

**Indies West Association, Inc.**

**Financial Statements and  
Supplementary Information**

**Year Ended  
March 31, 2025**

## Table of Contents

Independent Auditor's Report.....	1 - 3
-----------------------------------	-------

### **Financial Statements**

Balance Sheet.....	4
Statement of Revenues and Expenses.....	5
Statement of Changes in Fund Balances.....	6
Statement of Cash Flows.....	7 - 8
Notes to the Financial Statements.....	9 - 18

### **Supplementary Information (Unaudited)**

Schedule of Future Major Repairs and Replacements.....	19 - 21
Statement of Revenues and Expenses - Operating Fund.....	22 - 24



INTEGRITY.....KNOWLEDGE.....SERVICE.....COMMITMENT®

### **Independent Auditor's Report**

To the Board of Directors  
Indies West Association, Inc.  
Naples, Florida

#### ***Opinion***

We have audited the accompanying financial statements of Indies West Association, Inc. (the "Association"), which comprise the balance sheet as of March 31, 2025, and the related statements of revenues and expenses, 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 Indies West Association, Inc. as of March 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 Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Indies West Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter***

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed in Note E are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to this matter.

#### ***Other Matter***

As of March 31, 2025 the Association's liabilities exceeded its assets by \$499,007. Management believes the Association will generate sufficient capital to satisfy operating expenses for the twelve month period subsequent to the date the financial statements were available to be issued. Our opinion is not modified

#### **Affiliation**

Florida Institute of Certified Public Accountants  
American Institute of Certified Public Accountants

1-855-STROEMER ♦ [www.stroemercpa.com](http://www.stroemercpa.com)  
14030 Metropolis Avenue, Suite 200, Fort Myers, FL 33912

Fort Myers ♦ Jacksonville\* ♦ Miami ♦ Naples\* ♦ Orlando\* ♦ Tampa\* ♦ West Palm Beach\*

\*By Appointment Only

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 Indies West Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Indies West Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Disclaimer of Opinion on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property 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.

***Disclaimer of Opinion on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary statement of revenues and expenses - operating fund, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.



Stroemer & Company, LLC  
Fort Myers, Florida  
August 23, 2025

Indies West Association, Inc.  
Balance Sheet  
March 31, 2025

	Operating Fund	Replacement Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 71,567	\$ 856,009	\$ 927,576
Certificates of deposit	79,991	-	79,991
Investments	447,582	145,957	593,539
Other receivable	210	-	210
Insurance claim receivable	358,835	-	358,835
Prepaid insurance	479,035	-	479,035
<b>Total assets</b>	<b>\$ 1,437,220</b>	<b>\$ 1,001,966</b>	<b>\$ 2,439,186</b>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accrued liabilities	\$ 701,378	\$ -	\$ 701,378
Taxes payable	21,999	-	21,999
Prepaid assessments	11,448	-	11,448
Prepaid special assessments	16,265	-	16,265
Long term debt	1,185,137	-	1,185,137
Deferred maintenance and capital expenditures	-	1,001,966	1,001,966
<b>Total liabilities</b>	<b>1,936,227</b>	<b>1,001,966</b>	<b>2,938,193</b>
<b>Fund balances</b>	<b>(499,007)</b>	<b>-</b>	<b>(499,007)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,437,220</b>	<b>\$ 1,001,966</b>	<b>\$ 2,439,186</b>

The accompanying notes are an integral part of this statement.

**Indies West Association, Inc.**  
**Statement of Revenues and Expenses**  
**Year Ended March 31, 2025**

	Operating Fund	Replacement Fund	Total
<b>Revenues</b>			
Assessments revenue	\$ 1,640,000	\$ 112,959	\$ 1,752,959
Insurance claim	764,735	-	764,735
Special assessments	588,201	-	588,201
Interest income	-	93,035	93,035
Boat slip assessments	30,000	-	30,000
Other income	4,604	-	4,604
Paddleboard and kayak assessments	1,125	-	1,125
Total revenues	3,028,665	205,994	3,234,659
<b>Expenses</b>			
Insurance	684,252	-	684,252
Payroll and benefits	265,598	-	265,598
Hurricane expenses	216,072	-	216,072
Reserve expenses	-	205,994	205,994
Maintenance and security	121,823	-	121,823
Other expenses	120,007	-	120,007
Utilities	115,786	-	115,786
Landscaping	62,338	-	62,338
Professional fees	29,155	-	29,155
Total expenses	1,615,031	205,994	1,821,025
<b>Excess of revenues over expenses</b>	<b>\$ 1,413,634</b>	<b>\$ -</b>	<b>\$ 1,413,634</b>

The accompanying notes are an integral part of this statement.

Indies West Association, Inc.  
Statement of Changes in Fund Balances  
Year Ended March 31, 2025

	Operating Fund	Replacement Fund	Total
Balances, April 1, 2024	\$ (1,912,641)	\$ -	\$ (1,912,641)
Excess of revenues over (under) expenses	1,413,634	-	1,413,634
<b>Balances, March 31, 2025</b>	<b>\$ (499,007)</b>	<b>\$ -</b>	<b>\$ (499,007)</b>

The accompanying notes are an integral part of this statement.

Indies West Association, Inc.  
Statement of Cash Flows  
Year Ended March 31, 2025

	Operating Fund	Replacement Fund	Total
<b>Cash flows from operating activities:</b>			
Cash collected from unit owners	\$ 1,639,237	\$ 480,000	\$ 2,119,237
Insurance claim proceeds received	405,900	-	405,900
Interest income received	-	93,035	93,035
Special assessments collected from unit owners	56,342	-	56,342
Other income received	4,604	-	4,604
Interest paid	(27,068)	-	(27,068)
Cash paid for income taxes	(22,000)	-	(22,000)
Cash expenditures	(2,354,294)	(205,994)	(2,560,288)
<b>Net cash provided by operating activities</b>	<u>(297,279)</u>	<u>367,041</u>	<u>69,762</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sales of investments	747,358	-	747,358
Purchases of certificates of deposits	(79,991)	-	(79,991)
Reinvested interest	(3,766)	-	(3,766)
Purchase of investments	(589,773)	-	(589,773)
<b>Net cash provided by investing activities</b>	<u>73,828</u>	<u>-</u>	<u>73,828</u>
<b>Cash flows from financing activities:</b>			
Principal payments on note payable	(126,763)	-	(126,763)
Interfund transfers, net	(488,968)	488,968	-
<b>Net cash used in financing activities</b>	<u>(615,731)</u>	<u>488,968</u>	<u>(126,763)</u>
<b>Net increase in cash and cash equivalents</b>	<u>(839,182)</u>	<u>856,009</u>	<u>16,827</u>
Cash and cash equivalents at beginning of year	910,749	-	910,749
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 71,567</u></u>	<u><u>\$ 856,009</u></u>	<u><u>\$ 927,576</u></u>

The accompanying notes are an integral part of this statement.

Indies West Association, Inc.  
Statement of Cash Flows (Continued)  
Year Ended March 31, 2025

	Operating Fund	Replacement Fund	Total
<b>Reconciliation of excess of revenues over (under) expenses to net cash provided by operating activities</b>			
Excess of revenues over (under) expenses	\$ 1,413,634	\$ -	\$ 1,413,634
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
(Increase) decrease in assets:			
Other receivable	5,613	-	5,613
Insurance claim receivable	(358,835)	-	(358,835)
Prepaid insurance	103,113	-	103,113
Increase (decrease) in liabilities:			
Accounts payable	(105)	-	(105)
Accrued liabilities	(840,461)	-	(840,461)
Taxes payable	878	-	878
Deferred special assessments	(433,333)	-	(433,333)
Prepaid assessments	(31,888)	-	(31,888)
Prepaid special assessments	(98,526)	-	(98,526)
Other liabilities	(57,369)	-	(57,369)
Deferred maintenance and capital expenditures	-	367,041	367,041
<b>Net cash provided by operating activities</b>	<b>\$ (297,279)</b>	<b>\$ 367,041</b>	<b>\$ 69,762</b>

The accompanying notes are an integral part of this statement.

**Indies West Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended March 31, 2025**

**Note A - Summary of Significant Accounting Policies**

**1. Nature of organization**

Indies West Association, Inc. (the "Association") was incorporated on December 30, 1977 under Chapter 617 of the Florida Statutes as a corporation not-for-profit to administer the operation and management of the common property of Indies West. The Amended and Restated Declaration of Condominium was recorded in the official records of Collier County, Florida, on March 6, 1995 as a condominium pursuant to Chapter 718 of the Florida Statutes. The Association consists of 80 residential units, located in Naples, Florida.

**2. Fund accounting**

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.

The Association prepares its financial statements on the accrual basis of accounting in accordance with Topic 972 of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), "Real Estate - Common Interest Realty Associations".

**3. Management estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Association to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**4. Cash and cash equivalents**

For purposes of reporting cash flows, the Association considers all short-term highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**5. Investments**

Investments consist primarily of US Treasuries. The Association accounts for investments in accordance with FASB ASC Topic "Accounting for Certain Investments in Debt and Equity Securities". This standard requires that debt securities classified as held-to-maturity are presented

Indies West Association, Inc.  
Notes to the Financial Statements  
Year Ended March 31, 2025

**Note A - Summary of Significant Accounting Policies (continued)**

**Investments (continued)**

in the balance sheet at amounts that approximate amortized cost. The premium/discounts and realized/unrealized gains and losses are reflected in the statement of revenues and expenses.

**6. Assessments receivable**

Assessments receivable are carried at the original charge amount less an estimate made for doubtful receivables, if any, based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Assessments receivable are written off when deemed uncollectible. Recoveries of assessments receivable previously written off are recorded as income when received.

An assessment receivable is considered to be past due if any portion of the receivable balance is outstanding for more than one month. A late fee is charged on assessments receivable that are outstanding for more than one month and is recognized as income as it is charged.

The Association had no assessments receivable as of March 31, 2025.

**7. Fair value of financial instruments**

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

**8. Concentration of credit risk**

The Association maintains accounts at financial institutions in bank deposits which, at times, may exceed federally-insured limits. The Association has not experienced any losses on such accounts and believes it is not exposed to any significant risk on cash.

Concentration of credit risk with respect to the receivables relate to billings to unit owners who pay quarterly assessments and live within the Association. The Association does not anticipate credit losses in the near future.

**9. Property and equipment**

Common property of the Association is accounted for in accordance with ASC Subtopic 972-360, "Real Estate - Common Interest Realty Associations - Property, Plant, and Equipment". It is the Association's responsibility to preserve and maintain the common property.

Real property is not recognized as an asset.

Common real property to which the Association has title, or other evidence of ownership, that is not recognized as assets in the Association's balance sheet consists of buildings, a clubhouse, seawalls, a pool, and roadways.

Indies West Association, Inc.  
Notes to the Financial Statements  
Year Ended March 31, 2025

**Note A - Summary of Significant Accounting Policies (continued)**

**10. Prepaid assessments**

Prepaid assessments represent amounts paid to the Association before the assessments were due.

**11. Revenue recognition**

The following is a description of principal activities from which the Association generates its revenue and their respective treatment under ASC 606.

Operating assessments

The Association's annual budget is the basis for establishing the annual assessment required from each unit owner to cover the Association's operating expenses. Each unit owner is an Association member and a pro-rata portion of all assessments are billed to each unit owner and payable quarterly. The performance obligation for operating assessments is the maintenance and management of the common area property of the Association. The Association recognizes revenue from operating assessments on a daily pro-rata basis using the input method to the extent that collection of the assessments is probable.

Replacement reserve assessments

The Association's annual budget is the basis for establishing the annual assessment required from each unit owner to cover the Association's estimated future major repairs and replacements. Each unit owner is an Association member and a pro-rata portion of all assessments are billed to each unit owner and payable quarterly. The performance obligation for replacement reserve assessments is the expenditure of the assessed funds for the intended purpose. The Association recognizes revenue from replacement reserve assessments when or as the related expenditures are made (generally at a point in time) to the extent that collection of the assessments is probable. Unspent replacement reserve assessments are presented as a contract liability on the balance sheet (deferred maintenance and capital expenditures).

Special assessments

The Association has the authority to levy special assessments, subject to unit owner approval in some circumstances, as specified in their governing documents or state statutes. The performance obligation is the expenditure of the assessed funds for the intended purpose and until then are reflected as contract liabilities on the balance sheet (deferred special assessments). The Association recognizes revenue from special assessments when or as the performance obligations, as indicated by the purpose or use of the special assessment funding, are satisfied (generally at a point in time) to the extent that collection of the assessments is probable.

Ancillary operations

Ancillary operations describe any Association activities other than the ordinary maintenance, security, governance, and administrative activities common to most associations. The

**Indies West Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended March 31, 2025**

**Note A - Summary of Significant Accounting Policies (continued)**

**Revenue recognition (continued)**

Association's ancillary operations include:

- Boat slip assessments
- Paddleboard and kayak assessments
- Other income

The Association recognizes revenues from these ancillary operations as the Association's performance obligation for those operations is satisfied. Generally, this is at a point in time when the goods or services are provided.

**12. Income taxes**

The Association may be taxed as a regular corporation or may elect to be taxed as a homeowners association. For the year ended March 31, 2025, the Association elected to file its income tax return as a homeowners association in accordance with Internal Revenue Code Section 528. Under that Section, the Association excludes from taxation exempt function income, which generally consists of revenue from uniform assessments to unit owners. The Association's investment and other nonexempt income net of related expenses is subject to federal income tax at a rate of 30%. Homeowners associations are exempt from Florida income tax. There was \$22,878 income tax expense for the year ended March 31, 2025. The Association made no estimated payments for the current year and there was an over payment of \$879 of prior year tax liability. Therefore, there is \$21,999 included as income tax payable on the accompanying balance sheet.

The Association follows ASC Topic 740, "Income Taxes" in accounting for uncertain tax positions. The Association's tax filings are generally subject to examination by taxing authorities for three years after the returns are filed. The Association has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Association has taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

**13. Recent legislative changes**

There have been significant Florida legislative changes created as a result of Senate Bill 4-D which was enacted May 26, 2022, and Senate Bill 154 which was enacted June 9, 2023. The legislation requires the following:

Milestone Inspection - a mandatory structural inspection that applies to condominiums that have buildings with three or more stories tall. Its purpose is to determine the structural condition of the building. The inspection must be performed by a team of professionals with an architect or engineer acting as a registered design professional in charge. The milestone inspection must be performed by December 31 of the year when the condominium building reaches 30 years of age; and every ten years thereafter. If the building reaches 30 years of age before July 1, 2022, the initial milestone must be performed before December 31, 2024. If a building reaches 30 years of

**Indies West Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended March 31, 2025**

**Note A - Summary of Significant Accounting Policies (continued)**

**Recent legislative changes (continued)**

age after July 1, 2022, and before December 31, 2024, the initial milestone must be performed by December 31, 2025.

Structural Integrity Reserve Study (SIRS) - a study that is based on a visual inspection of a condominium that has buildings with three or more stories height. The SIRS study must be performed every ten years after the creation of the condominium. For Associations existing on or before July 1, 2022, the SIRS study must be completed by December 31, 2024. The SIRS study must be performed by a licensed engineer, a licensed architect or any person certified as a reserve specialist or professional reserve analyst. The SIRS study must identify each item being visually inspected, the estimated remaining useful life, the estimated replacement cost and a reserve funding schedule with recommended annual reserve funding amount that achieves the estimated replacement cost of each item by the end of the estimated remaining useful life of the time. An Association that is required to complete a milestone inspection on or before December 31, 2026 may complete the SIRS study simultaneously with the milestone inspection. In no event may the structural integrity reserve study be completed after December 31, 2026. The SIRS components must include:

- a) Roof
- b) Structure, including load-bearing walls
- c) Fireproofing and fire protection systems
- d) Plumbing
- e) Electric systems
- f) Waterproofing and exterior doors
- g) Windows and exterior doors
- h) Any other item that has a deferred maintenance expense or replacement cost that exceeds \$10,000 and the failure to replace or maintain it negatively affects the items listed above.

For a budget adopted on or after December 31, 2024, that is required to perform a SIRS study, the membership may not determine to provide for no reserves or less reserves than required. The Association may fund the Structural Integrity Reserves using either the straight-line (component) or the pooling (cash flow) method. The SIRS assessments can be adjusted annually for inflation and any changes in the estimated useful life or replacement costs.

Subsequent to March 31, 2025 House Bill 913 was approved and became effective July 1, 2025. The provisions of the bill include clarification about requirements for a SIRS study which is required for condominiums that are three or more "habitable" stories. The first floors of the Association's buildings are car garages and are not habitable. Therefore, under the provisions of the new law, the Association is no longer required to obtain a SIRS study and fund for SIRS components.

**Indies West Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended March 31, 2025**

**Note B - Accrued Liabilities**

Accrued liabilities as of March 31, 2025 were comprised of the following:

Hurricane Ian expenses	\$ 688,749
Operating expenses	9,652
Accrued payroll	2,977
	\$ 701,378
	\$ 701,378

**Note C - Long-term debt**

Long-term debt consists of the following:

U.S. Small Business Association note payable, interest at 1.875% per annum, repayable in monthly payments of \$4,880 including interest, starting in August 2024 and maturing in July 2053. The note is secured by the August 2023 special assessment proceeds. (Note F -1)	\$1,185,137
Less: current portion	(36,980)
<b>Long-term portion</b>	<b>\$1,148,157</b>

Principal repayments on long-term debt over the next five years are as follows:

<u>Year ending March 31,</u>	
2026	\$ 36,980
2027	37,679
2028	38,392
2029	39,118
2030	39,858
Thereafter	993,110
<b>Total</b>	<b>\$ 1,185,137</b>

**Note D - Contract Liabilities**

Contract liabilities generally represent payments or consideration received in advance for future major repairs and replacements that the Association has not yet transferred to the unit owners. Contract liabilities as of March 31, 2025 consisted of deferred maintenance and capital expenditures of \$1,001,966.

**Indies West Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended March 31, 2025**

**Note D - Contract Liabilities (continued)**

Changes in contract liabilities during the year ended March 31, 2025 were as follows:

Deferred maintenance and capital expenditures at beginning of year	\$ 634,925
Additions (replacement reserve assessments)	480,000
Revenue recognized	(112,959)
<b>Deferred maintenance and capital expenditures at end of year</b>	<b><u><u>\$ 1,001,966</u></u></b>

**Note E - Future Major Repairs and Replacements**

**1. Non-SIRS**

During the year ended March 31, 2025, the Association was in compliance with Chapter 718.112(2)(f)2 of the Florida Statutes which requires the Association's budget to include assessments for future major repairs and replacements, unless waived by an annual vote of the unit owners. Such assessments shall be for items including, but not limited to, roof replacement, building painting, pavement resurfacing and any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000. The Association conducted a study to estimate the remaining useful lives and the replacement costs of the common property components.

During the year ended March 31, 2025, the Association was in compliance with their funding policy for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of future replacement cost, considering amounts previously accumulated in the replacement fund. Funding for such major repairs and replacements is based on a pooled analysis of two or more of the components, commonly referred to as the pooling method. 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, however, the Association has the option to increase regular assessments, levy special assessments, borrow, or delay major repairs and replacements until funds are available.

**2. SIRS**

The Association is required to have a Milestone inspection and a Structural Integrity Reserve Study (SIRS). The Association has completed the milestone inspection. The Association had an independent specialist conduct a study to estimate the remaining useful lives and the replacement costs of the structural integrity reserve components (SIRS) of common property. The remaining useful lives were based on published guidelines and the observed physical condition of the components during the site inspection. Replacement costs were based on the estimated replacement costs to replace the common property components as of the date of the study. The funding plan is designed to provide an annual contribution amount to provide funding that equals the estimated replacement costs of each item by the end of the estimated remaining useful life of each item, using a methodology commonly referred to as the pooled method. The Association has completed its SIRS study and is utilizing it in its 2025 budget which is presented in the supplemental information to the financial statements.

**Indies West Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended March 31, 2025**

**Note F - Special Assessments**

**1. Small Business Association loan collateral**

In August 2023, the Association passed a special assessment in the amount of \$1,311,900 for collateral and repayment of the Small Business Association ("SBA") loan, billed at \$16,399 per unit. Unit owners had the option to pay the assessment in a one time payment due September 2023, or make regular quarterly payments plus an interest rate of 1.875% over the 30 year life of the loan with the first payment due August 2024.

Payments on the loan began on August 2024. Based on a Board of Directors resolution dated August 21, 2023, unless the seller of a unit prepaid the special assessment, the buyer taking title to a unit is subject to the remaining installments of the special assessment, including interest. Therefore, special assessment receivable and deferred special assessment have not been recorded.

During the year ended March 31, 2025 the Association recognized \$154,868 special assessment revenue to account for principal and interest payments made on the loan during the year.

As of March 31, 2025 the Association received \$16,265 of advance payments. This amount is included as prepaid special assessments on the accompanying balance sheet.

On March 28, 2025 the Association passed a special assessment to increase the SBA loan to a maximum of \$2,000,000. As of March 31, 2025 no additional funds had been approved by the SBA.

**2. Insurance renewal**

In January 2024, the Association provided for a special assessment in the amount of \$520,000 for payment of the Insurance policy renewal for the period January 31, 2024 through January 31, 2025, billed at \$6,500 per unit due in February 2024.

Activity on the special assessment during the year ended March 31, 2025 was as follows:

Deferred special assessment March 31, 2024	\$ 433,333
Special assessment expenses incurred for the year ended March 31, 2025	(433,333)
<b>Deferred special assessment</b>	<b><u><u>\$ -</u></u></b>

**Note G - Employee Benefit Plan**

The Association sponsors an IRS qualified Simplified Employee Pension Plan ("SEP") for all of its employees. Under the plan, the Board of Directors sets the amount of additional compensation to be contributed to the plan each year. It can range from 0% to 25% of regular earnings. The Board can change the percentage from year to year, but each employee must receive the same percentage as all other employees. For calendar year 2024, the Board approved \$15,286, or 10% of eligible compensation, which is included in payroll and benefits on the accompanying statement of revenues and expenses. The additional compensation is not taxable to the employee until withdrawn from the Plan by them at a future date, under the IRS qualified retirement plan guidelines.

**Indies West Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended March 31, 2025**

**Note H - Hurricane**

**1. Hurricane Ian**

On September 28, 2022, the Association sustained losses as a result of Hurricane Ian. Losses totaling \$5,510,612 were estimated and accrued in the prior years, repairs are still in progress as of March 31, 2025. The remaining expenses estimated at \$688,749 are included in accrued liabilities on the accompanying balance sheet. The ultimate amount of these losses may differ from management's estimates once repairs are completed and invoiced.

In response to these losses, claims were filed with the Association's insurance carrier. During the year ended March 31, 2025 the Association received additional payments from these claims and recognized \$355,809 as revenue which is included in insurance claim on the accompanying statement of revenues and expenses.

**2. Hurricane Helene**

On September 26, 2024, the Association sustained losses as a result of Hurricane Helene. Losses totaling \$22,872 were incurred and are included in hurricane expenses on the accompanying statement of revenues and expenses.

In responses to these losses, claims were filed with the Association's insurance carrier. \$122,878 under these claims was recognized as revenue during the year ended March 31, 2025 and is included as insurance claim the accompanying statement of revenues and expenses, of this amount, \$72,787 was receivable as of March 31, 2025 and is included in insurance claim receivable on the accompanying balance sheet.

**3. Hurricane Milton**

On October 9, 2024, the Association sustained losses as a result of Hurricane Milton. Losses totaling \$193,200 were incurred and are included in hurricane expenses on the accompanying statement of revenues and expenses.

In response to these losses, claims were filed with the Association's insurance carrier. \$286,048 under these claims was recognized as revenue during the year ended March 31, 2025 as insurance claim the accompanying statement of revenues and expenses. The full amount is receivable as of March 31, 2025 and is included in insurance claim receivable on the accompanying balance sheet.

**Note I - Commitments and Contingencies**

**1. Insurance coverage**

The Association maintains insurance coverage in the event of damage sustained by the condominium buildings. The insurance policies contain a deductible clause which would require the Association to pay a certain amount of expenses prior to the insurance company covering the remaining costs. In addition, as certain other expenses may be incurred by the Association in the event of a hurricane, the ultimate extent of any such losses in excess of the deductible cannot be determined.

**Indies West Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended March 31, 2025**

**Note I - Commitments and Contingencies (continued)**

**2. Fiber optic internet**

In January 2019, the Association entered into a ten-year agreement with CenturyLink Sales Solutions, Inc. for high speed internet services ending January 31, 2029 at a monthly rate of \$32.95 per unit. Costs associated with this agreement were \$31,505 for the year ended March 31, 2025 and are included in utilities on the accompanying statement of revenues and expenses.

Estimated future expenses of the Association under this contract are as follows:

<u>Year Ending March 31,</u>	
2026	\$ 31,632
2027	31,632
2028	31,632
2029	26,360
<b>Total</b>	<b><u><u>\$ 121,256</u></u></b>

**Note J - Subsequent Events**

Management has assessed subsequent events through August 23, 2025, the date on which the financial statements were available to be issued.

***Supplementary Information***

**Indies West Association, Inc.**  
**Schedule of Future Major Repairs and Replacements (Unaudited)**  
**Year Ended March 31, 2025**

**Non SIRS**

The Association conducted a study in November 2024 to estimate the remaining useful lives and the replacement costs of the components of common property. These estimates were obtained from professional engineers. Replacement costs were based on the estimated future costs to repair or replace the common property components at the date of the study with a built in interest rate of 3% and a built in inflation factor of 4% per year.

The Association allocates interest earned in the replacement fund to future deferred maintenance and capital expenditures.

**SIRS**

The Association obtained a Structural Integrity Reserve Study to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated current costs to repair or replace the common property components at the date of the study with a built in interest rate of 3% per year.

The following is a presentation of components to be repaired and replaced, estimates of the remaining useful lives of those components, estimates of future replacement costs, and amounts of funds accumulated for each to the extent designated by the board:

<u>Reserve Account</u>	<u>Estimated Remaining Useful Life (in years)</u>	<u>Estimated Future Replacement Costs</u>
<b><u>Non-SIRS</u></b>		
Clubhouse metal roof replacement	21	\$ 80,000
Gutter and downspout deferred maintenance	13	15,000
Painting clubhouse - exterior	6	22,000
Interlocking concrete pavers	6	612,000
Interlocking concrete paver cleaning	2	12,000
Maintenance vehicles	0	10,000
Professional studies	3	35,000
Clubhouse - social room renovations	19	100,000
Clubhouse - managers office and unit	19	60,000
Exterior lighting - deferred maintenance	8	20,000

**Indies West Association, Inc.**  
**Schedule of Future Major Repairs and Replacements (Unaudited)**  
**Year Ended March 31, 2025**

<u>Reserve Account</u>	<u>Estimated Remaining Useful Life (in years)</u>	<u>Estimated Future Replacement Costs</u>
Pool resurfacing	0	25,000
Pool furniture	0	25,000
Pool deck pavers	6	42,000
Pool equipment - maintenance	5	25,000
Pool surge tank	0	40,000
Pool fence	7	15,200
Marina wood docks	2	56,100
Marina hardscape	5	500,000
Steel bulkhead wall replacement	5	475,000
All common handrail replacement	14	700,000
Large balcony handrail and screen enclosure replacement	7	200,000
Small balcony handrail and screen enclosure replacement	5	150,000
Underground sanitary repairs	N/A	450,000
		<u><u>3,669,300</u></u>

**SIRS**

Metal roof replacement	21	864,000
Flat roof replacement	3	1,300,000
Structural restoration	29	200,000
Potable and sanitary lines - deferred maintenance	0	300,000
Electrical system update and deferred maintenance	13	200,000
Exterior building paint and seal	6	440,000
Exterior stucco and sealant replacement	14	200,000

**Indies West Association, Inc.**  
**Schedule of Future Major Repairs and Replacements (Unaudited)**  
**Year Ended March 31, 2025**

<u>Reserve Account</u>	<u>Estimated Remaining Useful Life (in years)</u>	<u>Estimated Future Replacement Costs</u>
Waterproof walkways	13	180,000
Waterproof balconies deferred maintenance	8	160,000
Fireproofing and protection systems	9	60,000
		<u>\$ 3,904,000</u>

<u>Reserve Account</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b><u>Non-SIRS</u></b>					
Deferred maintenance and capital expenditures	\$ 634,925	\$ 480,000	\$ (205,994)	\$ 93,035	\$ 1,001,966
Unallocated interest	-	93,035	-	(93,035)	-
	<u>\$ 634,925</u>	<u>\$ 573,035</u>	<u>\$ (205,994)</u>	<u>\$ -</u>	<u>\$ 1,001,966</u>

Replacement fund expenditures during the year ended March 31, 2025 were comprised of the following:

<b><u>Non-SIRS</u></b>	
Sewer pipe repair	\$ 70,775
Pool repair	58,978
Vision project	40,115
Reserve study	36,126
<b>Total Non-SIRS</b>	<u><u>205,994</u></u>
<b>Total SIRS</b>	<u><u>-</u></u>
	<u><u>\$ 205,994</u></u>

For Non-SIRS components, the amount of annual funding required to fully fund the reserve accounts for years subsequent to March 31, 2025 is \$285,040.

For SIRS components, the amount of annual funding required to fully fund the reserve accounts for years subsequent to March 31, 2025 is \$370,000

**Indies West Association, Inc.**  
**Statement of Revenues and Expenses - Operating Fund (Unaudited)**  
**Year Ended March 31, 2025**

**Revenues**

Assessments revenue	\$ 1,640,000
Insurance claim	764,735
Special assessments	588,201
Boat slip assessments	30,000
Other income	4,604
Paddleboard and kayak assessments	1,125
<b>Total revenues</b>	<b>3,028,665</b>

**Expenses**

**Payroll and benefits**

Payroll	196,717
Health insurance	35,172
Payroll taxes	17,175
SEP retirement plan	15,286
Life insurance	1,248
<b>Total payroll and benefits</b>	<b>265,598</b>

**Insurance**

Property and wind insurance	526,069
Flood insurance	136,170
Umbrella	7,190
General liability	5,661
Workers' compensation	3,686
Directors and officers	2,866
Crime and fidelity	1,360
Equipment breakdown	1,250
<b>Total insurance</b>	<b>684,252</b>

**Utilities**

Water and sewer	61,747
Internet and wi-fi	31,505
Electricity	16,967
Telephone	4,067

**Indies West Association, Inc.**  
**Statement of Revenues and Expenses - Operating Fund (Unaudited) (Continued)**  
**Year Ended March 31, 2025**

Cable television	1,500
<b>Total utilities</b>	115,786
<b>Landscaping</b>	
Lawn service	44,253
Other grounds expense	18,085
<b>Total landscaping</b>	62,338
<b>Maintenance and security</b>	
Maintenance supplies	74,202
Building and grounds	36,368
Security	11,253
<b>Total maintenance and security</b>	121,823
<b>Professional fees</b>	
Legal fees	15,268
Accounting	11,152
Engineering expense	1,725
Professional fees	1,010
<b>Total professional fees</b>	29,155
<b>Other expenses</b>	
Storm door project	26,888
Interest expense	23,078
Federal taxes	22,878
Travel reimbursement	13,744
Office expense	13,062
Trash pick up	10,492
Pool services	4,893
Yardarm supplies and expense	2,713
Bank service charges	1,560
Uniforms	377
Marina	322
<b>Total other expenses</b>	120,007
<b>Hurricane expenses</b>	
Hurricane Milton damages	193,200
Hurricane Helene damages	22,872
<b>Total hurricane expenses</b>	216,072

**Indies West Association, Inc.**  
**Statement of Revenues and Expenses - Operating Fund (Unaudited) (Continued)**  
**Year Ended March 31, 2025**

<b>Total expenses</b>	<u>1,615,031</u>
<b>Excess of Revenues Over Expenses</b>	<u><u>\$ 1,413,634</u></u>