THE OCEAN GALLERY PROPERTY OWNERS ASSOCIATION, INC.
FINANCIAL REPORT

Year Ended December 31, 2024

CONTENTS

ABARE, KRESGE & ASSOCIATES CPAS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Ocean Gallery Property Owners Association, Inc.

Opinion

We have audited the accompanying financial statements of The Ocean Gallery Property Owners Association, Inc., which comprise the balance sheet as of December 31, 2024, and the related statements of revenues, expenses and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of The Ocean Gallery Property Owners Association, Inc. as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We were unable to obtain evidence supporting the value of common property acquired through transfer from the developer, originally stated at $1,788,500. The Association's records do not permit the application of other auditing procedures to this common property. These financial statements also do not include the accounts of the Association's wholly owned subsidiary, Ocean Gallery Properties, Inc. (which is audited annually as a separate entity), as of December 31, 2024. Quantification of the effects on the financial statements of the preceding practices is not practicable.

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 The Ocean Gallery Property Owners 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Ocean Gallery Property Owners 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 The Ocean Gallery Property Owners 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 The Ocean Gallery Property Owners 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 Schedule of Future Major Repairs and Replacements on page 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenues and Expenses – Operating Fund for the year ended December 31, 2024, on pages 13-14, as required by Rule 61B-22.006(3), Florida Statutes, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the portion marked "UNAUDITED", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic 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.

Adam, Kruge & Associates CPAs, LLC

St. Augustine, FL
July 14, 2025

THE OCEAN GALLERY PROPERTY OWNERS ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2024

	Operating Fund	Replacement Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 210,558	$ 425,184	$ 635,742
Investments	-	609,196	609,196
Fees and assessments receivable	16,722	-	16,722
Due from (to) other fund	(3)	3	-
Due from related entities	9,005	-	9,005
Prepaid insurance	76,597	-	76,597
Total current assets	312,879	1,034,383	1,347,262
Common property, net of accumulated depreciation of $1,158,424	767,280	-	767,280
TOTAL ASSETS	$ 1,080,159	$ 1,034,383	$ 2,114,542
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	$ 36,279	$ -	$ 36,279
Deferred fees and assessments	22,719	-	22,719
Deferred revenue - other	2,500	-	2,500
Liability for health insurance rebate	17,342	-	17,342
Total current liabilities	78,840	-	78,840
Long-term liabilities			
Contract liabilities	-	811,140	811,140
Total long-term liabilities	-	811,140	811,140
TOTAL LIABILITIES	78,840	811,140	889,980
FUND BALANCES			
Unrestricted operating	234,039	-	234,039
Common property	767,280	-	767,280
Designated	-	223,243	223,243
Total fund balances	1,001,319	223,243	1,224,562
TOTAL LIABILITIES AND FUND BALANCES	$ 1,080,159	$ 1,034,383	$ 2,114,542

See accompanying notes

THE OCEAN GALLERY PROPERTY OWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2024

	Operating Fund	Replacement Fund	Total
REVENUES			
Maintenance assessments	$ 613,300	$ -	$ 613,300
Maintenance assessments - lots/homes	39,751	-	39,751
Garage assessments	34,816	-	34,816
OGP management fee	180,000	-	180,000
OGP sales contribution	45,000	-	45,000
OGP office rent	18,236	-	18,236
OGP housekeeping rent	10,208	-	10,208
Special teams credit	272,536	-	272,536
Payroll management fee	742,408	-	742,408
Lease approval fee	22,380	-	22,380
Owner usage & processing fee	5,870	-	5,870
Clubhouse rent	2,275	-	2,275
Finance charges	425	-	425
Insurance proceeds	2,375	-	2,375
Miscellaneous income	150,015	-	150,015
Capital contributions	-	370	370
Gain on fixed asset disposition	1,100	-	1,100
Interest income	13,139	37,846	50,985
Total revenues	2,153,834	38,216	2,192,050
EXPENSES			
Major repairs and replacements	-	14,973	14,973
Insurance	98,900	-	98,900
Utilities	93,749	-	93,749
Operating	223,281	-	223,281
Management, admin and maintenance payroll	962,978	-	962,978
Special teams	252,463	-	252,463
Other expenses	113,375	-	113,375
Community service	284,777	-	284,777
Depreciation	8,397	-	8,397
Total expenses	2,037,920	14,973	2,052,893
EXCESS OF REVENUES OVER EXPENSES	115,914	23,243	139,157
INTERFUND TRANSFERS	(100,000)	100,000	-
FUND BALANCES, BEGINNING	985,405	100,000	1,085,405
FUND BALANCES, ENDING	$ 1,001,319	$ 223,243	$ 1,224,562

See accompanying notes

THE OCEAN GALLERY PROPERTY OWNERS ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

	Operating Fund	Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses	$ 115,914	$ 23,243	$ 139,157
Adjustments to reconcile excess of revenues over expenses to net cash provided (used) by operating activities:			
Depreciation	8,397	-	8,397
Gain on disposition of fixed asset	(1,100)		
Net changes in:			
Fees and assessments receivable	(9,937)	-	(9,937)
Due to (from) other fund	5	(5)	-
Due from related entities	(5,462)	-	(5,462)
Prepaid insurance	6,984	-	6,984
Accounts payable and accrued expenses	(12,245)	-	(12,245)
Deferred fees and assessments	(10,685)	-	(10,685)
Deferred comcast revenue	2,500	-	2,500
Contract liabilities	-	133,000	133,000
Net cash provided (used) by operating activities	94,371	156,238	251,709
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments	-	(426,121)	(426,121)
Proceeds from disposition of fixed asset	1,100		
Purchases of property and equipment	(12,676)	-	(12,676)
Net cash provided (used) by investing activities	(11,576)	(426,121)	(438,797)
NET CHANGE IN CASH	(17,205)	(169,883)	(187,088)
CASH, BEGINNING	227,763	595,067	822,830
CASH, ENDING	$ 210,558	$ 425,184	$ 635,742
SUPPLEMENTARY INFORMATION			
Cash paid for interest	$ 210	$ -	$ 210

See accompanying notes

NOTE 1 ORGANIZATION

The Ocean Gallery Property Associations, Inc. (the "Association") was incorporated under the laws of the State of Florida as a not-for-profit corporation for the purpose of administering, operating and maintaining the common property of the Ocean Gallery community located at 4600 A1A South, St. Augustine, St Johns County, Florida. The Ocean Gallery community consists of four residential condominiums with a total of 418 units and 21 single family homes and lots. There are certain common properties (such as road and recreational facilities) within Ocean Gallery that require maintenance expenses to be shared by the owners. For this purpose, the Ocean Galley Property Owners Association, Inc. was created. Every person or entity who is record owner of any residential unit or lot in the community is a member of the Association and is required to pay assessments to the Association. Operations of the Association commenced effective August of 1982, under the administration of the developer Sun-Mark II Associates, a joint venture of Calmark Communities, Inc. and Sunshine State Mortgage Company. During July of 1987, the administration of the Association was assumed by its then duly elected Board of Directors. The Ocean Gallery community is located on approximately 42 acres.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statements

The accompanying financial statements were prepared pursuant to the requirements of Florida Statutes and the American Institute of Certified Public Accountants.

Revenue Recognition

The Association recognizes revenue in accordance with FASB ASC 606, Revenue from Contracts with Customers. Under ASC 606, revenue recognition for customer contract related services is required when promised goods or services are transferred to customers in an amount that reflects the consideration to which an Association expects to be entitled in exchange for those goods and services.

Fund Accounting

The Association presents its financial statements on the accrual basis using fund accounting to ensure the observance of limitations and restrictions on the use of financial resources. The financial statements are therefore segregated into funds based upon different funding policies established according to their nature and purpose.

Operating Fund – The Operating Fund reflects the maintenance assessments paid by unit owners to meet the regular, recurring costs of operations. Expenditures from this fund are limited to those connected with daily operations.

Replacement Fund – The Replacement Fund is composed of capital assessments paid by unit owners to fund future major repairs and replacements. Interest earned on replacement funds remains in the Replacement Fund.

Special Assessment Fund - The Special Assessment Fund is used to account for financial resources designated for restoration projects as approved by the membership.

Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of 90 days or less.

Investments

Investments are composed of certificates of deposits with maturities of more than 90 days, publicly traded equities, common stock, mutual funds and cash held in brokerage accounts. All investments are carried at fair value.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

All financial instruments are carried at amounts that approximate estimated fair value. Financial Accounting Standards Board ASC 820, Fair Value Measurement ("ASC 820"), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Association can access at the measurement date.

Level 2

Inputs to the valuation methodology are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable for the asset or liability. Unobservable inputs are defined as inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

All financial instruments are considered to be Level 1 inputs in the fair value hierarchy.

Assessments Receivable

Assessments receivable represent amounts due from owners for monthly maintenance assessments. The budgeted amount of the monthly assessment for the Replacement Fund is funded from monthly cash receipts. All assessments receivable are presented in the Operating Fund. Assessments are recognized initially at fair value. Receivables are considered delinquent when they are thirty days past due. It is the Association's policy to retain legal counsel and place liens on the units of members whose assessments are ninety days or more delinquent. A portion of the receivables which are considered delinquent are charged against the allowance when all collection efforts have been exhausted. Factors which influence management judgment in determining the appropriate allowance for doubtful accounts, and for charging off uncollectable accounts, include past collection experience and industry standards. All accounts receivable were considered collectable by the Association of December 31, 2024, and, consequently, no allowance for uncollectable accounts was deemed necessary.

Contract Liabilities

The Condominium 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 the replacement reserve assessments. The balances of contract liabilities as of December 31, 2024 and 2023, is $811,140 and $678,140, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recognition of Assets and Depreciation

The Association's policy for recognizing common property as assets in its balance sheet is to recognize (a) common personal property and (b) real property to which it has title and that it can dispose of for cash while retaining the proceeds. Property contributed to the Association by the developer was recorded at the estimated fair value at the date of the contribution. Replacements and related improvements to such common property are not recognized in the Association's financial statements because their disposition is restricted. However, if the Board of Directors has the discretion to dispose of the real property improvements, and the property is used to generate cash flows from the members on the basis of usage, the property is recorded as an asset. Replacements, major repairs and the purchase of additional commonly owned assets are accounted for as expenditures in the Replacement Fund. Tangible personal property acquired by using the Association's funds is recorded at cost. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets, which range from 5 to 28 years. Depreciation expense for the year ended December 31, 2024 was $8,397.

Deferred Fees and Assessments

Deferred assessments revenue consists of 2025 maintenance assessments received by the Association in 2024.

Income taxes

The Association has elected to file its income tax return as a regular corporation in accordance with Internal Revenue Code Section 277 for the year ended December 31, 2024. Under that election, the association is taxed only on its non-membership function income, such as interest earnings and revenues from non-members (such as rental revenue) at statutory federal and state rates. Membership function income, which consists primarily of members' assessments, is not taxable. For the year ended December 31, 2024, non-membership income did not exceed the related expenses. Accordingly, no federal income tax expense was recorded in the Operating Fund.

Accounting for Uncertain Tax Positions

The Association has adopted FASB ASC 740-10, *Accounting for Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Based on analyses of various federal and state filing positions of the Association, management believes that its income tax filing positions and deductions are well documented and supported.

As of December 31, 2024, the Association had 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. Additionally, as of December 31, 2024, the Association had no uncertain tax positions that would qualify for either recognition or disclosure in the financial statements. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to FASB ASC 740-10. In addition, no cumulative effect adjustment related to the adoption of FASB ASC 740-10 was recorded.

There have been no increases or decreases in unrecognized tax benefits for current or prior years since the date of adoption. Furthermore, no interest or penalties have been included since no reserves were recorded and no significant increases or decreases are expected to occur within the next 12 months. When applicable, such interest and penalties will be reported as income tax expense.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Association's tax returns will not be challenged by the taxing authorities and that the Association will not be subject to additional tax, penalties, and interest because of such challenge. At December 31, 2024, the periods that remain open to examination under federal and state statutes are for the years ended December 31, 2021 through 2023.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Major Repairs and Replacements

The Association accumulates funds for future major repairs and replacements based on estimated future costs. Actual future expenditures may vary from the estimated cost.

Interest Income

Interest income earned on interest bearing accounts of the Operating and Replacement Fund are allocated to the respective fund, as appropriate. Any income tax liability arising from interest earned is disbursed from the Operating Fund.

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts and the variances are held to be immaterial.

Donated Services

The Association's Board of Directors and its officers serve without compensation. The value of these services is not recorded in the financial statements.

NOTE 3 INVESTMENTS

Investments are stated at fair value, as determined by reference to quoted market prices for similar investments, yield curves and other relevant information. The value assigned to investments received by gift is the fair value at the date of donation. The investments all qualify as level one investments within the fair value hierarchy.

At December 31, 2024, the Association held three certificate of deposits, totaling $609,196 and bearing interest ranging from 3.63% to 4.85%, with maturities ranging from March 7, 2025 to December 26, 2025.

NOTE 4 CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Association to concentrations of credit risk, as defined by accounting principles generally accepted in the United States of America, consist primarily of bank accounts with balances in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC") and assessments receivable.

The Association maintains its cash balances with high quality financial institutions. Accounts at these institutions currently are insured by the FDIC up to $250,000. At times, such balances may be in excess of FDIC insurance limits. As of December 31, 2024, the Association's uninsured cash balances totaled approximately $179,910.

All of the Association's assessments receivable is related to billed assessments. The Association monitors the collectability of the assessments receivable and pursues collection. Management routinely assesses the collectability of the Association's assessments receivable and has determined them fully collectable.

NOTE 5 OTHER CONCENTRATIONS

The Association's primary source of income is assessments paid by unit owners.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2024:

Common property contributed by developer:	
Land related to ocean front dunes	$ 725,000
Roadways and parking areas	532,000
Clubhouse	325,000
Pool	83,000
Block wall	43,000
Tennis and racquetball courts	37,000
Guardhouse and gates	22,000
Boardwalks and gazebo	21,500
Total common property contributed by developer	1,788,500
Clubhouse improvement	36,228
Fitness equipment	36,596
Golf cart	34,331
Telephone system	30,049
Total common property	1,925,704
Less, accumulated depreciation	(1,158,424)
Property and equipment, net	$ 767,280

NOTE 7 COMMITMENTS AND CONTINGENCIES

During the course of its normal operations, the Association may become subject to various claims, torts and actions. Management reviews the validity of such actions and acts accordingly. Management does not believe the outcome of any current actions will result in material loss to the Association. As a result, the financial statements do not include any adjustments for such actions.

The Association also has entered into various contracts for services and major repairs and replacements.

NOTE 8 FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents and Florida statues require funds to be accumulated for future major repairs and replacements. Accumulated funds are held in separate interest-bearing accounts and are generally not available for operating purposes. All interest earned on these funds is allocated to the Replacement Fund.

An independent engineer conducted a formal study in 2024 to estimate the remaining useful lives and current replacement costs of the components of common property in 2024. The table included in the supplementary information on future major repairs and replacement, which is unaudited, is based on that estimate.

The Association is funding for major repairs and replacements over remaining useful lives of the components based on the estimates of current replacement costs and considering the amounts previously accumulated in the Replacement Fund. Accordingly, funding of $149,000 has been included in the 2025 budget for the condominium and the garages reserves, respectively.

Funds are being accumulated in the Replacement Fund based on the estimated current cost for repairs and replacements of common property components. Actual expenditures and investment income may vary from the estimated amounts, and the variation may be material. Therefore, amounts accumulated in the Replacement Fund may not be adequate to meet future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

NOTE 9 OWNERS' ASSESSMENTS

Association members are subject to equal annual assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from owners. Prepaid assessments at the balance sheet date represent fees paid in advance by owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are delinquent. The annual budget and assessments of owners are determined by the Board of Directors. The Association retains excess operating funds at the end of the fiscal year, if any, for use in future periods. Annual operating assessments to unit owners were $1,700 each in 2024. Of that amount, $303 per owner was designated to the Replacement Fund. Annual garage assessments were $512 and assessments to homeowners were $166 per month. There were no delinquent assessments at year end. As of December 31, 2024, no allowance for uncollectable assessments has been recorded since management believes these balances will be fully collected.

NOTE 10 OPERATING LEASE

In April 2021, the Association entered into a new lease agreement for the use of office equipment. The lease requires a minimum monthly fee of $299 (not including taxes and usage charges). The lease agreement period terminates on April 27, 2026. Because the impact of not implementing ASC 842 to this lease is not material to the financial statements as a whole, the Association has elected to follow the previous guidance under ASC 840. The following schedule reflects the future minimum rental payments required each year under this operating lease, including sales tax, as follows:

For the year ending December 31:	
2025	$ 3,588
2026	1,196
Total	$ 4,784

NOTE 11 RELATED PARTY TRANSACTIONS

The Association is related to The Ocean Gallery Village Las Palmas Condominium Association, Inc., The Ocean Gallery Village Del Lago Condominium Association, Inc., The Ocean Gallery Village Del Prado Condominium Association, Inc., and The Ocean Gallery Vistas Condominium Association, Inc. through common membership of all owners. Every owner of the condominium associations identified above is also a member of the Association. Payroll and related expenses for all associations are paid through a common checking account which is funded by the individual associations. At December 31, 2024, the balance of the Association's common payroll checking account was $69,647. The Association was owed $9,005 from the related associations for reimbursed expenses.

The Association's wholly-owned subsidiary, Ocean Gallery Properties, Inc., was incorporated on February 17, 1989 in the State of Florida. The subsidiary company serves as the non-exclusive rental agent of the condominium units owned by members of the Association and occupies 850 square feet of office space leased from the Association. During 2024, the subsidiary company paid rent to the Association, totaling $28,444 and reimbursed shared expenses in the form of a management fee, totaling $180,000.

NOTE 12 PROFIT SHARING PLAN

The employees of the Association are covered under a 401(k) profit sharing plan. All employees over 18 years of age and with a year of service (at least 1,000 hours of service in the first 12 months is required) are eligible to participate in the plan. Employees can elect to defer from 1% to 90% of their wages with a maximum of $23,000, which increases to $30,500, if the employee's age is 50 or over. Under this plan, the Association's match would be 100% of the first 4% of wages deferred. The Association's portion of the 401(k) matching contribution expense was $4,679 (total contribution expense for all five associations was $27,529) for the year ended December 31, 2024 and is included in management and maintenance payroll expenses on the statement of revenues, expenses and changes in fund balances.

NOTE 13 CAPITAL CONTRIBUTIONS

At the time of conveyance of a unit, each purchaser is required to pay an amount equal to three times the then current monthly assessment to a working capital fund. These contributions are not restricted. The Board of Directors has elected to contribute all capital contributions to the Replacement Fund. Capital contributions collected in 2024 totaled $370.

NOTE 14 SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 14, 2025. No events were identified as necessary to be disclosed to keep these financial statements from being misleading or that provide additional evidence about conditions that existed at December 31, 2024, including estimates inherent in the process of preparing these financial statements.

SUPPLEMENTARY INFORMATION

THE OCEAN GALLERY PROPERTY OWNERS ASSOCIATION, INC.
SCHEDULE OF REVENUES AND EXPENSES - OPERATING FUND
YEAR ENDED DECEMBER 31, 2024

	Actual	(UNAUDITED) Budget	Variance Favorable (Unfavorable)
REVENUES			
Maintenance assessments	$ 613,300	$ 613,300	$ -
Maintenance assessments - lots/homes	39,751	39,748	3
Garage assessments	34,816	34,816	-
OGP management fee	180,000	180,000	-
OGP sales contribution	45,000	47,000	(2,000)
OGP office rent	18,236	19,504	(1,268)
OGP housekeeping rent	10,208	10,918	(710)
Special teams credit	272,536	271,400	1,136
Payroll management fee	742,408	-	742,408
Lease approval fee	22,380	21,000	1,380
Owner usuage and processing fee	5,870	9,600	(3,730)
Clubhouse rent	2,275	500	1,775
Finance charges	425	500	(75)
Other membership income	150,015	-	150,015
Gain on fixed asset disposition	1,100	-	1,100
Interest income	13,139	10,669	2,470
Total revenues	2,153,834	1,258,955	894,879
EXPENSES			
Utilities			
Cable	24,710	24,500	(210)
Electric	33,126	33,852	726
Heat pool/spa	5,843	12,720	6,877
Sewer	5,243	5,435	192
Sewer (homes)	5,581	5,300	(281)
Trash	10,778	8,960	(1,818)
Water	4,067	4,100	33
Water (homes)	4,401	4,240	(161)
Total utilities	93,749	99,107	5,358
Operating			
Tools/equipment	2,285	3,180	895
Termite service	-	820	820
Grounds-replace/upkeep	2,576	5,000	2,424
Irrigation	1,319	2,500	1,181
Maintenance-facilities	45,754	20,140	(25,614)
Maintenance supplies	-	500	500
Mulch	6,440	9,222	2,782
Palms/shrub-trim/prune	78,905	85,000	6,095
Lawn/shrub-fertilize/debug	24,488	21,840	(2,648)
Pest control/extermination	16,392	17,440	1,048
Pool/spa repair and supply	19,332	19,080	(252)
Ponds - algae control	2,412	2,528	116
Golf cart supplies/repair	2,743	5,300	2,557
Landscape contract	20,635	21,632	997
Total operating	223,281	214,182	(9,099)

THE OCEAN GALLERY PROPERTY OWNERS ASSOCIATION, INC.
SCHEDULE OF REVENUES AND EXPENSES - OPERATING FUND
YEAR ENDED DECEMBER 31, 2024

	Actual	(UNAUDITED) Budget	Variance Favorable (Unfavorable)
Insurance			
General	93,849	95,259	1,410
Flood	5,051	5,039	(12)
Total insurance	98,900	100,298	1,398
Management, admin and maintenance payroll			
Management payroll, taxes and benefits	-	45,400	45,400
Admin payroll, taxes and benefits	288,692	-	(288,692)
Maintenance management payroll, taxes and benefits	-	16,815	16,815
Maintenance workers comp. insurance	19,610	-	(19,610)
Maintenance payroll	481,440	85,700	(395,740)
Maintenance payroll, taxes and fees	39,919	-	(39,919)
Maintenance group insurance and benefits	132,375	-	(132,375)
Maintenance uniforms	942	551	(391)
Total management, admin and maintenance payroll	962,978	148,466	(814,512)
Special teams	252,463	271,400	18,937
Other expenses			
Accounting and audit	6,528	6,690	162
Amenity service	4,760	3,500	(1,260)
Bank charges	2,492	300	(2,192)
Communications web site	5,195	2,300	(2,895)
Computer/copier/printing	29,260	21,200	(8,060)
Employee incentive plan	21,720	22,400	680
Exercise facility	2,683	636	(2,047)
Interest expense - insurance financing	210	-	(210)
Legal fees	6,699	4,000	(2,699)
Licenses/taxes	1,393	1,000	(393)
Management hiring expense	32	600	568
Membership fees	453	742	289
Office supplies	3,136	3,500	364
Payroll fees	18,753	-	(18,753)
Postage	3,159	6,000	2,841
Telephone	1,507	1,696	189
Vehicle expense	307	2,258	1,951
Total other expenses	113,375	76,822	(36,553)
Community service			
Payroll	255,868	341,790	85,922
Group insurance and benefits	4,001	-	(4,001)
Payroll taxes	20,380	-	(20,380)
Communications	-	530	530
Expenses	4,528	6,360	1,832
Total community service	284,777	348,680	63,903
Total expenses from operations	2,029,523	1,258,955	(770,568)
Excess of revenues over expenses	124,311	-	124,311
Less: Depreciation expense	8,397	-	8,397
Excess of revenues over expenses	$ 115,914	$ -	$ 115,914

THE OCEAN GALLERY PROPERTY OWNERS ASSOCIATION, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2024

An independent engineer conducted a formal study in 2024 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated replacement costs do not take into account the effects of inflation between the date of the study and the date the components will require repair or replacement.

The following information is based on the study and presents significant information about the components of common property at December 31, 2024:

Components	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Cost	Fund Balance Contract Liabilities 12/31/2023	Additions and Transfers	Net Interest and Capital Contributions Allocation	Expenditures and Transfers	Fund Balance Contract Laibilities 12/31/2024	2025 Approved Funding
Site and grounds	1-30	$ 1,202,800						
Buildings - exteriors	1-12	506,200						
Buildings - interior	0-12	151,100						
Mechanical/electrical/plumbing	0-12	116,600						
Pool	0-15	185,900						
Exterior amenities	0-29	253,250						
Pooled fund			$ 778,140	$ 233,000	$ 38,216	$ (14,973)	$ 1,034,383	$ 149,000
Total		$ 2,415,850	$ 778,140	$ 233,000	$ 38,216	$ (14,973)	$ 1,034,383	$ 149,000