Treasurer's Report June 2023

Residents of Lantana, both old and new—this report will be an attempt to update you on the status of our financial affairs. A lot of financially significant events have happened thus far in 2023, both planned and unplanned. Fortunately, planning by the previous board has helped us to manage and mitigate everything so far with the funds we have (or will have by the end of the year). In this report, I've tried to put information that would answer questions I would have if I wasn't on the board.

1. Where do we keep our money?

Last year, during the transition from Keys Property Management (KPM) to Dependable Property Management (DPM), changes were made regarding the banks that held our money and the types of accounts our money was in. Below is our current set-up:

- **TD Bank Checking Acct** - this account contains our Operating Fund and our Special Assessment Fund. (Note: The Operating Fund money and the Special Assessment money should not be in the same checking account. This will be corrected when the current special assessment ends in September. In the future, this will not be done again).

- **TD Bank MMkt Acct** – this account contains our Reserve Fund.

- **Valley National Bank MMkt Acct** – this account contains a Catastrophic Loss Fund (to be used to pay deductibles for large insurance claims).

- **Valley National Bank Line of Credit** – we have a $250K line of credit available to us in the event we need a large sum of money quickly (say in the event we had massive hurricane damage and needed to get repairs started right away).

2. How much money do we have?

Below are the bank statement balances for each of our accounts as of May 31, 2023.

- TD Bank Checking - $ 67,568.15 (Operating and Special Assessment)

- TD Bank MMkt - $315,828.45 (Pooled Reserves)

- Valley Bank MMkt - $ 41,531.69 (Catastrophic Fund)

- Valley Bank Line of Credit - $250,000.00 (credit available but not in use)

3. How much money do we bring in each month for expenses?

Last year's Board of Directors (along with help of the Budget Committee) established this year's budget along with the amount of our monthly dues. You can see their explanation for how they came up with both in a letter that all current owners (Dec 2022) received. If you have lost that information or were not a resident at the time, you can retrieve that information on the Lantana Oceanfront website in the Resident's Area (Financials->Budgets->2023 Lantana Proposed Budget). I'll provide you a breakdown of it below:

Monthly Assessment $784.00 → $562.68 for operating expenses
$221.32 for funding pooled reserves

Each month → $562.68 x 96 = $54,017.28 for operating expenses
$221.32 x 96 = $21,246.72 for pooled reserves

The previous boards (2021 and 2022) voted to establish 2 special assessments—one for $6000.00 and one for $3000.00. They were both absolutely necessary to fund the balcony repair/restoration that was completed in May of this year because there wasn't enough in reserves to do it. Here's a breakdown of those:

$6000.00 **Assessment #1**: $500.00 x 12 months x 96 units = $576,000.00
$3000.00 **Assessment #2**: $500.00 x 6 months x 96 units= $288,000.00 (will be finished in Sep 23)

4. Do we have enough money to pay our expenses?

Currently our cash flow is tight because some large invoices have come in for which we have not yet received money to pay them. A prime example is the balcony repair project. Below is a breakdown of the actual costs of the balcony repair and the source of funds to pay for it:

2023 Balcony Repair costs →	Southern Post Tension	$318,778.25
	MBV Engineering	$ 5,392.10
	Space Coast Stucco	$120,888.00
		$445,058.35

2023 Balcony Repair Funding →	Remaining SA $ from 2022	$134,533.60
	Special Assess #2 (thru Sep)	$288,000.00
		$422,533.60

The summary above assumes the entire assessment #2 has been received. It has not. The total amount will be collected by September of 2023, but we have been billed and paid for the project as of the end of May. You may also note that the balcony repair went above the assessment by over $22,000.00. Fortunately, we have reserve funds that can cover both short falls. As the special assessment payments come in, we will replenish the reserve funds we use. The $22K shortfall will come from the pooled reserves (which should have been used to fund the project in the first place).

This same issue exists in a couple of other areas in the budget, but as more funds come in (both operating and special assessment) and less funds go out, the issue should resolve itself by the end of summer.

5. Summary of Planned and Unplanned Projects for this year so far:

As I said earlier, there were planned and unplanned projects for this year. Below I will try to summarize how we have handled or plan to handle most of them. Any savings (or overages) are based on the planned cost from the reserve schedule or the budget. Basically, we have saved on some projects to cover the overages or pay for unexpected projects.

Planned Projects (already done or to be done)–

2023 Balcony Repair – discussed above, used special assessment and reserve funds

Electric Vehicle (EV) project – used reserve funds, saved $2638.52

Fire sprinkler backflow system – using reserve funds, on track to be well below planned cost

Mansard roof repair Bldg 2 – using reserve funds, expect to be over budget by $7000.00

Common condo door replacement (roof, clubhouse) – ongoing, will use reserve funds, expect to be near planned budget

Clubhouse elevator update/replacement – will use reserve funds, will decide before the end of the year which option we can afford to do

Lobbies and lobby doors – will use reserve funds, will evaluate how much we can afford to do later in the year

Unplanned Projects -

Dune crossover – used reserve funds, did repair vs replacement due to cost, saved $22000.00

Lobby Gardens – used operating funds, reallocated landscaping funds to pay for it

Clubhouse ductwork repair – used operating funds, reallocated general maintenance repair funds

Lightning strikes/elevator repairs – occurred in Bldg 1 and 4, will be filing an insurance claim for both

6. Where are my financial statements?

Your financial statements are coming. They are delayed because the financial statements for the last three months of 2022 have discrepancies that need to be resolved. These are not improprieties or misuse of funds, but rather accounting entry issues. Our association switched Condo Association Managers (CAMs) last year (in September) which caused a change in accounting software, changes in banking institutions, and bills from last year arriving as late May of this year because vendors didn't get the new property manager's address. Our financial books are being audited right now. Based on the recommendation of the auditor, we will be providing "raw financial data" (straight bookkeeping) to her and then having her indicate where adjusting entries may be necessary. It is the desire of your current board as well as the previous board that this is all done properly and in compliance with all statutes and laws.

At the end of this report, I have attached a worksheet/spreadsheet that we have used to keep track of our cash flow. **It is not an official financial statement!** It is merely a reference with approximate numbers to let you see in much simpler terms (hopefully) that our financial situation is good.

Closing Thoughts

I have tried to give you some idea of how we are doing financially. We, as a board, are doing the best we can to be good stewards of your and our money. The previous boards did the same thing. In the next few months, we'll begin working on next year's budget and the reserve schedule. By then we'll have financial statements and a clearer picture of what Florida state bill SB134 requires of our reserve funds.

Lantana Oceanfront Condominiums Treasurer