

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM  
ASSOCIATION, INC.

FINANCIAL STATEMENTS

OCTOBER 31, 2016 & 2017

MARC LABOSSIÈRE PA  
CERTIFIED PUBLIC ACCOUNTANT

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.

INDEX TO FINANCIAL STATEMENTS

OCTOBER 31, 2016 & 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Waterside Village of Palm Beach Condominium Association, Inc.

We have audited the accompanying financial statements of Waterside Village of Palm Beach Condominium Association, Inc., which comprise the balance sheets as of October 31, 2016 and October 31, 2017, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the years then ended, and the related notes to the financial statements.

### ***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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Waterside Village of Palm Beach Condominium Association, Inc. as of October 31, 2016 and October 31, 2017, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Disclaimer of Opinion on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that a statement on Future major repairs and replacements on pages 13 & 14 be presented to supplement the basic

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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.

*Marc Labossiere PA*

Fort Lauderdale, Florida

January 10, 2018

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.  
 BALANCE SHEET  
 As of October 31, 2016, & 2017

ASSETS	10/2017			10/2016		
	OPERATING FUND	RESTRICTED FUND	TOTAL	OPERATING FUND	RESTRICTED FUND	TOTAL
Cash in Banks	\$ 62,983	\$ 73,905	\$ 136,888	\$ 79,992	\$ 25,586	\$ 105,578
Certificate of Deposit	-0-	590,000	590,000	-0-	660,000	660,000
Annuities	-0-	204,500	204,500	-0-	200,000	200,000
Due to/From Fund	2,710	(2,710)	-0-	(8,804)	8,804	-0-
Regular Assessments Receivable	36,283		36,283	42,073		42,073
Less: Provision for Bad Debts	(36,492)		(36,492)	(34,424)		(34,424)
Special Assessments Receivable	61,650		61,650			
Prepaid Expenses	145,364		145,364	144,760		144,760
Deposits	2,235		2,235	2,235		2,235
Property and equipment – net of accumulated depreciation of \$ 270,981	<u>233,734</u>	.....	<u>233,734</u>	<u>236,402</u>	.....	<u>236,402</u>
 TOTAL ASSETS	 <u>\$ 508,467</u>	 <u>\$ 865,695</u>	 <u>\$ 1,374,162</u>	 <u>\$ 462,234</u>	 <u>\$ 894,390</u>	 <u>\$ 1,356,624</u>
 <u>LIABILITIES &amp; FUND BALANCES</u>						
Accounts Payable & Accrued Liabilities	132,539		132,539	83,557		83,557
Prepaid Maintenance Assessments	<u>41,278</u>		<u>41,278</u>	<u>42,346</u>	.....	<u>42,346</u>
Total Liabilities	173,817	-0-	173,817	125,903	-0-	125,903
 FUND BALANCES	 <u>334,650</u>	 <u>865,695</u>	 <u>1,200,345</u>	 <u>336,331</u>	 <u>894,390</u>	 <u>1,230,721</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 508,467</u>	 <u>\$ 865,695</u>	 <u>\$ 1,374,162</u>	 <u>\$ 462,234</u>	 <u>\$ 894,390</u>	 <u>\$ 1,356,624</u>

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.  
STATEMENT OF REVENUE, EXPENSES  
FOR THE YEARS ENDED OCTOBER 31, 2016 & 2017

REVENUE	10/2017			10/2016		
	OPERATING FUND	RESTRICTED FUND	TOTAL	OPERATING FUND	RESTRICTED FUND	TOTAL
Maintenance Assessments	\$ 1,446,080	\$ 108,804	\$ 1,554,884	\$ 1,416,420	\$ 112,500	\$ 1,528,920
Irma Special Assessment	61,650		61,650			
Screening Fees	26,600		26,600	25,050		25,050
Interest Income	62	13,955	14,017	387	11,122	11,509
Late Fees	1,650		1,650	2,925		2,925
Other Revenues	6,820	.....	6,820	4,150	.....	4,150
<b>TOTAL REVENUES</b>	<b>1,542,862</b>	<b>122,759</b>	<b>1,665,621</b>	<b>1,448,932</b>	<b>123,622</b>	<b>1,572,554</b>
<b>EXPENSES</b>						
Salaries and Benefits	216,643		216,643	207,349		207,349
Water & Sewer	243,692		243,692	240,401		240,401
Insurance	293,520		293,520	284,184		284,184
Cable Television	76,248		76,248	72,988		72,988
Repairs, Maintenance and Supplies	72,938		72,938	77,506		77,506
Electric and Gas Utilities	47,470		47,470	46,218		46,218
Depreciation Expenses	2,668		2,668	2,668		2,668
Trash Collection	44,989		44,989	42,887		42,887
Grounds Maintenance, Landscaping and Supplies	188,115		188,115	188,699		188,699
Professional Fees	30,261		30,261	30,527		30,527
Pest Control	13,261		13,261	16,069		16,069
Office Expenses and Supplies	19,527		19,527	15,527		15,527
Pool Maintenance and Supplies	23,936		23,936	10,070		10,070
Telephone & WIFI	10,224		10,224	9,164		9,164
Licenses, Taxes and Fees	6,368		6,368	6,037		6,037
Travel	1,436		1,436	872		872
Alarm System	395		395	317		317
Interest and Bank Charges	850		850	1,028		1,028
Security	53,658		53,658	54,115		54,115
Social Facilities	9,752		9,752	12,363		12,363
Uniforms	378		378	-0-		-0-
Screening Fees	9,396		9,396	7,555		7,555
Painting Program	38,492		38,492	45,741		45,741
Bad Debts	7,359		7,359	89		89
Cameras & Video Equipment	908		908	8,303		8,303
Contingency	7,416		7,416	2,958		2,958
Clubhouse Improvements	-0-		-0-	2,693		2,693
Collection Costs	7,660		7,660	2,381		2,381
Street Lights	(691)		(691)	3,000		3,000
Pool Chairs & Tables	873		873	2,092		2,092
Louver	-0-		-0-	36		36
Streets	3,811	50,150	53,961	5,083		5,083
Awnings	8,400		8,400	27,330		27,330
Capital	-0-	101,304	101,304	-0-		-0-
Irma Expenses	9,956		9,956	-0-		-0-
Irma Special Assessment Expenses	61,650		61,650			
Provence Alley	-0-		-0-	3,083		3,083
East Well	-0-		-0-	10,407		10,407
Condo Doc Revisions	-0-		-0-	3,043		3,043
Sprinklers	32,984	-0-	32,984	7,354	-0-	7,354
<b>TOTAL EXPENSES</b>	<b>1,544,543</b>	<b>151,454</b>	<b>1,695,997</b>	<b>1,450,137</b>	<b>-0-</b>	<b>1,450,137</b>
<b>EXCESS(DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ (1,681)</b>	<b>\$ (28,695)</b>	<b>\$ (30,376)</b>	<b>\$ (1,205)</b>	<b>\$ 123,622</b>	<b>\$122,417</b>

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.  
 STATEMENT OF CHANGES IN FUND BALANCES  
 FOR THE YEARS ENDED OCTOBER 31, 2016 & 2017

10/2017

	<u>OPERATING</u> <u>FUND</u>	<u>REPLACEMENT</u> <u>FUND</u>	<u>TOTAL</u>
FUND BALANCE BEGINNING	\$ 336,331	\$ 894,390	\$ 1,230,721
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(1,681)</u>	<u>(28,695)</u>	<u>(30,376)</u>
FUND BALANCE ENDING	<u>\$ 334,650</u>	<u>\$ 865,695</u>	<u>\$ 1,200,345</u>

10/2016

	<u>OPERATING</u> <u>FUND</u>	<u>REPLACEMENT</u> <u>FUND</u>	<u>TOTAL</u>
FUND BALANCE BEGINNING	\$ 337,548	\$ 770,756	\$ 1,108,304
Prior Period Adjustment	(12)	12	-0-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(1,205)</u>	<u>123,622</u>	<u>122,417</u>
FUND BALANCE ENDING	<u>\$ 336,331</u>	<u>\$ 894,390</u>	<u>\$ 1,230,721</u>

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WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.  
 STATEMENT OF CASH FLOWS  
 FOR THE YEARS ENDED OCTOBER 31, 2016 & 2017

	10/2017			10/2016		
	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:						
SOURCES OF CASH:						
Maintenance Assessments	\$ 1,450,802	\$ 120,318	\$ 1,571,120	\$ 1,414,009	\$ 103,773	\$ 1,517,782
Irma Assessment	-0-	-0-	-0-	-0-	-0-	-0-
Screening Fees	26,600		26,600	25,050		25,050
Interest Income	62	13,955	17,075	387	11,122	11,509
Late Fees	1,650		3,140	2,925		2,925
Other Income	<u>6,820</u>	<u>.....</u>	<u>5,922</u>	<u>4,150</u>		<u>4,150</u>
TOTAL SOURCES OF CASH	<u>1,485,934</u>	<u>134,273</u>	<u>1,620,207</u>	<u>1,446,521</u>	<u>114,895</u>	<u>1,561,416</u>
USES OF CASH:						
Expenses Paid	<u>1,502,943</u>	<u>151,454</u>	<u>1,654,397</u>	<u>1,508,163</u>	<u>-0-</u>	<u>1,508,163</u>
TOTAL USES OF CASH	<u>1,502,943</u>	<u>151,454</u>	<u>1,654,397</u>	<u>1,508,163</u>	<u>-0-</u>	<u>1,508,163</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(17,009)</u>	<u>(17,181)</u>	<u>(34,190)</u>	<u>(61,642)</u>	<u>114,895</u>	<u>(53,253)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:						
NET CASH FROM FINANCING ACTIVITIES	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
(Increase) Decrease in certificate of deposit/Annuities	<u>-0-</u>	<u>65,500</u>	<u>65,500</u>	<u>-0-</u>	<u>(100,000)</u>	<u>(100,000)</u>
NET CASH FROM INVESTING ACTIVITIES	<u>-0-</u>	<u>65,500</u>	<u>65,500</u>	<u>-0-</u>	<u>(100,000)</u>	<u>(100,000)</u>
NET INCREASE (DECREASE) IN CASH	<u>(17,009)</u>	<u>48,319</u>	<u>31,310</u>	<u>(61,642)</u>	<u>14,895</u>	<u>(46,747)</u>
CASH BEGINNING BALANCE	<u>79,992</u>	<u>25,586</u>	<u>105,578</u>	<u>141,634</u>	<u>10,691</u>	<u>152,325</u>
CASH ENDING BALANCE	<u>\$ 62,983</u>	<u>\$ 73,905</u>	<u>\$ 136,888</u>	<u>\$ 79,992</u>	<u>\$ 25,586</u>	<u>\$ 105,578</u>

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES



WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.  
 STATEMENT OF CASH FLOWS  
 FOR THE YEARS ENDED OCTOBER 31, 2016 & 2017

	10/2017			10/2016		
	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>
RECONCILIATION OF EXCESS REVENUE TO CASH FROM OPERATING ACTIVITIES:						
Excess (Deficiency) of Revenues over expenses	\$ (1,681)	\$ (28,695)	\$ (30,376)	\$ (1,205)	\$ 123,622	\$ 122,417
Adjustments to Reconcile Excess of Revenue to Net Cash Provided by Operating Activities:						
Depreciation expenses	2,668		2,668	2,668		2,668
(Increase) Decrease in Maintenance Assessments receivable	5,790		5,790	2,381		2,381
(Increase ) Decrease In Special Assessment Receivable	(61,650)		(61,650)			
Increase (Decrease) In Provision for Bad Debts	2,068		2,068	(4,380)		(4,380)
Due to/from Fund	(11,514)	11,514	-0-	8,739	(8,739)	-0-
Prior Period Adjustment	-0-		-0-	(12)	12	-0-
Decrease (increase) in prepaid expenses	(604)		(604)	(9,333)		(9,333)
Increase (decrease) in accounts payable	48,982		48,982	(55,708)		(55,708)
(Decrease) increase in prepaid maintenance assessments	(1,068)	.....	(1,068)	(4,792)	.....	(4,792)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ (17,009)</u>	<u>\$ (17,181)</u>	<u>\$ (34,190)</u>	<u>\$ (61,642)</u>	<u>\$ 114,895</u>	<u>\$ 53,253</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid for Income Taxes	<u>\$ -0-</u>
Cash Paid for Interest	<u>\$ -0-</u>

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED OCTOBER 31, 2016 & 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Waterside Village of Palm Beach Condominium Association, Inc. (the Association) was incorporated in the State of Florida as a not-for-profit corporation on September 16, 1988. It is located in the town of Hypoluxo. The Association was formed to maintain and protect the common areas owned by the individual unit owners in common and consists of 412 units. One unit is used as the Association Office.

Basis of Presentation

The Association uses the accrual method of accounting, i.e., revenues are recognized as earned as of the date of billing and expenses are deducted in the period in which they are incurred.

The Association's financial statements use the fund method for presentation purposes. This method separates the assets, liabilities, and revenues and expenses of the operating and restricted funds (reserves). Disbursements from the operating fund are generally at the discretion of the Board of Directors whereas restricted funds may only be used for their designated purpose.

This financial statement is prepared in accordance with Florida Statute Section 718.301 (4) (c).

Cash Equivalents

For purposes of the statement of cash flows, the association considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association. The Association capitalizes personal property to which it has title. Furniture and equipment are recorded at cost. Depreciation is computed principally on the accelerated cost recovery system method over the estimated remaining useful lives of the assets which range from five to thirty-one and one-half years.

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED OCTOBER 31, 2016 & 2017

2. MAINTENANCE ASSESSMENTS

The Association's declaration provides that each owner is chargeable for their share of common expenses based upon the budget adopted. The Association has lien rights in the event of delinquent assessments, which can be exercised through foreclosure proceedings. The Association provides an allowance for losses on receivables based on a review of the current status of existing receivables, where applicable.

3. CERTIFICATES OF DEPOSITS

At October 31, 2017, the Association's certificates of deposit consist of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Synchrony Bank	1.538 %	10/11/18	\$ 180,000
Iberia Bank	Varies	02/28/22	100,000
Iberia Bank	Varies	05/30/22	50,000
Bank of the West	Varies	11/26/21	160,000
Barclays Bank	Varies	10/28/20	<u>100,000</u>
Total			<u>\$ 590,000</u>

4. ANNUITIES

As of October 31, 2017, the Association Annuities consist of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Security Benefit Annuity Reserve	2.25%	10/17/21	\$ 102,250
Security Benefit Annuity Reserve	2.25%	10/18/21	<u>102,250</u>
Total			<u>\$ 204,500</u>

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WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED OCTOBER 31, 2016 & 2017

5. DEPOSITS

As of October 31, 2017, the Association's deposits consist of amounts on deposit with utility companies to obtain electric service.

6. PROPERTY AND EQUIPMENT

As of October 31, 2017, Property and Equipment consists of the following:

Condominium unit	\$ 71,101
Maintenance Building	6,701
Equipment	10,641
Miner Road land	96,916
Land	125,059
Satellite TV System	<u>194,297</u>
	504,715
Less: Accumulated Depreciation	<u>270,981</u>
Property and Equipment – Net	<u>\$ 233,734</u>

Included in Equipment above is \$ 18,000 of personal property which was transferred to the Association by the developer on the date of turnover. Such property was recorded based on values provided by the developer.

The Association has decided not to capitalize any purchases of Property & Equipment but rather to expense them in the year they occur, with the exception of Land Purchase.

7. RESTRICTED FUNDS - RESERVES

Florida Statutes provide that each proposed budget include provisions for reserves for capital improvements and deferred maintenance. These accounts, if adopted, are restricted to their intended purposes unless modified by a qualified unit owner vote.

The approved budget includes provisions for reserves for capital improvements and deferred maintenance. These funds are being accumulated based on the estimates of future needs for repairs and replacements of common property components as disclosed in the supplemental information. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. 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.

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WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED OCTOBER 31, 2016 & 2017

The balance at October 31, 2017, consists of the following:

	BEGINNING FUND <u>BALANCE</u> <u>10/31/16</u>	<u>ADDITIONS</u>	AMOUNTS <u>DISBURSED</u>	ENDING FUND <u>BALANCE</u> <u>10/31/17</u>
Roofs	\$ 319,366	\$ 44,555	\$ -0-	\$ 363,921
Painting	11,570	382	-0-	11,952
Streets	189,005	35,247	50,150	174,102
Pools and Spa	58,540	6,435	-0-	64,975
Awnings	75,074	2,481	-0-	77,555
Sprinklers	48,221	4,094	-0-	52,315
TV Cable Infrastructure	62,500	14,566	-0-	77,066
Interest	28,614	13,955	28,614	13,955
Working Capital	<u>101,500</u>	<u>29,658</u>	<u>101,304</u>	<u>29,854</u>
	<u>\$ 894,390</u>	<u>\$ 122,759</u>	<u>\$ 151,454</u>	<u>\$ 865,695</u>

8. INCOME TAXES

The Association is treated as a tax-exempt organization under section 528 of the Internal Revenue Code with respect to its operating business income. It is taxed at the usual corporate income tax rates on its non-business income such as interest earned. At report date, the Association's federal income tax returns for 2015, 2016, and 2017 remain open to examination by the Internal Revenue Service. The Association has zero income tax due for the year ended October 31, 2017.

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WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED OCTOBER 31, 2016 & 2017

9. USE OF 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 as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

10. UNINSURED CASH BALANCES

The Association maintains its operating and replacement cash balances at Regions Bank, Iberia Financial Services, Bank of the west, Barclays Bank, Security Benefit Life insurance benefits and Synchrony Bank. Accounts located at commercial banks are secured by the Federal Deposit Insurance Corporation up to \$ 250,000. From time to time, the Association may have cash in financial institutions in excess of federally insured Limits. As of October 31, 2017, the Association did not have cash in excess of FDIC limits.

11. INSURANCE

The association maintains multiple insurance policies to remain compliant with the requirements set forth in the association's governing documents and chapter 718 F.S. Detailed information on any of these policies is available in the management office.

12. SPECIAL ASSESSMENT

The Board of directors voted for a special assessment to cover the expenses of the damages from hurricane Irma. The assessment is for \$ 61,650. As of October 31, 2017, none of the assessment has been collected from the unit owners. As of October 31, 2017, the full \$ 61,650 has been spent.

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 10, 2018, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

READ INDEPENDENT AUDITOR'S REPORT

**SUPPLEMENTARY INFORMATION**

SUPPLEMENTAL SCHEDULE

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND  
REPLACEMENTS

OCTOBER 31, 2017

(Compiled)

The Association has not conducted an independent study to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on estimates that were provided by the management. 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 association does not currently have enough funds in its reserve accounts to cover reserve components based on the schedule therefore the association might be required to have a special assessment or assessments to cover these components.

The following presents significant information about the components of common property:

<u>COMPONENTS</u>	<u>ESTIMATED REMAINING USEFUL LIVES</u>	<u>ESTIMATED REPLACEMENT COSTS</u>	<u>APPROXIMATE ANNUAL FUNDING REQUIREMENT</u>
Roofs	17 Years	\$ 1,000,000	\$ 34,000
Painting	1-6 Years	12,000	-0-
Streets	10 Years	575,000	29,000
Pools and Spas	2-4 Years	65,000	4,500
Cable TV	4 Years	125,000	12,500
Infrastructure			
Awnings	2 Years	75,000	-0-
Sprinklers	1 Years	<u>52,500</u>	<u>2,500</u>
		<u>\$ 1,904,500</u>	<u>\$ 82,500</u>

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES