Avalon of Naples II Condominium Association, Inc.

Budget



Cardinal Management Group of Florida, Inc.

AVALON OF NAPLES II CONDOMINIUM ASSOCIATION, INC.
2026 APPROVED OPERATING BUDGET

	Total Number of Units in Association =	**48**
		2026 Approved
	INCOME	
30100	REGULAR ASSESSMENTS	147,758
30104	MASTER ASSESSMENT RECEIVABLE	193,666
30120	RESERVE ASSESSMENT (REPLACEMENT)	74,640
30171	LATE FEES	0
30270	INTEREST INCOME	0
30273	INTEREST INCOME-RESERVE	0
	TOTAL INCOME	**416,064**
	EXPENSES	
	ADMINISTRATIVE	
51030	OFFICE EXPENSE	2,500
51067	ANNUAL FEES - CORP	62
51069	ANNUAL FEES - CONDO DIVISION	192
51079	MASTER ASSESSMENT PAYABLE	193,666
51090	LEGAL FEES	1,000
51109	FINANCIAL STATEMENT REVIEW FEES	650
51110	TAXES & TAX PREPARATION	300
51120	MANAGEMENT FEES	12,096
51138	RESERVE STUDY	0
	TOTAL ADMINISTRATIVE	**210,466**
	MAINTENANCE	
61180	GROUNDS CONTRACT	25,200
61182	MULCHING	3,800
61183	TREE TRIMMING	7,000
61200	PROPERTY REPAIRS	20,000
61240	EXTERMINATING/PEST CONTROL	2,300
61407	JANITORIAL SERVICE & SUPPLIES	0
61470	PRESSURE WASHING	2,000
61570	LANDSCAPE REPL. & IMPROV.	5,000
61631	FIRE ALARM MONITORING	2,880
61632	FIRE SPRINKLER INSPECTION	3,270
61635	FIRE EQUIPMENT REPAIRS & MAINTENANCE	8,000
61771	IRRIGATION REPAIRS & MAINTENANCE	2,000
	TOTAL MAINTENANCE	**81,450**
	UTILITIES/OTHER	
71030	ELECTRIC	2,500
71050	INSURANCE	46,920
79900	CONTINGENCY	88
	TOTAL UTILITIES/OTHER	**49,508**
	TOTAL EXPENSES	**341,424**
	REPLACEMENT RESERVE TRANSFER	**74,640**
	TOTAL EXPENSES & RESERVES	**416,064**
		2026
	QUARTERLY ASSESSMENT	**$2,167.00**

RESERVES Item	Replacement Cost	Useful Life	Remaining Life	12/31/2025 Balance	Annual Contribution
Roof (Building)	$1,338,075	25	18	$278,634	$74,640
Building Painting	$32,632	7	0		
Gutter and Downspouts	$80,568	20	13		
Railings	$29,700	25	18		
Doors (Including Garage Doors)	$117,600	30	23		
Fire Safety	$150,000	35	28		
Façade Restoration	$30,000	7	7		
Electrical Panel Replacement	$90,000	12	6		
Unallocated Reserve Interest	$0	0	0		
Total	$1,868,575			$278,634	$74,640

WAIVING OF RESERVES, IN WHOLE OR IN PART, OR ALLOWING ALTERNATIVE USES OF EXISTING RESERVES MAY RESULT IN UNIT OWNER LIABILITY FOR PAYMENT OF UNANTICIPATED SPECIAL ASSESSMENTS REGARDING THOSE ITEMS.

Avalon of Naples II Condominium Association, Inc.

Frequently Asked Questions



Cardinal Management Group of Florida, Inc.

Avalon of Naples II, A Condominium Association, Inc.
2026 Frequently Asked Questions

Q: What are my voting rights in the condominium Association?
A: Each unit is entitled to one vote.

Q: What restrictions exist in the Condominium Documents on my right to use my unit?
A: Each unit shall be used as a single-family residence only. See Avalon of Naples II Rules & Regulations.

Q: What restrictions exist in the Condominium Documents on the leasing of my unit?
A: The unit may not be leased more often than three (3) times in any twelve (12) month period, and the unit shall not be leased for a term of less than thirty (30) days. Perspective tenants must submit to the Association a lease application (20) days prior to the start date of the lease. All tenants must be approved by the Association. A non-refundable. $150.00 application fee is required. Guests and tenants of Unit Owners shall not be allowed to bring pets onto the Condominium Property without advance approval of the Association, which may be withheld on any reasonable grounds.

Q: How much are my assessments to the Condominium Association for my unit and when are they due?
A: The Association assessments are $2,167.00 and are due the first day of each Quarter (January, April, July and October) regardless if notice is received or not.

Q: Do I have to be a member in any other Association? If so, what is the name of the Association and is there a separate assessment?
A: Each unit owner is required to be a member of the Avalon of Naples Master Association. Assessments are paid quarterly through the sub-association to Master Association.

Q: Who Holds the master insurance policy for liability and hazard?
A: Gulfshore Insurance 239-261-3646.

Q: Am I required to pay rent or land use fees for recreational or other commonly used facilities? If so, how much am I obligated to pay annually?
A: No

Q: Is the Condominium Association or other mandatory membership association involved in any court cases in which it may face liability in excess of $100,000? If so, identify each such case.
A: No

NOTE: The statements contained herein are only summary in nature. A prospective purchaser should refer to all references, exhibits hereto, the sales contract, and the Condominium Documents.

Avalon of Naples II Condominium Association, Inc.

Lease Purchase Application



Cardinal Management Group of Florida, Inc.

Cardinal Management Group of Florida, Inc.

For an **Application** needed to lease or purchase a home/condominium unit, please go to applications.cmgflorida.com to obtain the correct and most up to date application for your community.

4670 Cardinal Way, Suite 302 - Naples, FL 34112 - Phone: (239) 774-0723 - Fax: (239) 775-0723

Avalon of Naples II Condominium Association, Inc.

Rules and Regulations



Cardinal Management Group of Florida, Inc.

RULES AND REGULATIONS

AVALON OF NAPLES II CONDOMINIUM ASSOCIATION, INC.

The following Rules and Regulations supplement those contained in the Declaration of Condominium for Avalon of Naples II, a Condominium. They are applicable to all occupants of Units as well as to Unit Owners.

1. The entranceways, stairwells, passages, vestibules, halls and similar portions of the Common Elements shall be used only for ingress and egress to and from the Condominium Property.

2. No carts bicycles, carriages, chairs, tables or other personal property or equipment shall be stored in any driveway or in any entranceway, stairwell, passage, vestibule, hall or similar portions of the Common Elements them.

3. Each Unit Owner's personal property must be stored within the Unit or within the Limited Common Elements associated with the Unit.

4. The Common Elements shall not be obstructed, littered, defaced, or misused in any manner.

5. Nothing is to be attached, hung, displayed or placed on porches, exterior walls, doors, balconies or windows of the Building without advance written approval of the Association, including, but not limited to, signs, awnings, screens, window tinting, wreaths, statuaries and other such fixtures and equipment except that:

a. Builder installed door bells may be replaced with door bells that provide a camera at the doorway such as the brand "Ring Doorbell".

b. Lock boxes on the front door that provides a key for emergency responders in the event of a medical or other emergency such as "Knox HomeBox" are permitted.

c. Peep holes on the front door are permitted.

6. Nothing is to be planted or grown outside of the Unit, including any type of tree, vine, grass or any other type of plant except that:

a. Potted plants located directly outside the doorway in containers that are 12 inches or less in size are permitted.

b. Wreaths that are hung (not attached) on the front door are permitted.

c. The Common Elements shall not be used by Owners or their contractors for work performed on an Owner's Unit. All work performed on/for an Owner's Unit should be performed within the Unit or on the Owner's driveway only.

7. Neither rugs, laundry nor any other article(s) shall be shaken or hung from windows, doors, or exterior walls.

8. Garbage and other refuse shall not be allowed to accumulate in the common elements or limited common elements and shall be placed only in designated areas.

9. Employees and vendors of the Association are not to be engaged by Unit Owners for personal errands which are not within the scope of the applicable employee's or vendor's duties. The Board of Directors shall be solely responsible for directing and supervising any employees or vendors of the Association.

10. No Unit Owner shall alter any lock, nor install any new lock, without notice to the Board of Directors, and the Unit Owner shall provide the Association with an additional key to the Unit for emergency access. The Unit Owner shall be responsible for any costs or expenses incurred by the Association to gain emergency access should the Owner fail to provide a key that functions properly.

11. Curtains, drapes and other window coverings (including their linings) which face on exterior windows or glass doors of Units shall be white or off-white in color, unless otherwise specifically approved by the Board of Directors.

12. No aluminum foil or white paper may be placed in any window or glass door of a Unit, and no reflective or tinting substance may be placed on any glass in a Unit except a substance previously approved by the Board of Directors for energy conservation purposes.

13. Except as may be required by federal law, no exterior antennae shall be permitted on the Condominium Property, provided that the Developer shall have the right (but not the obligation) to install and maintain community antennae, radio and television lines and security systems, as well as communication systems.

14. No boats, trucks over 3/4 tons, commercial vehicles, trailers, recreational vehicles, motor homes or other motor vehicles, except four-wheel passenger automobiles or non-commercial vans, SUV's or pick-up trucks, as determined by the Board of Directors, shall be placed, parked or stored upon the Condominium Property or in the Common Elements for a period of more than four (4) hours unless such vehicle is necessary in the actual construction or repair of a structure or for ground maintenance. No maintenance or repair shall be performed upon any boat or motor vehicle not owned or controlled by the Association or the Developer in the Condominium Property.

15. With the exception of signs used or approved by the Association or Developer, no signs, advertisements, notices or lettering may be exhibited, displayed, inscribed, painted or affixed in, or upon any part of the Common Elements or any part of a Unit or Limited Common Element associated with such Unit so as to be visible outside the Unit of the Limited Common Element. Additionally, no awning, canopy, shutter, air- conditioning unit or other projection shall be attached to, hung, displayed or placed upon the outside walls, doors, windows, roof or other portions of the building or on the Common Elements.

16. Pets shall not be permitted to become a source of annoyance or a nuisance or danger to Unit Owners or occupants of Units and are subject to removal from the

Condominium at the discretion of the Board of Directors after a hearing conducted in the same manner as hearings for fines. Solid wastes from pets must be picked up and disposed of properly by their owners.

17. Pets and fish may be kept on the condominium property only in accordance with the provisions of section 17.3 of the Declaration and the following:

a. No dog or cat shall be permitted outside of its owner's Unit unless attended by an adult and on a leash not more than six (6) feet long. No more than two (2) household pets shall reside within any Unit, to be limited to dogs, cats or fish. No dog or cat shall be of a dangerous breed or disposition, which shall be determined at the discretion of the Board of Directors. No variance to the number of pets allowed may be granted.

b. Aquariums may not exceed fifty-five (55) gallon in capacity. A Unit Owner shall be limited to one (1) aquarium.

c. Pets are not permitted on any part of the Common Elements except (i) when they are leashed and being walked or transported directly off the Condominium Property or directly to their owner's Unit, or (ii) pursuant to uniform rule and regulations adopted by the Board. Pets are not allowed in any lakes, pools or pool areas.

d. Guests and tenants of Unit Owners shall not be allowed to bring pets onto the Condominium Property without advance approval of the Association, which may be withheld on any reasonable grounds.

18. No Unit Owner shall make disturbing noises or permit his family, servants, employees, agents, visitors or licensees to do so. In particular, no Unit Owner shall play (or permit to be played) in his Unit or on the Common Elements appurtenant to it, any musical instrument, phonograph, television, radio or the like at loud volumes after 10:00 pm or in a way that otherwise unreasonably disturbs or annoys other Unit Owners or occupants.

19. No radio or television installation or other electronic equipment shall be permitted in any Unit or any Limited Common Area if it interferes with the television or radio reception of another Unit or any Limited Common Area.

20. No flammable, combustible or explosive fluids, chemicals or other substances may be kept in any Unit or on the Common Elements, except such as are normally used for normal household purposes.

21. No gas fired, electric or charcoal cooking grills may be used or stored on any balcony, lanai or within 10 feet of any structure as per Florida Fire Prevention Code NFPA 1, Section 10.10.6. The grills may not be stored anywhere outside of the Unit.

22. Storage of low-pressure gas (LPG) cylinders in any Unit or garage is limited to two (2) 2.7 lbs. cylinders per resident (NFPA 58 LPG Code 2014, Section 8.3.5). The cylinders may not be stored anywhere outside of the Unit. The use or storage of standard 20 lbs. LPG cylinders is expressly prohibited.

23. Unit Owners are responsible for cleaning any grease, drippings, etc. from driveway pavers.

24. A Unit Owner who plans to be absent during the hurricane season must prepare his Unit prior to his departure by designating a responsible firm or individual to care for his Unit should the Unit suffer hurricane damage and furnishing the Association with the name(s) of that firm or individual. Roll-down and other shutters that are intended to be installed in a permanent fashion may only be installed in accordance with the Association's adopted standards for location, material and appearance.

25. Children shall be the direct responsibility of their parents or legal guardians who must supervise them while they are within the Condominium Property. Playing shall not be permitted in any of the hallways, stairways, and entranceways, Clubhouse, pool area or other areas where to do so would be unreasonably disturbing to residents, and persistent loud noises will not be tolerated. In no event shall children under the age of eighteen (18) years be permitted in the areas that may be designated from time to time by the Board of Directors, unless accompanied by an adult.

26. No parking is allowed at any time in community roadways, other than for the purpose of active deliveries, loading or unloading.

27. Cut-out parking (46 spaces) shall only be used for guest parking, and only for reasonable periods of time.

28. Resident owned vehicles shall only be parked in resident driveways and garage spaces.

29. Residents shall not use any Amenity or Guest Parking spaces for regular parking.

30. No portion of a Unit, other than the entire Unit, may be rented. A Unit shall not be leased without advance written approval of the Association, which shall not be unreasonably withheld. The Association shall have the right to disapprove tenants and occupants who have a) been convicted of a felony involving violence to persons or property, or involving minors, sex offenses or controlled substances; b) been evicted from a community or home due to infractions of rules; c) provided incomplete or inaccurate information in the lease application process. Owners who are delinquent in monetary or other obligations to the Association are not permitted to lease their Unit. No Unit may be rented more than three (3) times in any calendar year, with each rental period for a time of not less than thirty (30) consecutive days, except for a rental during the entire month of February which may be for a time of not less than twenty-eight (28) consecutive days. Subleasing of a Unit is not permitted.

31. Every Unit Owner and occupant shall comply with these Rules and Regulations as set forth herein, any and all rules and regulations which from time to time may be adopted, and the provisions of the Declaration, and By-Laws of the Association (all as amended from time to time) to the extent applicable. Failure of a Unit Owner or occupant to comply shall be grounds for legal action which may include, without limitation, an action to recover sums due for damages, an action for injunctive relief, and any combination of such actions. In addition to all other remedies, a fine or fines may be imposed upon a Unit for failure of a Unit Owner, his family, guests, invitees, lessees or

employees, to comply with any covenant, restriction, rule or regulation herein or in the Declaration, or By-Laws, provided the following procedures are adhered to:

Notice: The Association shall notify the owner, occupant, licensee or invitee of the reported or alleged infraction or infractions and shall provide an opportunity for a hearing to such individuals in the manner required by Florida law. Fines may be issued in accordance with Florida law. Fines shall not be construed to be exclusive and shall exist in addition to all other rights and remedies to which the Association may be otherwise legally entitled; however, any penalty paid by the offending owner or occupant shall be deducted from or offset against any damages which the Association may otherwise be entitled to recover by law from such owner.

Avalon of Naples II Condominium Association, Inc.

Year End Financials



Cardinal Management Group of Florida, Inc.

AVALON OF NAPLES II CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024

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ACCOUNTANTS' COMPILATION REPORT

Board of Directors and Unit Owners
Avalon of Naples II Condominium
Association, Inc.

Management is responsible for the accompanying financial statements of Avalon of Naples II Condominium 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 accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Effect of Adopting New Accounting Standard

As discussed in Note 3 to the financial statements, as of January 1, 2024, the Association adopted Financial Accounting Standards Board ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which supersedes accounting standards that currently exist under GAAP and provides a methodology for measuring credit losses that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The standard also requires the Association to disclose additional information, including expanded credit quality disclosures. The Association will be required to apply the expected credit loss model for accounts receivable, loans, and other financial instruments.

Required Supplementary Information On Future Major Repairs and Replacements

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any form of assurance on it.

Report on Supplementary Information

The supplementary information contained in the Detailed Statement of Operating Revenues and Expenses - Budget Comparison are for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on it.

Gerstle, Rosen & Goldenberg, P.A.

GERSTLE, ROSEN & GOLDENBERG, P.A.
Certified Public Accountants
Fort Myers, Florida
November 11, 2025

AVALON OF NAPLES II CONDOMINIUM ASSOCIATION, INC

BALANCE SHEET

December 31, 2024

	OPERATING FUND	REPLACEMENT FUND	TOTAL
ASSETS			
Cash and Cash Equivalents	$ 69,207	$ 88,813	$ 158,020
Certificate of Deposit		156,442	156,442
Accounts Receivable	2,366		2,366
Prepaid Insurance	25,503		25,503
Prepaid Expenses	7,366		7,366
TOTAL ASSETS	$ 104,442	$ 245,255	$ 349,697
LIABILITIES AND FUND BALANCES			
Accounts Payable	$ 2,033	$	$ 2,033
Accrued Expenses	1,318		1,318
Prepaid Member Assessments	28,022		28,022
Deferred Reserves - Contract Liaiblities		245,255	245,255
TOTAL LIABILITIES	31,373	245,255	276,628
Fund Balances	73,069		73,069
TOTAL LIABILITIES AND FUND BALANCES	$ 104,442	$ 245,255	$ 349,697

AVALON OF NAPLES II CONDOMINIUM ASSOCIATION, INC

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

Year Ended December 31, 2024

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUES			
Member Assessments	$ 163,248	$	$ 163,248
Master Association Fees	174,336		174,336
Interest Income	38	4,703	4,741
Late Fees and Interest	1,259		1,259
TOTAL REVENUES	338,881	4,703	343,584
EXPENSES			
Adminstrative	16,041		16,041
Insurance	75,109		75,109
Landscaping	26,242		26,242
Master Association Fees	174,336		174,336
Utilities	2,033		2,033
Repairs and Maintenance	33,686		33,686
TOTAL EXPENSES	327,447		327,447
EXCESS REVENUES (EXPENSES)	11,434	4,703	16,137
FUND BALANCES - BEGINNING	52,765	0	52,765
DEVELOPER - CLOSED OUT	8,870		8,870
ALLOCATION DEFERRED RESERVES		(4,703)	(4,703)
FUND BALANCES - ENDING	$ 73,069	$ 0	$ 73,069

AVALON OF NAPLES II CONDOMINIUM ASSOCIATION, INC

STATEMENT OF CASH FLOWS

Year Ended December 31, 2024

	OPERATING FUND	REPLACEMENT FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
EXCESS REVENUES (EXPENSES)	$ 11,434	$ 4,703	$ 16,137
ADJUSTMENTS TO RECONCILE EXCESS REVENUES (EXPENSES) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Developer - Closed Out	8,870		8,870
Allocation Deferred Reserves		(4,703)	(4,703)
DECREASE (INCREASE) IN ASSETS:			
Accounts Receivable	(894)		(894)
Prepaid Insurance	(1,902)		(1,902)
Prepaid Expenses	(7,366)		(7,366)
INCREASE (DECREASE) IN LIABILITIES:			
Accounts Payable	(4,671)		(4,671)
Accrued Expenses	(3,366)		(3,366)
Due to Developer	(8,870)		(8,870)
Prepaid Member Assessments	(4,515)		(4,515)
Deferred Reserves - Contract Liaiblities		67,822	67,822
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(11,280)	67,822	56,542
CASH FLOWS FROM INVESTING ACTIVITIES:			
Certificate of Deposit		(156,442)	(156,442)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	0	(156,442)	(156,442)
NET INCREASE (DECREASE) IN CASH	(11,280)	(88,620)	(99,900)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	80,487	177,433	257,920
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 69,207	$ 88,813	$ 158,020
SUPPLEMENTAL DISCLOSURES:			
Interest Paid	$ 0	$ 0	$ 0
Income Tax Paid	$ 0	$ 0	$ 0

AVALON OF NAPLES II CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. ORGANIZATION

Avalon of Naples II Condominium Association, Inc., is a statutory condominium association incorporated on May 11, 2017 in the State of Florida. The Association is responsible for the operation and maintenance of the common property of Avalon of Naples II Condominium Association, Inc., which consists of 48 units in Naples, Florida.

2. DATE OF MANAGEMENT'S REVIEW

The Association has evaluated subsequent events through November 11, 2025, the date that the financial statements were available to be issued. Based upon this evaluation, the Association has determined that no subsequent events have occurred which require adjustment to or disclosure in the financial statements.

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.

Member Assessments and Allowance for Credit Losses

Association members are subject to quarterly 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Member Assessments and Allowance for Credit Losses (Continued)

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 as of the beginning and end of the year are (net AR) $1,472 and $2,366 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.

It is the opinion of the board of directors that the Association will ultimately prevail against homeowners with delinquent assessments and, accordingly, no allowance for credit losses is deemed necessary.

Prepaid Member Assessments

Prepaid Member Assessments consists of amounts received, which are applicable to subsequent year assessments. The balances of Prepaid Member Assessments as of the beginning and end of the year are $32,537 and $28,022, respectively.

Cash and Cash Equivalents

For presentation purposes, cash and cash equivalents consists primarily of cash, money market accounts, and other highly liquid investments (not allocated to Investments) that are readily convertible into cash.

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 securities to maturity. Such investments are carried at amortized cost, which approximates fair value. The investments had an aggregate face value of $156,442 at December 31, 2024.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 $177,433 and $245,255, respectively. (See Note 4)

Adoption of FASB ASU 2016-13 and Related Standards

Effective January 1, 2023, the Association adopted FASB ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Association adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Association's financial statements but did change how the allowance for credit losses is determined.

Property and Equipment

Real property and common area property acquired from the developer and related improvements to such property are not recorded in the Association's financial statements. Although they are owned by the Association, the Board of Directors cannot dispose of the property and the property does not generate any significant cash flow. Capital Expenditures are charged to the designated funds. Generally, personal property purchased by the Association is expensed.

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement (Continued)

The Association has determined that there was no material difference between the carrying value and the fair value of its financial assets and liabilities at December 31, 2024 and therefore, no adjustment for the effect of FASB ASC 820 was made to the Associations' financial statements at December 31, 2024.

4. DEFERRED RESERVES – CONTRACT LIABILITIES - FUTURE MAJOR REPAIRS AND REPLACEMENTS

At a duly constituted meeting, the Association voluntarily elected to partially fund the Replacement Fund for the current fiscal year. The Association is funding the future major repairs and replacements based on an independent reserve study to estimate the remaining useful lives and the replacement costs of the common property components. In 2025, the Association obtained an updated reserves study, as disclosed in the Supplementary Information.

Contingency – Estimates

Actual expenditures for components of common property, 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.

The Association has adopted the pooling method, which allows the Association to utilize all available replacement funds for future projects rather than only using funds designated for each individual replacement component.

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

COMPONENTS	BALANCE 12/31/2023	INTEREST/ ASSESSMENTS	EXPENDITURES	BALANCE 12/31/2024
Pooled	$177,432	$67,823	$0	$245,255
TOTAL CONTRACT LIABILITY - DEFERRED RESERVES AND FUND BALANCE	**$177,432**	**$67,823**	**$0**	**$245,255**

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 rates of 21% and 5.5%, 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 elect to file its 2024 federal income tax return on Form 1120-H 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 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.

6. COMMITMENTS

The Association has various contract services to maintain the common property including management services, common area landscaping, fire alarm, janitorial and pest control. These contracts have different expiration dates and renewal terms.

7. MASTER ASSOCIATION

The Association is located within Avalon of Naples Master Condominium 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.

7. MASTER ASSOCIATION (Continued)

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 $174,336 to the Master Association for its member's assessments.

8. DUE TO DEVELOPER (2018) – CLOSED OUT

On February 28, 2019, the Association assumed control from the Developer, who provided a Turnover Audit. The audit reported a 'Due to Developer' amount of $8,870 for the period from inception to turnover. The Association has rejected the developer's claim due and will not be paying the developer. As of December 31, 2024, the $8,870 previously reported as due to the developer has been closed out to the operating fund balance.

9. CONTINGENCIES

Legal

The Association is from time-to-time subject to complaints and claims, including litigation, arising in the ordinary course of business. Management believes that none of the claims and complaints of which it is currently aware will materially affect its business, financial position, or future operating results with the exception to increase in legal costs which may or may not be covered by the Association's director and officers insurance, although no assurance can be given with respect to the ultimate outcome of any such claims or with respect to the occurrence of any future claims.

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.

10. LINE OF CREDIT

The Association signed a credit line agreement with Valley National Bank. The revolving credit line facility for $250,000 will be used for contingency repairs to the Association. The Association did not use any of the available funds as of December 31, 2024.

SUPPLEMENTARY INFORMATION

Supplementary Information on Future Major Repairs and Replacements

AVALON OF NAPLES II CONDOMINIUM ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS

December 31, 2024
(Unaudited)

In 2025, the Association has conducted an independent study to estimate the remaining useful lives and the replacement costs of the components of common property. The Association has used the reserve study as a guide and increase the estimated replacement cost. 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 (per the reserves study from 2025):

COMPONENTS	ESTIMATED REMAINING USEFUL LIVES (YEARS)	ESTIMATED CURRENT REPLACEMENT COSTS
Roof (Building)	18	$1,150,746
Building Painting	5	72,138
Gutter and Downspout	13	80,568
Railing	18	29,700
Doors (including Garage Doors)	23	117,600
Fire Safety	28	150,000
Facades Restoration	5	30,000
Electrical	18	90,000
TOTAL		$1,720,752

	CONTRIBUTION PERIOD	POOLING METHOD FUNDING
Annual Contribution	2025	$72,720

SUPPLEMENTARY INFORMATION

Detailed Statement of Operating Revenues and Expenses Budget Comparison

AVALON OF NAPLES II CONDOMINIUM ASSOCIATION, INC.

SUPPLEMENTAL INFORMATION

DETAILED STATEMENT OF REVENUES AND EXPENSES
BUDGET COMPARISON
OPERATING FUND

Year Ended December 31, 2024

	ACTUAL	BUDGET (Unaudited)	VARIANCE
REVENUES:			
Member Assessments	$163,248	$163,248	$0
Master Association Fees	174,336	174,336	0
Interest Income	38	0	38
Late Fees and Interest	1,259	0	1,259
Total Revenues	338,881	337,584	1,297
EXPENSES:			
ADMINISTRATIVE			
Office Expense	2,522	2,000	(522)
Corporate Filing Fee	0	62	62
Annual Fees to Division of Condo	0	216	216
Legal Fees	124	1,500	1,376
Compilation Fees	1,200	3,000	1,800
Taxes and Tax Prep	675	300	(375)
Management Fee Contract	11,520	11,520	0
Reserve Study	0	1,150	1,150
TOTAL ADMINISTRATIVE	16,041	19,748	3,707
INSURANCE			
Insurance	75,109	82,600	7,491
TOTAL INSURANCE	75,109	82,600	7,491
LANDSCAPING			
Grounds Contract	14,601	19,500	4,899
Mulching	3,420	3,800	380
Tree Trimming	4,190	3,500	(690)
Landscape Replace, Improve	687	2,000	1,313
Irrigation Repairs, Maintenance	3,344	1,000	(2,344)
TOTAL LANDSCAPING	26,242	29,800	3,558

AVALON OF NAPLES II CONDOMINIUM ASSOCIATION, INC.

SUPPLEMENTAL INFORMATION

DETAILED STATEMENT OF REVENUES AND EXPENSES
BUDGET COMPARISON
OPERATING FUND

Year Ended December 31, 2024

	ACTUAL	BUDGET (Unaudited)	VARIANCE
EXPENSES(Continued):			
MASTER ASSOCIATION FEES			
Master Association Fees	174,336	174,336	0
TOTAL MASTER ASSOCIATION FEES	174,336	174,336	0
UTILITIES			
Electricity	2,033	2,500	467
TOTAL UTILITIES	2,033	2,500	467
REPAIRS AND MAINTENANCE			
Pressure Washing, Cleaning	4,380	1,800	(2,580)
Fire Alarm Monitoring	4,198	4,500	302
Fire Sprinkler Inspection	0	1,800	1,800
Fire Equipment	2,780	2,000	(780)
Property Repairs	15,681	12,000	(3,681)
Extermination	1,919	1,500	(419)
Janitorial Contract	4,728	5,000	272
TOTAL REPAIRS AND MAINTENANCE	33,686	28,600	(5,086)
Total Operating Expenses	327,447	337,584	10,137
Excess Operating Revenues (Expenses)	$11,434	$0	$11,434

AVALON OF NAPLES II CONDOMINIUM
ASSOCIATION, INC.
POST CLOSING 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 - FIRST CITIZENS - OPERATING	10005	69,207		-		-	69,207	
CASH - FIRST CITIZENS - RESERVE	10110	65,746		-		-	65,746	
CASH - VALLEY BANK RESERVES	10111	25,723		-		-	25,723	
CASH - FIRST CITIZENS RESERVE CDAR	10112	153,786		-		-	153,786	
ACCRUED RESERVE INTEREST	10200	2,656		-	X	2,656	0	
				-		-		
ASSESSMENTS RECEIVABLE	10160	2,366		-		-	2,366	
PREPAID FIRE EXTINGUISHERS	10256	7,366		-		-	7,366	
PREPAID INSURANCE	10240	35,686		-		-	35,686	
				-		-		
				-		-		
LIABILITIES AND FUND BALANCE						-		
ACCOUNTS PAYABLE	20100		2,033	-		-		2,033
ACCRUED EXPENSES	20160		118	-		-		118
ACCRUED EXPENSES-CPA FEE	NEW		0	-	1	1,200		1,200
INSURANCE PREMIUM PAYABLE	20132		10,183	-		-		10,183
PREPAID MEMBER ASSESSMENTS	20120		28,022	-		-		28,022
				-		-		
DUE TO DEVELOPER	20104		8,870	8,870	2	-		0
LIABILITIES AND FUND BALANCE						-		
REPLACEMENT RESERVES	25500		239,543	-		-		239,543
UNALLOCATED RESERVE INTEREST	25710		8,368	2,656	X	-		5,712
FUND BALANCE			52,765	-		-		52,765
DUE TO DEVELOPER	20104		0	-		8,870		8,870
CURRENT YEAR INCOME / LOSS	2670		12,634	1,200		-		11,434
		$362,536	$362,536	$12,726		$12,726	$359,880	$359,880
		$0		$0			$0	

ENDING FUND BALANCE PER CPA F/S SHOULD EQUAL $73,069

AVALON OF NAPLES II CONDOMINIUM ASSOCIATION, INC.
PROPOSED ADJUSTING JOURNAL ENTRIES
December 31, 2024

	CLIENT ACCOUNT NUMBER	DEBIT	CREDIT
1			
ACCOUNTING FEES (CPA REPORT)	NEW	1,200	
ACCRUED EXPENSE-CPA FEE	NEW		1,200
(to accrue for the CPA Fee for 2024)			
2			
DUE TO DEVELOPER	20104	8,870	
FUND BALANCE	20410		8,870
(to close out due to developer from 2019)			
Total		$10,070	$10,070