBSEQUENT EVENT (Continued)

The balance of the Special Assessment 2023 Fund at December 31, 2025, consists of the following:

	Deferred Balance 12/31/2024	Activity 2025	Deferred Balance 12/31/2025	S/A Budget
Income				
Special Assessment - Billed	$ 2,017,236	$ 3,591,484	$ 5,608,720	$ 20,951,000
Unbilled Special Assessment	22,982,764	(3,591,484)	19,391,280	0
S/A Interest Income	2,279,770	10,858	2,290,628	0
Interest Income	194	0	194	0
Total Income	27,279,964	10,858	27,290,822	20,951,000
Expenses				
S/A Spent	(6,805,574)	6,805,574	0	0
S/A Spent Expenses	(5,384,190)	(5,785,521)	(11,169,711)	0
S/A Spent Boiler	(306,450)	(10,416)	(316,866)	1,500,000
S/A Spent Elevator	(23,406)	0	(23,406)	300,000
Other	(127,684)	(226,985)	(354,669)	0
S/A Spent Project Manager	(335,017)	(267,900)	(602,917)	2,500,000
S/A Spent Seawall	(3,500)	0	(3,500)	630,000
S/A Spent Electric	(129,106)	(779,601)	(908,707)	1,050,661
S/A Spent Engineering	(218,121)	(395,325)	(613,446)	0
S/A Spent Beach Furniture	(7,650)	0	(7,650)	0
S/A Spent Garage	(219,261)	(4,535,720)	(4,754,981)	0
S/A Spent (ELSS)	(157,324)	(1,085,962)	(1,243,286)	0
S/A Spent HVAC R/R	(1,621,667)	135,420	(1,486,247)	0
S/A Spent Legal	(17,869)	0	(17,869)	0
S/A Spent Permits	(4,890)	(57,513)	(62,403)	0
S/A Spent Plumbing	(532,065)	(225,269)	(757,334)	500,000
S/A Spent Pool Deck Repair	(395)	0	(395)	0
S/A Restroom	(9,900)	0	(9,900)	0
S/A Spent Loan Interest	(500,345)	(1,273,728)	(1,774,073)	0
S/A Bad Debt	(74,499)	0	(74,499)	0
S/A Spent Professional and Fees	(122,607)	0	(122,607)	0
S/A Bank Charges	0	(23,334)	(23,334)	0
S/A Balconies	0	(509,159)	(509,159)	0
S/A Building	0	(1,980,220)	(1,980,220)	0
S/A Landscaping	0	(15,639)	(15,639)	0
S/A Lobby	0	(404,471)	(404,471)	0

Continued on next page:

7. SPECIAL ASSESSMENT 2017 / SPECIAL ASSESSMENT 2021 / SPECIAL ASSESSMENT 2023 DEFERRED SPECIAL ASSESSMENT INCOME / UNBILLED SPECIAL ASSESSMENT RECEIVABLE / SUBSEQUENT EVENT (Continued)

The balance of the Special Assessment 2023 Fund at December 31, 2025, consists of the following: (Continued)

	Deferred Balance 12/31/2024	Activity 12/31/2025	Deferred Balance 12/31/2025	S/A Budget
Expenses (Continued)				
S/A Spent Concrete Structural	0	0	0	4,600,000
S/A Spent Bonds and Permits	0	0	0	1,500,000
S/A Spent Cooling Towers	(191,158)	191158	0	2,500,000
S/A Spent Security System	0	0	0	200,000
S/A Spent Property Entrance	0	0	0	100,000
S/A Spent Gym	(5,824)	0	(5,824)	20,000
S/A Spent Library	0	0	0	55,000
S/A Spent Marina Room	0	0	0	100,000
S/A Spent Sauna (Men's)	0	0	0	20,000
S/A Spent Common Area Bathrooms	0	0	0	150,000
S/A Spent Salon De Esta	0	0	0	30,000
S/A Spent Auditorium	0	0	0	21,000
S/A Spent Card Room	0	0	0	20,000
S/A Spent Management Office	0	0	0	40,000
S/A Spent Business Center	0	0	0	20,000
S/A Spent Signage Entire Property	0	0	0	40,000
S/A Spent Roof Top Units	(3,415)	0	(3,415)	750,000
S/A Spent Asphalt	0	0	0	300,000
S/A Spent Project Kayak/paddleboard	0	0	0	25,000
S/A Spent Irrigation System	0	0	0	70,000
S/A Spent Valet Services	0	(88,572)	(88,572)	400,000
S/A Spent Contingency	0	0	0	3,509,339
Total Expenses	(16,801,917)	(10,533,182)	(27,335,099)	20,951,000
Balance at December 31, 2025	$ 10,478,047	$ (10,522,325)	$ (44,278)	$0

8. COMMITMENTS

The Association has various contract services to maintain the common property including management services, cable television service, common area landscaping, security service, maintenance service, janitorial, trash service, water treatment, and pest control. These contracts have different expiration dates and renewal terms.

9. LOAN PAYABLE – POPULAR BANK /SPECIAL ASSESSMENT 2017-2023

During November 2017, the Association ("Borrower") obtained a Line of Credit/Loan of $10,573,000 through and including December 1, 2029, maturity date. The Line of Credit/Loan was secured to fund the Special Assessment 2017 project, which includes concrete restoration of the east and west garage, planters, exterior building repairs, balconies, painting, lobbies and hallway restoration, rotunda, railings and gates, tennis courts, cameras, furniture, landscaping, other miscellaneous repairs, related costs, soft costs, plus any contingencies related to these projects.

For the year ended December 31, 2022, the interest rate was 3.75%. The Association loan balance was $6,676,693 as of December 31, 2022.

On April 17, 2023, the Association ("Borrower") obtained a master loan consisting of Tranche 1, $6,482,101 as a term loan to modify and extend the Borrower's existing loan and Tranche 2 a $25,000,000 non-revolving line of credit from Popular Bank ("Lender"). Tranche 1 will have a fixed 6.43% interest rate. Tranche 2 will have a fixed rate of 6.70%. The new loan (Tranche 2) provided continued funding for 40-year inspection repairs, related cost and operating fund shortfalls from prior years.

Tranche 1 requires consecutive monthly installments beginning June 1, 2023, thru maturity May 1, 2040, of $51,064 applied first to interest at the fixed rate with the balance applied the reduction of principal. The loan matures on May 1, 2040 ("Maturity Date") at which time the unpaid principal balance, if any, together with all interest accrued thereon shall be due and payable. The outstanding loan balance as of December 31, 2025, is $4,230,497.

For the current year ended, the Association had $612,765 of loan payments, consisting of $325,052 of principal and $287,713 of interest.

The principal payments for each year through maturity are as follows:

Year	Principal Payment
2026	$ 362,509
2027	387,557
2028	414,336
2029	442,964
2030	473,572
Thereafter	2,149,559
Total	$ 4,230,497

9. LOAN PAYABLE – POPULAR BANK /SPECIAL ASSESSMENT 2017-2023 (Continued)

Tranche 2 required interest only payments on the outstanding principal balance for the initial 24 months ("Line of Credit Period") beginning June 1, 2023. At the conclusion of the Line of Credit Period, the then outstanding principal balance converted on June 1, 2025, to a Term Loan, which requires 240 consecutive monthly payments of principal and interest. Tranche 2 requires consecutive monthly installments beginning June 1, 2025, thru maturity May 1, 2040, of $166,631 applied first to interest at the fixed rate with the balance applied the reduction of principal. The loan matures on May 1, 2040 ("Maturity Date") at which time the unpaid principal balance, if any, together with all interest accrued thereon shall be due and payable. The outstanding loan balance as of December 31, 2025, is $21,528,407.

For the current year ended, the Association had $1,575,742 of loan payments, consisting of $302,015 of principal and $1,273,728 of interest.

The principal payments for each year through maturity are as follows:

Year		Principal Payment
2026	$	570,652
2027		410,082
2028		652,236
2029		697,303
2030		745,484
Thereafter		18,452,650
Total	$	21,528,407

Throughout the term of the loan, the Borrower shall maintain its existing deposits accounts with the lender with a minimum average monthly balance of at least $500,000.

The unpaid principal balance of the loan may be paid, in whole or in part, at any time without penalty or prepayment premium, if funds sourced from operating and special assessments related to the Project (as defined in the Loan and Security Agreement) (collectively, the "Approved Sources") If a prepayment is derived from a refinancing of this loan payable from another lender, the Association will be subject to a prepayment penalty the greater of: (A) present value of the daily lost cash flow to Lender and the interpolated US Treasury Note/Bond rate for the remaining term of this note; or (B) one percent of the prepaid principal balance.

10. SECURITY DEPOSITS

The Association collects refundable security deposits from owners who rent their units. These funds are maintained in a separate non-interest-bearing checking account and are reflected in the accompanying financial statements as security deposits. For the year ended December 31, 2025, the security deposit balance was $290,335.

Due to limitations in the documentation and reconciliation procedures, the auditor was unable to obtain sufficient and appropriate audit evidence to verify the completeness and accuracy of these deposits. As a result, a qualified opinion was issued on the financial statements.

11. DEFICIT FUNDING 2025/DEFICIT OPERATING FUND BALANCE 2025

In the 2025, the Association budgeted $50,000 to replenish the prior year deficit operating fund balance. However, the Association has a current year deficit of $113,141 and a cumulative operating fund balance deficit of $207,535.

12. CONTINGENCIES

Insurance Deductible

The current property insurance policy contains a deductible for hurricane damage. Should the Association incur an uninsured loss, the Association has the right to increase maintenance fees, pass a special assessment or delay repairs until funds are available.

The Association was able to obtain coverage in 2025 for the entire building for wind events, thru reducing their potential liability.

Legal

The Association is from time-to-time subject to complaints and claims, including litigation, arising in the ordinary course of business. Management believes that none of the claims and complaints of which it is currently aware will materially affect its business, financial position, or future operating results with the exception to increase in legal costs which may or may not be covered by the Association’s director and officer’s insurance, although no assurance can be given with respect to the ultimate outcome of any such claims or with respect to the occurrence of any future claims.

Plaza Del Prado Condominium Association, Inc. adv. Steven Herschenhorn, as Parent and Natural Guardian of].H, a minor, Miami-Dade Circuit Court Docket No. 2025- 005156-CA-01.

The Complaint is for damages for an alleged trip and fall on potholes, uneven concrete and/or disrepair portions of the parking lot. Plaintiff alleges that due to Plaza Del Prado's failure to maintain and warn of a dangerous condition she has been damaged. The Association submitted this matter to its insurance carrier. The parties have exchanged written discovery and scheduled depositions. The Court issued an Order re-noticing the trial to October of 2026.

12. CONTINGENCIES (Continued)

Legal (Continued)

Plaza Del Prado Condominium Association. Inc. adv. Lisa Schwartzberg, Miami-Dade Circuit Court Docket No. 2026-004684-CA-01.

The Plaintiff has filed a lawsuit claiming negligence and declaratory judgment for a water leak caused by Co-Defendant and lead to damage of Plaintiff's unit. The Association submitted this matter to its insurance carrier. The projected trial date is January 19, 2027.

Plaza Del Prado Condominium Association. Inc. adv. Svetlana Naumenko, Miami- Dade Circuit Court Docket No. 2022-024221-CA-01

The Complaint filed on December 21, 2022, is a claim for personal injuries allegedly sustained on December 15, 2021. Plaza Del Prado submitted this claim to its insurance carrier, which is defending the case. We are not aware of any reservation of rights by the insurance carrier at this time. The case was set for trial in May 2025. No information regarding this matter has been presented.

Plaza Del Prado Condominium Association, Inc. adv. Investcom Construction, LLC, Miami-Dade Circuit Court Docket No. 2022-023691-CA-01.

On March 6, 2020, Plaza Del Prado and Investcom entered into a Design and Build Lump Sum Agreement to restore the west deck and garage at Plaza Del Prado. Shortly after work commenced, the Association's Engineer noticed defects which Investcom refused to fix.

In 2021, a settlement was reached, however the terms of which were not fully realized and the Association has found it necessary to continue with further litigation. On May 31, 2023, the court ordered a stay in this case and placed it on inactive status for the purpose of the parties pursuing an arbitration. Subsequently a Voluntary Dismissal as to Plaza Del Prado was filed on April 1, 2024, and a Motion to reopen the case was filed on May 23, 2024, due to Plaza Del Prado winning an Arbitration case concerning the validity of the lien and amounts paid pursuant to the lien. The Dismissal was vacated on June 18, 2024. The proceedings in this case were stayed by the Third DCA on June 21, 2024.

Plaza Del Prado Condominium Association, Inc. adv. Sandra L. Kalanick Miami- Dade Circuit Court Docket
No. 2023-021421-CA-Ol.

The Complaint filed on August 15, 2023, alleges that Plaza Del Prado failed to comply with the Declaration, Articles and Bylaws as well as Florida Statutes Chapter 718, the Florida Condominium Act. Subsequently a Motion for Partial Summary Judgment was filed on behalf of Plaza Del Prado on April 4, 2024, and denied on November 8, 2024. The case was dismissed with prejudice and a settlement was reached during 2025. The Association received a check for $62,927, net of related reimbursements.

Subsequent Events

The Association has eight pending foreclosures in various states in 2026. Two are scheduled for sale in August, Two have agreements for payment in full. One has been sold to a third party. Two are pending hearings. One is in process of resolution, if not resolved will proceed to a hearing.

12. CONTINGENCIES (Continued)

Milestone Inspection

Florida Statutes § 553.899 require the Association to complete milestone inspections once the building reaches 30 years of age, based on the date of certificate of occupancy for the building was issued, and every 10 years thereafter. Accordingly, it is possible that the Association may incur substantial costs to correct identified deficiencies, if any, as a result of these required milestone inspections. The timing, scope, and cost of the required inspections and certain resulting work, if any, cannot be reasonably estimated; therefore, no provision has been recorded in these financial statements. Deficiencies identified in the required milestone inspections may require funding through special assessments, increased reserve contributions, or external financing, depending on the findings and available reserves. The Association will assess the financial impact once cost estimates, if any, become available.

13. LAUNDRY INCOME

The Association contracts with a third-party provider to operate laundry machines for owner use. The Association receives a quarterly commission from this arrangement.

14. CABLE INCENTIVES

During 2021, the Association received a total of $186,900 in incentives/rebates related to cable services as consideration for entering into an easement/bulk Service Agreement. The balance is being amortized over the 10-year term of the agreement. As of December 31, 2025, the deferred cable incentive balance is $98,123.

15. INSURANCE PROCEEDS

The Association filed a claim related to water damage originating from an owner’s unit. The Association received insurance proceeds of $22,112 in 2025 to reimburse expenses incurred in 2024. Both the related insurance income and expenses were reported in the financial statements as of December 31, 2024.

The Association filed a claim for lightning-related elevator damage, which the insurer denied on July 2025, due to a policy exclusion.

In May 2026, the Association received $24,353 for a separate claim involving July 2025 water damage that originated from an owner's unit.

16. SUBSEQUENT EVENTS

As of the Report Date, the following subsequent events are reported.

The Association received a Department of Business and Professional Regulation penalty notice in 2026. The matter has been settled with the Association accepting and forwarding payment of fines assessed.

SUPPLEMENTARY INFORMATION

www.grgcpa.com
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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

Board of Directors and Unit Owners
Plaza Del Prado
Condominium Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Plaza Del Prado Condominium Association, Inc., as of and for the years ended December 31, 2025, and our report thereon dated August 29, 2026, which expressed an unmodified opinion on those financial statements.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Supplementary Information on Future Major Repairs and Replacements be presented to supplement the basic 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Detailed Statement of Operating Revenues and Expenses Budget Comparison is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of 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, except for the matters described in the "Basis for Qualified Opinion" section of the auditor's report, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Gerstle, Rosen & Goldenberg, P.A.

GERSTLE, ROSEN & GOLDENBERG, P.A.
Certified Public Accountants
Hollywood, Florida
August 29, 2026

PLAZA DEL PRADO
CONDOMINIUM ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS

December 31, 2025
(Unaudited)

The Association had conducted on November 6, 2024 both a structural integrity reserve study ("SIRS"), as required by Senate Bill 154 and a Non-SIRS reserve study on to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on estimates from historical experience. Reserve Study Standards characterizes baseline funding as establishing a reserve-funding goal of never allowing the reserve cash balance to be below zero during the cash flow projections. Actual expenditures may vary from these estimated amounts and the variance may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The following presents significant information about the components of common property:

	ESTIMATED REMAINING USEFUL LIVES	ESTIMATED CURRENT REPLACEMENT COSTS	2026 FUNDING REQUIREMENT
"SIRS" COMPONENTS			
Waterproofing and Exterior Painting	11 - 20 Years	$ 9,359,741	
Windows and Exterior Doors	7 Years	774,000	
Building Exteriors	4 - 14 Years	4,331,241	
Other SIRS Related Components	14 - 30 Years	13,798,924	
Roof	10 - 16 Years	3,470,000	
Fireproofing and Fire Protection Systems	16 - 24 Years	1,240,000	
Electrical Systems	15- 49 Years	216,400	
Plumbing	7 - 18 Years	779,000	
2024 Baseline Funding Recommended			$ 1,717,897
TOTAL "SIRS" COMPONENTS		33,969,306	1,717,897
"NON-SIRS" COMPONENTS			
Mechanical/Electrical/Plumbing	7 - 29 Years	6,740,850	
Interiors and Amenities	2 - 20 Years	915,200	
Site and Grounds	4 - 29 Years	320,740	
2024 Baseline Funding Recommended			546,346
TOTAL "NON-SIRS" COMPONENTS		7,976,790	546,346
TOTAL		$ 41,946,096	$ 2,264,243

For the fiscal year ending, December 31, 2026, the Association elected to fund $1,717,897 to the "SIRS" and $120,000 to the "Non-SIRS" Pooled Replacement Fund Components.

See independent auditors' report.

PLAZA DEL PRADO
CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTAL INFORMATION

DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON

Year Ended December 31, 2025

	ACTUAL	BUDGET (Unaudited)	VARIANCE
REVENUES:			
Member Assessments	$ 7,171,401	$ 7,171,345	$ 56
Rental Income	11,533	15,000	(3,467)
Credit Losses	(75,000)	(75,000)	0
Cable Proceeds	18,690	0	18,690
FOB Income	10,441	12,000	(1,559)
Interest Income	1,531	580	951
Late Fee Income	16,981	8,000	8,981
Laundry Income	106,306	105,000	1,306
Legal Settlement Income	62,927	0	62,927
Application/Screening	16,136	16,200	(64)
Parking Income	15,895	140,000	(124,105)
Parking Rent/Fees	1,985	4,000	(2,015)
OTHER INCOME			
Administrative Income	100	0	100
Architectural Review Fees	0	3,000	(3,000)
Construction Fee Income	300	0	300
Dumpster Fee Income	75	0	75
Finance Charges	37,909	0	37,909
Non Sufficient Fee Income	1,790	1,000	790
Other Income	12	0	12
Parking Income-Motorcycle & Bicycle	420	0	420
Pet Fees	1,430	3,000	(1,570)
Rental / Reservation Fee	1,102	600	502
Storage Income	6,000	3,000	3,000
Trash Removal Income	1,970	5,500	(3,530)
Valet Income	200	0	200
Violation / Fine Income	6,150	8,000	(1,850)
Boat Registration	1,800	500	1,300
Vehicle Registration	3,345	3,800	(455)
Water Shutoff Fee	1,600	4,000	(2,400)
TOTAL OTHER INCOME	64,203	32,400	31,803
TOTAL REVENUE	7,423,029	7,429,525	(6,496)

PLAZA DEL PRADO
CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTAL INFORMATION

DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON

Year Ended December 31, 2025

	ACTUAL	BUDGET (Unaudited)	VARIANCE
EXPENSES:			
ADMINISTRATIVE EXPENSES			
Accounting Other	20,599	12,000	(8,599)
G&A-Fees	3,576	0	(3,576)
Annual Budget Processing	12,266	0	(12,266)
Application/Screening Fees	8,668	8,910	242
Bank Charges	2,435	4,000	1,565
Computer Expense & Repair	3,024	2,000	(1,024)
Fees Payable to Division	0	2,504	2,504
Information Technology	6,104	6,000	(104)
Legal Expense	80,190	70,000	(10,190)
Legal Fees Collections	0	12,000	12,000
Legal Settlement	98,911	0	(98,911)
Licenses & Permits	16,591	12,000	(4,591)
Office Supplies	10,362	15,000	4,638
Printing & Postage	15,566	12,000	(3,566)
Prior Year Deficit Funding	0	50,000	50,000
Social Functions	4,390	5,000	610
Taxes Sales Tax	4,166	7,000	2,834
Violation/Fines	9,391	10,000	609
TOTAL ADMINISTRATIVE EXPENSES	296,239	228,414	(67,825)
UTILITIES			
Electricity	437,096	432,000	(5,096)
Natural Gas	61,233	51,600	(9,633)
Telephone	11,858	11,000	(858)
Water & Sewer	469,657	850,000	380,343
TOTAL UTILITIES	979,844	1,344,600	364,756

PLAZA DEL PRADO
CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTAL INFORMATION

DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON

Year Ended December 31, 2025

	ACTUAL	BUDGET (Unaudited)	VARIANCE
EXPENSES (Continued)			
CONTRACTS			
Air Cond/HVAC System	192,824	197,064	4,240
Cable TV	478,924	517,830	38,906
Cooling Tower	7,380	18,000	10,620
Elevator Contract	46,370	63,237	16,867
Equipment Lease	998	3,058	2,060
Equipment Lease Radios	9,472	8,900	(572)
Fire Alarm Contract	9,230	8,958	(272)
Fitness Center/Gym	29,116	32,028	2,912
Floor Mats	2,807	3,376	569
Generator	991	3,398	2,407
Janitorial Services	363,922	422,240	58,318
Landscaping/Grounds Contract	28,440	29,862	1,422
Landscaping Tree Trimming	10,852	5,092	(5,760)
Management Overhead Fee	9,312	7,622	(1,690)
Management Services	126,316	126,326	10
Management Web Hosting	3,600	3,653	53
Pest Control	36,614	29,376	(7,238)
Pool Contract	25,530	27,456	1,926
Roof	250	25,000	24,750
Security Services	443,898	364,700	(79,198)
Trash Removal	48,568	57,000	8,432
Water Treatment	7,704	7,489	(215)
TOTAL CONTRACTS	1,883,118	1,961,664	78,546
INSURANCE			
Insurance	3,123	5,491	2,368
Insurance Boiler & Machinery	11,320	11,801	481
Insurance Crime	1,632	1,726	94
Insurance Directors & Officers	39,592	56,400	16,808
Insurance Finance Charges	31,890	63,329	31,439
Insurance Flood	33,923	35,580	1,657
Insurance General Liability	476,175	501,795	25,620
Insurance Legal Defense	8,175	8,584	409
Insurance Property	433,450	557,890	124,440
Insurance Windstorm	1,525,071	738,958	(786,113)
Insurance Worker's Compensation	509	593	84
TOTAL INSURANCE	2,564,860	1,982,147	(582,713)

PLAZA DEL PRADO
CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTAL INFORMATION

DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON

Year Ended December 31, 2025

	ACTUAL	BUDGET (Unaudited)	VARIANCE
EXPENSES (Continued)			
REPAIRS & MAINTENANCE			
Air Cond/HVAC Repairs	49,115	45,000	(4,115)
Boiler Repairs & Maint.	510	6,500	5,990
Building Repairs & Maint	34,980	40,000	5,020
Contingency	169,622	110,000	(59,622)
Doors	6,740	5,000	(1,740)
Electrical Supplies & Repair	34,204	30,000	(4,204)
Elevator R&M	24,279	50,000	25,721
Elevators Inspections	3,931	8,000	4,069
Equipment/Tools	6,663	15,300	8,637
Fire Safety Equipment	33,213	5,000	(28,213)
Fire Sprinkler Repairs	2,400	3,000	600
Fitness Center	860	0	(860)
Fitness Center/Gym Supplies	4,352	2,000	(2,352)
Fuel	250	800	550
Gate Repair Expenses	27,277	22,500	(4,777)
Generator	3,432	3,500	68
Golf Carts	11,987	14,500	2,513
Lights Bulbs	212	0	(212)
Maintenance Supplies	28,032	22,000	(6,032)
Painting & Supplies	8,815	30,000	21,185
Plumbing R&M	231,928	60,000	(171,928)
Pool Repairs & Supplies	29,429	20,000	(9,429)
Roof R&M	0	6,600	6,600
Signage	20,004	5,000	(15,004)
Trash Chute R&M	16,271	20,000	3,729
Trash Collection Bulk	10,408	9,000	(1,408)
TOTAL REPAIRS & MAINTENANCE	758,914	533,700	(225,214)
PAYROLL & BENEFITS			
Payroll & Benefits	1,053,195	1,379,000	325,805
TOTAL PAYROLL & BENEFITS	1,053,195	1,379,000	325,805
Total Operating Expenses	7,536,170	7,429,525	(106,645)
Excess Operating Revenues (Expenses)	$ (113,141)	$0	$ (113,141)