PENTHOUSE TOWERS ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Penthouse Towers Association, Inc.
Highland Beach, Florida

We have audited the accompanying balance sheet of Penthouse Towers Association, Inc. as of December 31, 2023, and were engaged to audit the related statements of revenue, expenses, and changes in fund balance cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all materials respects, the financial position of Penthouse Towers Association, Inc. as of December 31, 2023, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits 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 Penthouse Towers Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility 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; this includes 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 Penthouse Tower'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 Responsibility 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 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.

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- 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 Penthouse Towers Condominium 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 Penthouse Towers Condominium Associations, 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 are identified during the audit.

Quantum Advisors Choice, LLC
Quantum Advisors Choice, LLC

Miami Lakes, Florida
February 28, 2024

PENTHOUSE TOWERS ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2023

	Operating	Reserves	Total
ASSETS			
Cash, including interest-bearing deposits	$ 241,002	$ 46,260	$ 287,262
Maintenance assessments receivable	158,005		158,005
Prepaid expenses	530,719		530,719
Due to/from	12,232	(12,232)	-
	$ 941,958	$ 34,028	$ 975,986
LIABILITIES			
Accounts payable and accrued expenses	$ 36,323		$ 36,323
Maintenance assessments received in advance	119,314		119,314
Deferred contingency fund	329,068		329,068
Deferred special assessment	556,512		556,512
Contract liabilities (maintenance received in advance - replacement			-
fund)		34,028	34,028
	1,041,217	34,028	1,075,245
UNIT OWNERS' EQUITY			
Fund balances	(99,259)	-	(99,259)
	$ 941,958	$ 34,028	$ 975,986

The accompanying notes are an integral part
of these financial statements.

PENTHOUSE TOWERS ASSOCIATION, INC.
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2023

		Operating
REVENUE		
Maintenance assessments	$	1,325,950
Rental		2,875
Interest		324
Other		18,403
		1,347,552
EXPENSES		
Payroll and related costs		359,002
Building maintenance		251,088
Utilitiies		280,339
Insurance		451,760
General and administrative		39,982
Interest expense		11,567
		1,393,738
EXCESS OF REVENUE OVER EXPENSES		(46,186)
FUND BALANCES - BEGINNING OF YEAR		(53,073)
FUND BALANCES - END OF YEAR	$	(99,259)

The accompanying notes are an integral part
of these financial statements.

PENTHOUSE TOWERS ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	Operating	Reserves	Total
RECONCILIATION OF EXCESS OF REVENUE OVER EXPENSES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
EXCESS OF REVENUE OVER EXPENSES	$ (46,186)	$ (247)	$ (46,433)
ADJUSTMENTS TO RECONCILE EXCESS OF REVENUE OVER EXPENSES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Changes in assets and liabilities:			
Maintenance assessments receivable	(155,454)		(155,454)
Prepaid expenses	(434,449)		(434,449)
Due to/from	(12,232)	12,232	-
Accounts payable and accrued expenses	30,914	(47,000)	(16,086)
Maintenance assessments received in advance	36,638		36,638
Deferred contingency fund	38,929		38,929
Deferred special assessment	556,512		556,512
Contract liability - (maintenance received in advance - replacement fund)		293	293
Net cash provided by operating activities	14,672	(34,722)	(20,050)
NET INCREASE IN CASH	14,672	(34,722)	(20,050)
CASH - BEGINNING OF YEAR	226,330	80,982	307,312
CASH - END OF YEAR	$ 241,002	$ 46,260	$ 287,262

The accompanying notes are an integral part
of these financial statements.

NOTE 1—NATURE OF ORGANIZATION

Penthouse Towers Association, Inc. ("Association") was incorporated on September 2, 1970, as a Florida Corporation, not-for-profit, for the purpose of administering and preserving the common property of the condominium building known as Penthouse Towers (consisting of 136 residential units, located in Miami Beach, Florida) pursuant to the Condominium Act of the State of Florida.

NOTE 2—DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 28, 2024, the date that the financial statements were available to be issued.

NOTE 3—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Disbursements from the replacement fund may be made only for their designated purposes.

Member Assessments

Based upon a budget established by the Board of Directors, assessments are levied against the unit owners for their proportionate share of common expenses. Association members are subject to monthly 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 unit owners. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose assessments are ninety days or more delinquent. The Association considers all assessments receivable at December 31, 2023 to be fully collectible. Any excess assessments at year end are retained by the Association for use in the succeeding year.

(continued)

NOTE 3—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and 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.

Cash and Cash Equivalents

For purposes of balance sheet and statement of cash flows, the Association considers investments in highly-liquid debt instruments purchased with maturity date of three months or less to be cash equivalents.

Concentrations of Credit Risk

The Association is exposed to credit risks in the event of default by financial institutions in which cash balances are maintained in excess of insured limits. The FDIC insures all accounts up to $250,000. Their was no exposure at December 31, 2023..

Contract Liabilities (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 requirements. During the year the association waived the reserve assessment. The balances of contract liabilities (assessments received in advance – replacement fund) at the end of the year is $34,028.

	Balance 31-Dec-22	Interest	Expenditures	Balance 31-Dec-23
SA - Concrete painting	$ 10,033			$ 10,033
SA - Elevators	139			139
Washer/Dryer	23,563			23,563
Interest		293		293
	$ 33,735	$ 293	$ -	$ 34,028

NOTE 4 - INCOME TAXES

Condominium associations may be taxed either as homeowners' associations or as regular corporations. As a regular corporation, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its nonmembership income, such as interest earnings, at regular federal and state corporate rates. For the years ended December 2023, the Association elected to file as a homeowner's association..

NOTE 5 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

Florida Statutes require the Association to accumulate funds for future major repairs and replacements such as roof replacements, painting and pavement resurfacing, unless waived by a majority of voting unit owners. Reserve funding was waived by a majority of voting unit owners for the year ended December 31, 2023, but there is an additional $75,209 billed for Deferred Maintenance Fund and expenditures of $36,280. In connection with the preparation of the Association's annual budget, the Board of Directors estimated the remaining useful lives and replacement costs of the components of common property. However, estimated current replacement costs could vary substantially from the actual cost. If additional funds are needed for major repair and replacements, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. There were no activities in the replacement fund as of December 31, 2023.

NOTE 6 – DEFERRED CONTINGENCY FUND

The association maintains a contingency fund for unbudgeted and/or emergency expenses. As of December 31, 2023 the balance was $329,068.

NOTE 7 – SPECIAL ASSESSMENT – INSURANNCE

Florida statures to allow, when insurance costs are 115% above the prior year for them to be billed separately. This is the case in 2024, so the Board made a special assessment of $556,212 for insurance costs for 2024.

NOTE 8 - COMMITMENT AND CONTINGENCIES

Maintenance Contracts

Pursuant to the authority existing under its by-laws, the Association has entered into various agreements to provide the necessary maintenance services for the common areas.

Insurance Deductible

The property insurance policy in force at December 31, 2023 was subject to a 5% deductible of approximately $1,300,000.

SUPPLEMENTAL INFORMATION

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION

The Board of Directors and Unit Owners
Penthouse Towers Association, Inc.
Highland Park, Florida

Report of Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules on pages 12 to 14 are presented for purposes of additional analysis and is not a required part of the 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 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 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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that future repairs and replacements on page 11 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 consists of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response 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

Quantum Advisors Choice, LLC
Certified Public Accountants and Consultants
Miami Lakes, Florida
February 18, 2024

PENTHOUSE TOWERS ASSOCIATION, INC.

SUPPLEMENTAL INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS

DECEMBER 31, 2023

(UNAUDITED)

The Board of Directors annually reviews the major components of common property to determine the current year's funding for major repairs and replacements. An independent study has not been made to determine the adequacy of the current funding program for the replacement and deferred maintenance of the Association's common areas. The Association use historical cost analysis as the method for determining funding for future repairs and replacements. Accordingly, the current program may not be sufficient to meet all future costs.

The following table is based on the Board's review and presents significant information about the components of common property.

Major Components	Remaining Useful Lives (In Years)	Current Replacement Cost	2022 Funding Requirement	Balance December 31, 2023
Interest				295
Roof	6	640,000	106,667	-
Exterior painting	4	400,000	100,000	-
Pavement	0	100,000	100,000	-
Air handler	11	350,000	31,818	-
Generator	10	221,000	22,100	
Pool	21	200,000	9,524	
Elevator	16	1,850,000	115,616	139
Lobby	3	50,000	16,667	-
Plumbing	0	300,000	300,000	23,562
Electric	0	1,250,000	1,250,000	-
Pavers & Fencing	0	200,000	200,000	-
Concrete restroration	4	2,500,000	625,000	10,032
Sprinkler	9	135,000	15,000	
		$ 8,196,000	$ 2,892,392	$ 34,028

PENTHOUSE TOWERS ASSOCIATION, INC.
DETAILED SCHEDULE OF OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Operating
BUILDING MAINTENANCE	
Beach Cleaning	$ 9,788
Elevator Maintenance	27,115
Fire Protection	18,771
Lawn & Landscaping	36,987
Trash Removal	24,781
Pest Control	1,982
Pool Maintenance & Supplies	13,609
Washer/Dryer Repairs	5,343
Electric/Plumbing Repairs	37,975
Building Maintenance & Supplies	56,961
A/C & Cooling Tower	17,776
	$ 251,088

PENTHOUSE TOWERS ASSOCIATION, INC.
DETAILED SCHEDULES OF OPERATING FUND EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Actual
UTILITIES	
Cable Television	$ 81,441
Electricity	54,078
Gas/Fuel Oil	11,699
Sewer	56,802
Water	67,892
Telephone	8,427
	$ 280,339
GENERAL AND ADMINISTRATIVE	
Accounting Fees	$ 16,350
Bank Charges	824
Legal Fees	10,485
Licenses, Taxes, Permits	1,144
Office Supplies	11,179
	$ 39,982

Attention is directed to independent auditors' report on supplemental information.