

**MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO,
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2024

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 3
FINANCIAL STATEMENTS	
Balance Sheet	4
Statement of Revenues, Expenses, and Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 15
SUPPLEMENTARY INFORMATION	
Supplementary Information on Future Major Repairs and Replacements	16
Detailed Statement of Operating Revenues and Expenses Budget Comparison	17 - 18

Mark R. Gerstle, C.P.A., CFF
mgerstle@grgcpa.com

Robert Rosen, C.P.A.
rrosen@grgcpa.com

Brian K. Goldenberg, Partner
bgoldenberg@grgcpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors and Unit Owners
Mainlands of Tamarac by the Gulf Unit No. Two, Association, Inc.

Dear Members:

Opinion

We have audited the accompanying financial statements of Mainlands of Tamarac by the Gulf Unit No. Two, Association, Inc., which comprise the balance sheet as of December 31, 2024, 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, the financial statements referred to above present fairly, in all material respects, the financial position of Mainlands of Tamarac by the Gulf Unit No. Two, Association, Inc. as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mainlands of Tamarac by the Gulf Unit No. Two, 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.

Future Major Repairs and Replacements

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 4 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 that matter.

HOLLYWOOD

Venture Corporate Center
3440 Hollywood Blvd.
Suite 100
Hollywood, FL 33021
Phone: 305.937.0116
Fax: 305.937.0128

BOCA RATON

3835 N.W. Boca Raton Blvd.
Suite 100
Boca Raton, FL 33431
Phone: 561.447.4000
Fax: 561.447.4004

FT. MYERS

12595 New Brittany Blvd.
Bldg. 20W
Fort Myers, FL 33907
Phone: 239.672.4364
Fax: 239.672.4367

NAPLES

999 Vanderbilt Beach Rd.
Suite 200
Naples, FL 34108
Phone: 1.239.325.5000
Fax: 1.239.325.5001

ORLANDO

111 North Orange Ave.
Suite 800
Orlando, FL 32801
Phone: 407.564.2812
Fax: 407.564.2057

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 Mainlands of Tamarac by the Gulf Unit No. Two, Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mainlands of Tamarac by the Gulf Unit No. Two, 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 Mainlands of Tamarac by the Gulf Unit No. Two, 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 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 performed 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 Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Gerstle, Rosen & Goldenberg, P.A.

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

August 18, 2025

**MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO,
ASSOCIATION, INC.**

BALANCE SHEET

December 31, 2024

	OPERATING FUND	REPLACEMENT FUND	FIXED ASSETS FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	\$ 196,809	\$ 735,216	\$	\$ 932,025
Certificates of Deposit		818,291		818,291
Unit Owner Receivable - Net of Allowance for Credit Losses	3,566			3,566
Prepaid Insurance	3,920			3,920
Due To/From Funds	(35,990)	35,990		
Fixed Assets - Net of Accumulated Depreciation			1,096,621	1,096,621
TOTAL ASSETS	<u>\$ 168,305</u>	<u>\$ 1,589,497</u>	<u>\$ 1,096,621</u>	<u>\$ 2,854,423</u>
LIABILITIES AND FUND BALANCES				
Accounts Payable	\$ 32,205	\$	\$	\$ 32,205
Loan Payable			800,913	800,913
Prepaid Member Assessments	12,535			12,535
Deferred Cable Income	50,715			50,715
Contract Liability - Deferred Reserves		1,507,724		1,507,724
TOTAL LIABILITIES	<u>95,455</u>	<u>1,507,724</u>	<u>800,913</u>	<u>2,404,092</u>
Fund Balances	<u>72,850</u>	<u>81,773</u>	<u>295,708</u>	<u>450,331</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 168,305</u>	<u>\$ 1,589,497</u>	<u>\$ 1,096,621</u>	<u>\$ 2,854,423</u>

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

**MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO,
ASSOCIATION, INC.**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES**

Year Ended December 31, 2024

	OPERATING FUND	REPLACEMENT FUND	FIXED ASSETS FUND	TOTAL
REVENUES				
Member Assessments	\$ 958,583	\$ 373,014	\$	\$ 1,331,597
Credit Loss	(1,667)			(1,667)
Interest Income	2,095	37,837		39,932
Late Fee Income	1,250			1,250
Legal Fees	359			359
Cable Income	13,230			13,230
Miscellaneous Income	5,370			5,370
TOTAL REVENUES	<u>979,220</u>	<u>410,851</u>		<u>1,390,071</u>
EXPENSES				
Depreciation			33,694	33,694
Administrative	16,387			16,387
Clubhouse Mortgage	121,704			121,704
Insurance	51,960			51,960
Master Association Fees	98,036			98,036
Payroll	26,993			26,993
Reserve Expenditures		373,014		373,014
Repairs and Maintenance	28,552			28,552
Utilities	338,270			338,270
Contracts	311,133			311,133
TOTAL EXPENSES	<u>993,035</u>	<u>373,014</u>	<u>33,694</u>	<u>1,399,743</u>
EXCESS REVENUES (EXPENSES)	(13,815)	37,837	(33,694)	(9,672)
FUND BALANCES - BEGINNING	86,665	43,936	258,700	389,301
CLUBHOUSE / OWNER CONTRIBUTION			70,702	70,702
FUND BALANCES - ENDING	<u><u>\$ 72,850</u></u>	<u><u>\$ 81,773</u></u>	<u><u>\$ 295,708</u></u>	<u><u>\$ 450,331</u></u>

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

**MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO,
ASSOCIATION, INC.**

STATEMENT OF CASH FLOWS

Year Ended December 31, 2024

	OPERATING FUND	REPLACEMENT FUND	FIXED ASSETS FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
EXCESS REVENUES (EXPENSES)	\$ (13,815)	\$ 37,837	\$ (33,694)	\$ (9,672)
ADJUSTMENTS TO RECONCILE EXCESS REVENUES (EXPENSES) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Clubhouse / Owner Contribution			70,702	70,702
Depreciation			33,694	33,694
DECREASE (INCREASE) IN ASSETS:				
Accounts Receivable	7,249			7,249
Prepaid Insurance	13,230			13,230
Due To/From Funds	6,838	(6,838)		0
INCREASE (DECREASE) IN LIABILITIES:				
Accounts Payable	1,678			1,678
Prepaid Member Assessments	(542)			(542)
Deferred Cable Income	(13,230)			(13,230)
Contract Liability - Deferred Reserves		224,183		224,183
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,408</u>	<u>255,182</u>	<u>70,702</u>	<u>327,292</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Certificates of Deposit		(36,656)		(36,656)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>0</u>	<u>(36,656)</u>	<u>0</u>	<u>(36,656)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds From (Payments On) Loan			(70,702)	(70,702)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>0</u>	<u>0</u>	<u>(70,702)</u>	<u>(70,702)</u>
NET INCREASE (DECREASE) IN CASH	1,408	218,526	0	219,934
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>195,401</u>	<u>516,690</u>	<u>0</u>	<u>712,091</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 196,809</u>	<u>\$ 735,216</u>	<u>\$ 0</u>	<u>\$ 932,025</u>
SUPPLEMENTAL DISCLOSURES:				
Interest Paid	\$ 51,002	\$ 0	\$ 0	\$ 51,002
Income Tax Paid	\$ 0	\$ 0	\$ 0	\$ 0

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

**MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO,
ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

1. ORGANIZATION

Mainlands of Tamarac by the Gulf Unit No. Two, Association, Inc. is a statutory condominium association incorporated on April 14, 1969, in the State of Florida. The Association is responsible for the operation and maintenance of the common property of Mainlands of Tamarac by the Gulf Unit No. Two, Association, Inc. and consists of 294 residential units located in Pinellas Park, Florida.

2. DATE OF MANAGEMENT'S REVIEW

The Association has evaluated transactions and events that occurred after December 31, 2024 through August 18, 2025, the date the financial statements were available to be issued, and has determined that there were no subsequent transactions or events which would require recognition or disclosure in the financial statements, except as noted herein.

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.

Fixed Assets Fund - This fund is used to account for fixed assets capitalized by the Association.

Member 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. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.

**MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO,
ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Member Assessments and Allowance for Credit Losses

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments plus late fees and other charges, if applicable, from association members. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are delinquent according to its collection policy. The balances of assessments receivable (net of allowance for credit losses) as of the beginning and end of the year are \$10,815 and \$3,566, respectively.

The Association treats uncollectible assessments and other charges as credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include closely monitoring of outstanding assessment balances by management, member payment history of outstanding assessment balances, and susceptibility to factors outside the Association's control. In the event that the Association does not prevail against homeowners with delinquent assessments, an allowance for credit losses of \$13,599 has been established as of December 31, 2024.

Contract Liability (Assessments received in advance - Replacement Fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance – Replacement Fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The balances of contract liability (assessments received in advance – Replacement Fund) as of the beginning and end of the year are \$1,283,541 and \$1,507,724, respectively.

Cash and Cash Equivalents

For presentation purposes, cash and cash equivalents consists primarily of cash, checking, money market, and insured cash sweep accounts.

Investments Carrying Value

The Association holds investments in Certificates of Deposit at various rates. The investments have original maturities greater than 90 days, and may have penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. The Investments have been classified in the Held-To-Maturity category as the Association has the positive intent and ability to hold the Certificates of Deposit and Securities to maturity. Such investments are carried at amortized cost, which approximates fair value. The investments had an aggregate cost basis of \$800,667 at December 31, 2024.

**MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO,
ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Property and Equipment

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 recorded at cost on the Association's financial statements.

Depreciation

Capitalized common property is depreciated over its estimated useful life using the accelerated method of depreciation.

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.

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 \$13,077 and \$12,535, respectively.

Interest Income

The Association recognizes interest income on the Operating Fund and the Replacement Fund when earned. The Association's policy is to allocate interest income earned on the Replacement Fund to specific replacement components periodically depending on projected requirements.

**MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO,
ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2024; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2024.

4. 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 \$10,000. 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 membership vote.

The approved budget includes provisions for reserves for capital improvements and deferred maintenance. At a duly constituted meeting, the Association elected to partially waive reserve funding for the current fiscal year based on a study conducted by an independent reserve study specialist in August 2022 for budget year 2024, to estimate the remaining useful lives and the replacement costs of the common property components, as disclosed in the Supplementary Information. 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.

**MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO,
ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2024

4. FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

The balance of the Replacement Fund at December 31, 2024, consists of the following:

COMPONENTS	BALANCE 12/31/2023	INTEREST/ ASSESSMENTS/ OWNERS' CONTRIB.	TRANSFERS	EXPENDITURES	BALANCE 12/31/2024
Painting	\$ 13,610	\$ 85,000	\$ -	\$ (95,650)	\$ 2,960
Streets	69,057	2,000	-	(1,418)	69,639
Walks	35,927	6,000	-	-	41,927
Roof Repair	816,622	408,000	-	(182,529)	1,042,093
Recreation Area / Pool	2,671	15,000	-	(18,002)	(331)
Pool Remarcite	5,012	1,306	-	-	6,318
Landscaping	28,745	3,600	-	-	32,345
Sea Walls	27,871	120	-	-	27,991
Deferred Maintenance	131,517	-	3,460	(3,460)	131,517
Facia / Outside	-	25,000	-	(11,923)	13,077
Sewer	70,500	240	-	(5,648)	65,092
Water System	-	15,000	-	(8,890)	6,110
Sprinklers / Irrigation	6,349	31,271	-	(34,356)	3,264
Storm Drains	75,660	1,200	-	(11,138)	65,722
SUB-TOTAL CONTRACT LIABILITY - DEFERRED RESERVES	1,283,541	593,737	3,460	(373,014)	1,507,724
Fund Balance - Unallocated Interest	43,936	37,837	-	-	81,773
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,327,477	\$ 631,574	\$ 3,460	\$ (373,014)	\$ 1,589,497

The Association does not allocate interest earned on the replacements fund to specific replacement components as earned, but does so periodically depending on projected requirements.

Reserve Expenditures

In the current year, the Association incurred reserve expenditures totaling \$373,014. Detailed information of the vendors involved are as follow:

Vendors	Amount
A Old Time Roofing	167,150
D&J Painting and Waterproofing	95,650
Mainlands Master (Payroll)	54,068
Trench Specialties, Inc.	16,171
AES Home Improvement, LLC	8,545
Others combined	31,430
Total:	\$ 373,014

**MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO,
ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2024

4. FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

Due from Operating Fund

Florida Statute requires that replacement funds be accounted for separately and be fully funded. The Due To/From reflects an amount of \$35,990, by which the reserves are underfunded. The Association should make the necessary cash transfer in order to correct this situation.

If the Association has insufficient cash to do this, the Association should increase assessments, pass a special assessment or have a unit owner vote to reallocate between the funds.

5. INCOME TAXES

The Association is subject to federal and state taxation and has essentially two methods to determine the amount of tax if any it must pay. Under one method, the Association is required to allocate its revenue to member and nonmember sources as applicable in accordance with Section 277 of the Internal Revenue Code. The excess revenues from nonmembers and the excess revenues from members (unless such membership excess is applied to the following year's assessments), is subject to taxation, at the flat Federal and State of Florida rates of 21% and 5.5% (net of Florida exemption), respectively. The other method enables the Association to elect to 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%. Under either method, 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 file its 2024 federal income tax return on Form 1120H under Section 528 of the Internal Revenue Code. The Association has no temporary differences relating to the recognition of income and expenses for financial and tax reporting purposes. Accordingly, no deferred tax assets or liabilities are recorded.

There is no current year provision for income taxes.

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 2021.

**MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO,
ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2024

6. DEFERRED CABLE INCOME

On September 14, 2023, the Association renewed its cable services contract with Spectrum Sunshine State, LLC. In consideration for entering into a 60-month Bulk Service Agreement, the Association received a payment of \$66,150 from Spectrum. This payment has been deferred and is being amortized over the service period. As of December 31, 2024, the deferred cable income is \$50,715.

7. FIXED ASSETS / DEPRECIATION

At December 31, 2024, the major categories of property recognized as assets are:

	<u>Amount</u>
Land	\$50,000
Clubhouse	1,257,255
Equipment	<u>186,423</u>
Total Cost	1,493,678
Less: Accumulated Depreciation	<u>397,057</u>
Fixed Assets - Net	<u><u>\$1,096,621</u></u>

The current year depreciation is \$33,694, as presented in the accompanying Statement of Revenues, Expenses, and Changes in Fund Balances.

8. MASTER ASSOCIATION

The Association is located within Mainlands Master Association, Inc. (the "Master Association"), an entity, which presently and since its inception, has been responsible for the operation and maintenance of the common property of its members. Each member of the Association is required to be a member of the Master Association.

The Association is responsible to pay all Master Association Dues, on behalf of its members, to the Master Association on time and in full regardless of whether the Association received the full amount of dues from its members. Any collection proceedings for a members' failure to pay Master Assessments is the sole responsibility of the Association. During the year ending December 31, 2024, the Association remitted \$98,036 to the Master Association for its members' assessments.

**MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO,
ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2024

9. LOAN PAYABLE

In April 2018, the Association signed a 15-year loan and security agreement with Western Alliance Bank for \$1,300,000 to finance the purchase of the clubhouse. The loan's interest rate is 3%, plus a seven-year interest rate swap obtained from Bloomberg Financial Services System seven (7) days prior to May 1, 2018 (the "Effective Date"), with a minimum interest rate of 4.75% per annum and resets on 90th month.

The agreement requires monthly principal and interest payments beginning June 1, 2018 through May 1, 2033 (the "Maturity date"), when all unpaid principal and interest are due. The loan is secured by any and all existing or future income and amounts receivable from the owners and other users of condominium units.

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

YEAR	PRINCIPAL PAYMENT
2025	\$ 75,906
2026	80,567
2027	85,515
2028	90,767
2029	96,342
THEREAFTER	371,816
TOTAL	<u>\$ 800,913</u>

For the current year ended, the Association had \$121,704 of loan payments consisting of \$70,702 of principal and \$51,002 of interest. As of December 31, 2024, the Association had an outstanding loan balance of \$800,913 as reflected in the balance sheet of the Association.

10. COMMITMENTS

The Association has various contract services to maintain the common property including cable television service, common area landscaping, lawn service, pool service, trash service, pest control, and an obligation to the Master Association as a result of mandatory membership. These contracts have different expiration dates and renewal terms.

**MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO,
ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2024

11. 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.

Legal

The Association is from time-to-time subject to complaints and claims, including litigation, arising in the ordinary course of business. As of the date of this report, management believes that there are no claims or complaints of which it is currently aware that will materially affect its business, financial position, or future operating results.

SUPPLEMENTARY INFORMATION

**MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO,
ASSOCIATION, INC.**

**SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS**

**December 31, 2024
(Unaudited)**

The Association conducted an independent reserve study in August 2022 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. 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:

<u>COMPONENTS</u>	<u>ESTIMATED REMAINING USEFUL LIVES (IN YEARS)</u>	<u>ESTIMATED CURRENT REPLACEMENT COSTS</u>	<u>2025 FUNDING REQUIREMENT</u>
Remarcite	7	\$ 46,655	\$ 12,017
Sewer	12	1,065,769	196,134
Water	12	980,819	199,995
Storm Drains	1	5,000	-
Recreation Area / Pool	1 - 30	470,976	118,736
Fascia / Home Repair	1	17,484	43,295
Lawn - Sod	1	27,318	53,045
Sprinklers / Pumps	1	27,318	26,947
Wash / Paint	1 - 7	617,400	259,197
Streets	2 - 22	478,228	98,672
Walks / Curbs	1 - 5	117,832	56,255
Roofs Repair / Replacement	1 - 30	6,585,866	2,668,326
Sea Walls	2	61,411	18,653
TOTAL		<u>\$ 10,502,076</u>	<u>\$ 3,751,272</u>

The approved budget for 2025 includes \$615,836 of funding for future major repairs and replacements.

See independent auditors' report.

**MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO,
ASSOCIATION, INC.**

SUPPLEMENTARY INFORMATION

**DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON**

Year Ended December 31, 2024

	<u>ACTUAL</u>	<u>BUDGET (Unaudited)</u>	<u>VARIANCE</u>
<u>REVENUES:</u>			
Member Assessments	\$ 958,583	\$ 958,583	\$ -
Credit Loss	(1,667)	(3,000)	(1,333)
Interest Income	2,095	-	2,095
Late Fee Income	1,250	-	1,250
Legal Fees	359	-	359
Cable Income	13,230	-	13,230
Miscellaneous Income	5,370	-	5,370
Total Revenues	<u>979,220</u>	<u>955,583</u>	<u>20,971</u>
<u>EXPENSES:</u>			
<u>ADMINISTRATIVE</u>			
Legal and Professional Fees	919	6,000	5,081
Audit Fees	6,000	7,000	1,000
Taxes-Corp Annual	61	123	62
Taxes-Condo Fee	1,176	1,200	24
Taxes-Pool Permit	300	300	-
Taxes-Federal Income	-	6,000	6,000
Admin Expenses-General/Office	7,931	2,620	(5,311)
TOTAL ADMINISTRATIVE	<u>16,387</u>	<u>23,243</u>	<u>6,856</u>
<u>CLUBHOUSE MORTGAGE</u>			
Clubhouse Mortgage - Principal	70,702	70,702	-
Clubhouse Mortgage - Interest	51,002	61,490	10,488
TOTAL CLUBHOUSE MORTGAGE	<u>121,704</u>	<u>132,192</u>	<u>10,488</u>
<u>INSURANCE</u>			
Insurance - General	48,312	23,000	(25,312)
Insurance - Flood	3,648	3,648	-
TOTAL INSURANCE	<u>51,960</u>	<u>26,648</u>	<u>(25,312)</u>

**MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO,
ASSOCIATION, INC.**

SUPPLEMENTARY INFORMATION

**DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON**

Year Ended December 31, 2024

	<u>ACTUAL</u>	<u>BUDGET (Unaudited)</u>	<u>VARIANCE</u>
<u>EXPENSES (Continued):</u>			
<u>MASTER ASSOCIATION FEES</u>			
Master Association Fees	98,036	98,000	(36)
<u>TOTAL MASTER ASSOCIATION FEES</u>	<u>98,036</u>	<u>98,000</u>	<u>(36)</u>
<u>PAYROLL</u>			
Salaries / Payroll Expense	26,993	35,000	8,007
<u>TOTAL PAYROLL</u>	<u>26,993</u>	<u>35,000</u>	<u>8,007</u>
<u>REPAIRS AND MAINTENANCE</u>			
R&M - Rec Area and Gate Project	19,343	7,500	(11,843)
Pool Service-General	9,209	10,000	791
<u>TOTAL REPAIRS AND MAINTENANCE</u>	<u>28,552</u>	<u>17,500</u>	<u>(11,052)</u>
<u>UTILITIES</u>			
Electric-Clubhouse	18,786	20,000	1,214
Telephone	524	500	(24)
Pool Fuel	13,222	15,000	1,778
Sewer Water & Trash - General	290,122	284,000	(6,122)
Reclaimed Water	15,616	15,500	(116)
<u>TOTAL UTILITIES</u>	<u>338,270</u>	<u>335,000</u>	<u>(3,270)</u>
<u>CONTRACTS</u>			
Grounds - Lawn Maintenance	108,614	105,000	(3,614)
Cable TV	202,519	183,000	(19,519)
<u>TOTAL CONTRACTS</u>	<u>311,133</u>	<u>288,000</u>	<u>(23,133)</u>
Total Operating Expenses	<u>993,035</u>	<u>955,583</u>	<u>(37,452)</u>
Excess Operating Expenses	<u>\$ (13,815)</u>	<u>\$ -</u>	<u>\$ (13,815)</u>

MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO, ASSOCIATION, INC.							
PROPOSED WORKING TRIAL BALANCE December 31, 2024							
ACCOUNT TITLE	CLIENT ACCOUNT NUMBER	CLIENT T/B		ADJUSTMENTS		CPA F/S	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
BALANCE SHEET							
ASSETS				-	-		
CASH - PETTY CASH	1000-001	225		-	-	225	
CASH - SOCIAL CLUB	1000-005	13,160		-	-	13,160	
CASH - BAY FIRST BANK MMA - OPERATING	1021-000	88,844		-	-	88,844	
CASH - ALLIANCE BANK - OPERATING	1030-000	94,580		-	-	94,580	
A/R DELINQ MAINT FEES	1110-000	15,044		-	-	15,044	
A/R DELINQ MAINT FEES: LATE FEES	1112-000	1,400		-	-	1,400	
A/R DELINQ MAINT FEES: ADMIN FEES	1114-000	40		-	-	40	
A/R LEGAL COSTS	1115-000	681		-	-	681	
ALLOWANCE FOR CREDIT LOSS	1190-000		13,599	-	-		13,599
PREPAID INSURANCE	1410-000	62,743		-	58,823	3,920	
				-	-		
CASH - RESERVE - ALLIANCE BANK	1090-000	283,196		-	-	283,196	
CASH - RESERVE - ALLIANCE BANK ICS DEMAND 893	1091-001	200,000		-	-	200,000	
CASH - RESERVE - ALLIANCE BANK ICS SAVINGS 149	1091-002	252,020		-	-	252,020	
CASH - RESERVE - CDARS 8968	1091-003	271,929		-	-	271,929	
CASH - RESERVE - CDARS 3283	1091-000	270,364		-	-	270,364	
CASH - RESERVE - CD 6/14/25 6078	1097-000	275,998		-	-	275,998	
RESERVE - DUE FROM OPERATING	1200-000	40,315		-	4,325	35,990	
				-	-		
PROPERTY & EQUIPMENT	1800-000	186,423		-	-	186,423	
CLUBHOUSE	1801-000	1,257,255		-	-	1,257,255	
LAND	1802-000	50,000		-	-	50,000	
ACCUMULATED DEPRECIATION	1890-000		363,363	-	33,694		397,057
DEPRECIATION	1891-000	34,779		-	34,779	0	
				-	-		
LIABILITIES AND FUND BALANCE				-	-		
				-	-		
ACCOUNTS PAYABLE	2010-000		0	-	32,205		32,205
INSURANCE PAYABLE	2025-000		28,511	28,511	-		0
LOAN PAYABLE	2015-000		800,913	-	-		800,913
DUE TO DEFERRED MAINTENANCE	2220-000		35,990	-	-		35,990
UNEARNED REVENUE - PREPAID MEMBER ASSESSMENTS	2450-000		12,535	-	-		12,535
UNEARNED REVENUE - CABLE REBATE	2460-000		50,715	-	-		50,715
				-	-		
RESERVE - WASH/PAINT	3020-000	5,468		-	-	5,468	
RESERVE - STREETS	3021-000		69,639	-	-		69,639
RESERVE - WALKS	3022-001		41,927	-	-		41,927
RESERVE - ROOF REPAIR	3023-000		1,042,093	-	-		1,042,093
RESERVE - REC AREA/POOL	3025-000	331		-	-	331	
RESERVE - POOL REMARCITE	3025-001		6,319	-	-		6,319
RESERVE - LANDSCAPING	3026-000		32,345	-	-		32,345
RESERVE - SEA WALLS	3027-000		27,991	-	-		27,991
RESERVE - DEF MAINTENANCE	3028-000		143,250	4,325	-		138,925
RESERVE - FACIA/OUTSIDE	3031-000		13,077	-	-		13,077
RESERVE - SEWER	3040-000		65,092	-	-		65,092
RESERVE - WATER SYSTEM	3041-000		7,129	-	-		7,129
RESERVE - SPRINKLERS/IRRIG	3046-000		3,264	-	-		3,264
RESERVE - STORM DRAINS	3052-000		65,722	-	-		65,722
RESERVE - INTEREST	3080-000		81,773	-	-		81,773
				-	-		
FUND BALANCE - FIXED ASSETS	4997-000		226,782	-	31,918		258,700
FUND BALANCE - CLUBHOUSE / OWNER CONTRIBUTION	NEW		0	-	70,702		70,702
CURRENT YEAR DEPRECIATION	----		0	33,694	-	33,694	
FUND BALANCE - OPERATING	4999-000		183,890	97,225	-		86,665
CURRENT YEAR INCOME / LOSS	----		88,876	102,691	-	13,815	
		\$3,404,795	\$3,404,795	\$266,446	\$266,446	\$3,354,377	\$3,354,377
		\$0		\$0		\$0	
ENDING FUND BALANCE PER CPA F/S SHOULD EQUAL:						\$72,850	

MAINLANDS OF TAMARAC BY THE GULF UNIT NO. TWO, ASSOCIATION, INC.			
PROPOSED ADJUSTING JOURNAL ENTRIES December 31, 2024			
	CLIENT ACCOUNT NUMBER	DEBIT	CREDIT
1.1			
FUND BALANCE	4999-000	\$66,697	
DEPRECIATION	1891-000		\$34,779
FUND BALANCE - FIXED ASSETS	4997-000		31,918
<i>[To reconcile beginning fund balance - fixed assets]</i>			
1.2			
FUND BALANCE	4999-000	30,528	
FUND BALANCE - UTILITIES	4999-000		24,528
FUND BALANCE - ADMINISTRATIVE	4999-000		6,000
<i>[To reconcile beginning fund balance][Do not post - no effect]</i>			
2			
FUND BALANCE - FIXED ASSETS - DEPRECIATION	4997-000	33,694	
ACCUMULATED DEPRECIATION	1890-000		33,694
<i>[To record 2024 fixed assets depreciation expense]</i>			
3			
FUND BALANCE - ADMINISTRATIVE	4999-000	4,000	
ACCRUED EXPENSE	2010-000		4,000
<i>[To accrue 2024 audit fee as per signed engagement letter]</i>			
4			
FUND BALANCE - CONTRACTS - CABLE TV	4999-000	13,230	
FUND BALANCE - CABLE INCOME	4999-000		13,230
<i>[To reclassify cable income out of cable expense] [DO NOT POST - No effect]</i>			
5			
INSURANCE PAYABLE	2025-000	28,511	
FUND BALANCE - INSURANCE	4999-000		30,312
PREPAID INSURANCE	1410-000		58,823
<i>[To adjust insurance payable, prepaid insurance, and insurance expense]</i>			
6			
CONTRACT LIABILITY - DEFERRED RESERVES	3028-000	4,325	
RESERVES - DUE FROM OPERATING	1200-000		4,325
<i>[To adjust reserves - due from operating]</i>			
6			
FUND BALANCE - CLUBHOUSE MORTGAGE	4999-000	70,702	
FUND BALANCE - FIXED ASSET - CLUBHOUSE / OWNER CONTRIBUTION	NEW		70,702
<i>[To capitalize owner contribution related to clubhouse loan principal payments]</i>			
7			
FUND BALANCE - UTILITIES - SEWER WATER & TRASH	4999-000	25,130	
FUND BALANCE - UTILITIES - RECLAIMED WATER	4999-000	2,057	
FUND BALANCE - UTILITIES - ELECTRIC CLUBHOUSE	4999-000	1,018	
ACCRUED EXPENSES	2010-000		28,205
<i>[To accrue 2024 expenses paid in 2025]</i>			
		\$281,999	\$281,999