

**LIPT COLLINS AVENUE LLC**  
**Miami Beach, Florida**

Statement of Revenues and Expenses

*For the Year Ended December 31, 2023*

# Turner & Associates LLP

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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## Independent Auditors' Report

To the Members  
LIPT Collins Avenue LLC

### Opinion

We have audited the accompanying statement of revenues and expenses of LIPT Collins Avenue LLC (the "Company") for the year ended December 31, 2023.

In our opinion, the statement of revenues and expenses referred to above (the Statement) presents fairly, in all material respects, the revenues and expenses operating described in Note 1 of LIPT Collins Avenue LLC for the year ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

### Basis for 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 statement of revenues and expenses section of our report. We are required to be independent of LIPT Collins Avenue LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LIPT Collins Avenue LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the operating revenues and expenses statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 statement of revenues and expenses.

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 statement of revenues and expenses, 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 statement of revenues and expenses.
- 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 LIPT Collins Avenue LLC'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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LIPT Collins Avenue LLC's ability to continue as a going concern for a reasonable period of time.

#### **Emphasis of Matter**

As described in Note 1, the accompanying statement was prepared to present the revenues and expenses in accordance with Section 28.1 of the lease agreement dated December 1, 1999, between Pelican Development LLC, the original lessee and City of Miami Beach for the year ended December 31, 2023, and is not intended to be a complete presentation of the Partnership's revenues and expenses. Our opinion is not modified with respect to this matter.

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.

*Turner & Associates, LLP*

Weston, Florida  
May 22, 2024

LIPT COLLINS AVENUE, LLC

Statement of Revenues and Expenses

*For the Year Ended December 31, 2023*

Revenues, net	
Garage lease revenue	\$ 1,664,388
Base rent	357,269
Parking revenue tenant	235,761
Normalized rent and amortization	20,855
Expense recovery	<u>6,941</u>
Total Revenues, net	2,285,214
Operating Expenses	
Bad debt	270,567
Depreciation and amortization	621,676
Insurance	172,828
Office and miscellaneous	131,457
Payroll and related	295,878
Property management	30,000
Property and other taxes	405,163
Rent	199,567
Repairs and maintenance	146,412
Utilities	<u>42,098</u>
Total Operating Expenses	<u>2,315,646</u>
Net Operating Loss	(30,432)
Other expenses (loss)	
Interest Income	<u>26,406</u>
Net Expenses Over Revenues	<u><u>\$ (4,026)</u></u>

The accompanying notes are an integral part of this statement.

**LIPT COLLINS AVENUE LLC  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF OPERATIONS**

LIPT Collins Avenue LLC (the "Company") was incorporated under the laws of the State of Delaware on November 7, 2013. On February 27, 2014 the Company purchased a parking garage from Pelican Investment Holding LLC. The parking garage is located on land leased from the City of Miami Beach, Florida. In conjunction with the purchase transaction, the Company assumed the land lease from Pelican Investment Holding LLC. The land lease from the City of Miami Beach expires on September 30, 2041. This sale was approved by the City of Miami Beach.

**BASIS OF ACCOUNTING**

The Company has prepared the accompanying special-purpose financial statements to present the operating revenues and expenses of the Company pursuant to Section 28.1 of a lease agreement dated December 1, 1999, between Pelican Development LLC, the original lessee, and City of Miami Beach, Florida. The lease agreement specifies that the Company prepare financial statements for the premises on an annual basis in accordance with generally accepted accounting principles as promulgated by the American Institute of Certified Public Accountants, except as otherwise provided by this lease, with such changes as the Company and the City of Miami Beach, Florida shall mutually agree are consistent with this lease in order to reflect technologies and methodologies not addressed in the accounting principles.

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America except for the omission of depreciation, interest expense, income taxes and any expenses related to any contingent liabilities.

**REVENUE RECOGNITION**

Revenue primarily consists of transient and monthly revenue and revenue from leased spaces in the garage system. These services each represent individual performance obligations and, in exchange for these activities, the Company received fixed amounts based on published rates or negotiated contracts.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer or client, and is the unit of account in Topic 606. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. All the Company's contracts have a single performance obligation that is not separately identifiable from other promises in the contract and therefore not distinct, comprising the promise to provide a bundle of monthly performance obligation or service for transient or monthly parkers. The contract price is generally deemed to be the transaction price.

Payment is due in full at the time the services are rendered for transient parkers. The time between completion of the performance obligations and collection of cash is typically not more than 30-60 days. Parking revenue from transient parking and monthly parking customers are recognized as the service is provided. A contract for transient parking is the ticket issued upon entry to the garage, while a contract for monthly parking is the executed contract that the customer and the garage agrees to the following month's services to be provided. To the extent that the Company has received cash from customers in advance of the applicable parking periods, the Company classifies such amounts as deferred revenue. Recoveries from customers for par parking taxes are recognized as income in the same period as the related costs. The Company made the accounting policy election to present sales taxes collected from customers on a net basis. During 2023, management charged off \$270,567 after evaluating the collectability of accounts receivable mostly dated from 2020-2021 that had not been collected primarily due to the Covid emergency.

**LIPT COLLINS AVENUE LLC  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 2 - SUBLEASE**

A sublease agreement has been entered into between the Company and an unrelated party to sublease 83 parking spaces. In accordance with the lease agreement, monthly payments will be approximately \$18,000, inclusive of all taxes. The lease began on February 1, 2019 and ended on January 1, 2021. The sublease has been extended on a month-to-month basis for 72 spaces for a monthly payment of \$14,642 after the initial term and can be terminated at any time by either party.

A sublease agreement has been entered into between the Company and an unrelated party to sublease 104 parking spaces. In accordance with the lease agreement, monthly payments will be \$18,528, excluding all taxes. The lease began on November 30, 2016 and ended on December 31, 2020. The sublease has been extended on a month-to-month basis for 90 spaces for a monthly payment of \$18,000 after the initial term and can be terminated at any time by either party.

The Company has entered into a sublease agreement to sublease 20 parking spaces to an unrelated party. The lease agreement calls for monthly payments of \$4,500 inclusive of all taxes. The lease is on a month-to-month basis or can be terminated at any time by either party.

In 2001, the Company entered into a sublease agreement with an unrelated party for 3,350 square feet of space. The contract expired in August 2022. During 2022, the contract was amended and extended to August 2027 for a rent payment of \$25,000 per month.

**NOTE 3 – MANAGEMENT AGREEMENT**

During 2014, the Company entered into a management agreement with an unrelated party. Despite the expiration of this agreement, the terms continue to be applicable month-to-month. The agreement is cancelable until either party gives thirty (30) days written notice of non-renewal. The Company paid approximately \$30,000 in management fees during each of the year ended December 31, 2023.

**NOTE 4- RELATED PARTY TRANSACTION**

Included in these statements are \$30,000 of property management fees and \$46,500 of insurance allocated to the Company from a related party. In addition, there is \$615,392 in accounts payable and accrued expenses from related parties to cover expenses paid on behalf of the company's member.

**NOTE 5- SUBSEQUENT EVENTS**

The Company evaluated subsequent events through May 28, 2024, the date this statement was available to be issued and has determined that no significant adjustments are needed to the financial statements.