

**NUMBER 1 CONDOMINIUM ASSOCIATION -
PALM GREENS AT VILLA DEL RAY, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2019



Gerstle, Rosen & Goldenberg, P.A.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Unit Owners
Number 1 Condominium Association - Palm Greens at Villa Del Ray, Inc.

Dear Members:

Report on the Financial Statements

We have audited the accompanying financial statements of Number 1 Condominium Association - Palm Greens at Villa Del Ray, Inc., which comprise the balance sheet as of December 31, 2019, 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.

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 audit. We conducted our audit 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Number 1 Condominium Association - Palm Greens at Villa Del Ray, Inc., as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standard

As discussed in Note 4 to the financial statements, as of January 1, 2019, the Association adopted the new revenue guidance FASB ASC 606, *Revenue from Contracts with Customers*, the first applicable year. This new standard supersedes accounting standards that previously existed under GAAP and provides a comprehensive principle-based framework for recognizing revenue. Our opinion is not modified with respect to that matter.

Disclaimer of Opinion on Required Supplementary Information On Future Major Repairs and Replacements

Accounting principles generally accepted in the United States of America require that the Supplementary Information on Future Major Repairs and Replacements be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Detailed Statement of Operating Revenues and Expenses Budget Comparison is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of 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 to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Gerstle, Rosen & Goldenberg, P.A.

Boca Raton, Florida
July 7, 2020

**NUMBER 1 CONDOMINIUM ASSOCIATION -
PALM GREENS AT VILLA DEL RAY, INC.**

BALANCE SHEET

December 31, 2019

	OPERATING FUND	REPLACEMENT FUND	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 623,508	\$ 342,633	\$ 966,141
Certificates of Deposit		859,321	859,321
Accounts Receivable, Net of Allowance For Uncollectible Accounts of \$ 22,007	9,036		9,036
Prepaid Insurance	890		890
Prepaid Expenses	1,273		1,273
PG Community Association Receivable	40,000		40,000
Legal Retainer Golf Course Receivable	2,500		2,500
TOTAL ASSETS	\$ 677,207	\$ 1,201,954	\$ 1,879,161
LIABILITIES AND FUND BALANCES			
Accounts Payable	\$ 37,081	\$	\$ 37,081
Accrued Expenses	4,300		4,300
Prepaid Maintenance Fees	29,002		29,002
Deferred Cable Incentive	49,875		49,875
Contract Liability - Deferred Reserves		1,138,020	1,138,020
TOTAL LIABILITIES	120,258	1,138,020	1,258,278
Fund Balances	556,949	63,934	620,883
TOTAL LIABILITIES AND FUND BALANCES	\$ 677,207	\$ 1,201,954	\$ 1,879,161

The Accompanying Notes Are An Integral Part Of This Financial Statement.

**NUMBER 1 CONDOMINIUM ASSOCIATION -
PALM GREENS AT VILLA DEL RAY, INC.**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES**

Year Ended December 31, 2019

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
REVENUES			
Maintenance Fees	\$ 2,536,272	\$ 212,185	\$ 2,748,457
Interest Income	1,205	20,555	21,760
Resales	6,800		6,800
Leases	2,250		2,250
Late Fees	2,435		2,435
Pressure Cleaning	2,495		2,495
Prior Year Surplus Rollover	42,000		42,000
Estoppel Fees	10,500		10,500
Condo Questionnaire	2,550		2,550
Cable Incentive Income	9,975		9,975
Insurance Proceeds	2,133		2,133
Miscellaneous Income	421		421
TOTAL REVENUES	<u>2,619,036</u>	<u>232,740</u>	<u>2,851,776</u>
EXPENSES			
General & Administrative	17,895		17,895
Office Expense	13,902		13,902
Insurance	434,974		434,974
Grounds & Facilities	313,797		313,797
Personnel Expenses	378,061		378,061
Utilities	732,343		732,343
Repairs & Maintenance	158,769		158,769
Vehicle Expenses	6,918		6,918
Contingency & Recreation	488,017		488,017
Reserve Expenses		212,185	212,185
TOTAL EXPENSES	<u>2,544,676</u>	<u>212,185</u>	<u>2,756,861</u>
EXCESS REVENUES (EXPENSES)	74,360	20,555	94,915
FUND BALANCES - BEGINNING	569,589	971,016	1,540,605
INTERFUND TRANSFER	(45,000)	45,000	0
SURPLUS ROLLOVER	(42,000)		(42,000)
CONTRACT LIABILITY RECLASSIFICATION		(972,637)	(972,637)
FUND BALANCES - ENDING	<u>\$ 556,949</u>	<u>\$ 63,934</u>	<u>\$ 620,883</u>

The Accompanying Notes Are An Integral Part Of This Financial Statement.

**NUMBER 1 CONDOMINIUM ASSOCIATION -
PALM GREENS AT VILLA DEL RAY, INC.**

STATEMENT OF CASH FLOWS

Year Ended December 31, 2019

	OPERATING FUND	REPLACEMENT FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
EXCESS REVENUES (EXPENSES)	\$ 74,360	\$ 20,555	\$ 94,915
ADJUSTMENTS TO RECONCILE EXCESS REVENUES (EXPENSES) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Prior Year Surplus Rollover	(42,000)		(42,000)
Contract Liability Reclassification		(972,637)	(972,637)
DECREASE (INCREASE) IN ASSETS:			
Accounts Receivable - Net of Allowance	7,162		7,162
Prepaid Insurance	(97)		(97)
Prepaid Expenses	8,028		8,028
PG Community Association Receivable	(5,000)		(5,000)
INCREASE (DECREASE) IN LIABILITIES:			
Accounts Payable	(63,934)		(63,934)
Accrued Expenses	100		100
Prepaid Maintenance Fees	14,215		14,215
Deferred Cable Incentive	(9,975)		(9,975)
Contract Liability - Deferred Reserves		1,138,020	1,138,020
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(17,141)	185,938	168,797
CASH FLOWS FROM INVESTING ACTIVITIES:			
Certificates of Deposit		(116,750)	(116,750)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	0	(116,750)	(116,750)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interfund Transfer	(45,000)	45,000	0
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(45,000)	45,000	0
NET INCREASE (DECREASE) IN CASH	(62,141)	114,188	52,047
CASH AND CASH EQUIVALENTS			
AT BEGINNING OF PERIOD	685,649	228,445	914,094
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 623,508	\$ 342,633	\$ 966,141

The Accompanying Notes Are An Integral Part Of This Financial Statement.

**NUMBER 1 CONDOMINIUM ASSOCIATION -
PALM GREENS AT VILLA DEL RAY, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

1. ORGANIZATION

Number 1 Condominium Association - Palm Greens at Villa Del Ray, Inc. is a statutory condominium association incorporated on November 20, 1973, in the State of Florida. The Association is responsible for the operation and maintenance of the common property of Number 1 Condominium Association - Palm Greens at Villa Del Ray, Inc. and consists of 684 units located in Delray Beach, Florida.

2. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through July 7, 2020, the date that the financial statements were available to be issued.

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.

Cash and Cash Equivalents

For presentation purposes, cash and cash equivalents consists of checking and money market accounts.

Certificates of Deposit

The Association holds certificates of deposit totaling \$859,321, with various interest rates. These certificates have original maturities of greater than 90 days, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

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 because those properties are owned by the owners in common and not by the Association. Capital Expenditures are charged to the designated funds. Generally, personal property purchased by the Association is expensed.

**NUMBER 1 CONDOMINIUM ASSOCIATION –
PALM GREENS AT VILLA DEL RAY, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Member Assessments

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.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments plus late fees, if applicable from unit owners. 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. Management determines the allowance for doubtful accounts by identifying troubled accounts through periodic review of accounts receivable aging schedules. No allowance for uncollectible accounts is deemed necessary. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The balances of assessments receivable as of the beginning and end of the year are \$16,198 and \$9,036, respectively.

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 \$-0- and \$1,138,020, respectively (See Note 4).

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.

The Association has determined that there was no material difference between the carrying value and fair value of its financial assets and liabilities at December 31, 2019; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2019.

**NUMBER 1 CONDOMINIUM ASSOCIATION –
PALM GREENS AT VILLA DEL RAY, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2019

4. FUTURE MAJOR REPAIRS AND REPLACEMENTS

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 purpose unless modified by a qualified unit owner vote. In addition, any special assessments adopted are also restricted to their specific purpose.

At a duly constituted meeting, the Association elected to partially waive reserve funding for the current fiscal year based on a study performed by an independent reserve study specialist in September, 2019 to estimate the remaining useful lives and the replacement costs of the common property components, as disclosed in the Supplementary information. Actual expenditures, 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 Replacement Fund at December 31, 2019, consists of the following:

COMPONENTS	BALANCE 12/31/2018	INTEREST/ ASSESSMENTS	TRANSFERS	EXPENDITURES	BALANCE 12/31/2019
Roofing	\$0	\$0	\$0	\$0	\$0
Paving	0				0
Painting	0				0
Emergency	100,000				100,000
Pooled	827,637	377,568	45,000	(212,185)	1,038,020
SUB-TOTAL CONTRACT LIABILITY - DEFERRED RESERVES	0				1,138,020
Unallocated Interest (Fund Balance as of 12/31/2019)	43,379	20,555			63,934
TOTAL LIABILITIES AND FUND BALANCE	\$971,016	\$398,123	\$45,000	(\$212,185)	\$1,201,954

The Association does not allocate interest earned on the replacements fund to specific replacement components as earned, but does so periodically depending on projected requirements.

The Board of Directors elected to transfer the \$45,000 from the Operating Fund Surplus to the Pooled Replacement Fund component.

The Pooled expenses consist of painting and roofing.

**NUMBER 1 CONDOMINIUM ASSOCIATION –
PALM GREENS AT VILLA DEL RAY, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2019

4. FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

FASB ASC 606 New Accounting Standard Implementation

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, *Real Estate – Common Interest Realty Association, Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an Association expects to be entitled in exchange for those goods or services.

The Association adopted the new guidance as of January 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to the beginning fund balances. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to Replacement Fund expenditures/contracts that were not complete as of January 1, 2019. Adoption of the new standard resulted in changes to our accounting policies for assessment revenue and contract liability (assessments received in advance – Replacement Fund), as previously described.

The modified retrospective method of transition requires us to disclose the effect of applying the new standard on each item included in our current year financial statements. The line items from our Balance Sheet as of year-end that were affected, the amounts that would have been reported under the former standard, the effects of applying the new standard, and the balances reported under the new standards are as follows:

	Replacement Fund Old Standard	Replacement Fund New Standard
LIABILITIES AND FUND BALANCES		
Contract Liability - Deferred Reserves	\$0	\$1,138,020
TOTAL LIABILITIES	0	1,138,020
Fund Balances	1,201,954	63,934
TOTAL LIABILITIES AND FUND BALANCES	\$1,201,954	\$1,201,954

As a result of the above reference modification, line items from the Statement of Revenues, Expenses and Changes in Fund Balances as of year-end were affected. The recognized maintenance fees for the Replacement Fund changed as follows:

	Replacement Fund Old Standard (Per) (Budget)	Replacement Fund New Standard (Expenses Less Any) (Allocated Interest)	Variance
Maintenance Fees	\$377,568	\$212,185	\$165,383

**NUMBER 1 CONDOMINIUM ASSOCIATION –
PALM GREENS AT VILLA DEL RAY, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2019

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 excess of revenues from members over related expenditures is subject to taxation unless such excess is returned to the unit owners or applied to the following year's assessments (Section 277 of the Internal Revenue Code). The other method enables the Association to elect to exclude from taxation "exempt function income," (Section 528 of the Internal Revenue Code), which generally consists of revenue from unit owner assessments. Under either method, the Association may be subject to tax on investment income and other non-exempt income, but at different rates.

The Association will file its 2019 federal income tax return on Form 1120H under Section 528 of the Internal Revenue Code.

There is no current year provision for income 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 2016.

6. COMMITMENTS

The Association has various contract services to maintain the common property including cable television service, lawn maintenance, pest control and an obligation to the Master Association as a result of mandatory membership. These contracts have different expiration dates and renewal terms.

7. DEFERRED CABLE INCENTIVE INCOME

As of January 2013, the Board of Directors entered into a new 12-year contract with Comcast Cable. Comcast Cable paid the Association \$119,700 as a signing incentive for the contract.

The Association elected to recognize this income over the life (12 years) of the cable contract starting in 2013 at a rate of \$9,975 per year. The unrecognized portion of this income is reflected on the balance sheet as Deferred Cable Incentive. As of December 31, 2019, the remaining balance is \$49,875.

8. INSURANCE PROCEEDS

As a result of damages to the Association's golf cart, claims for insurance proceeds of \$2,133 were received in the current year.

NUMBER 1 CONDOMINIUM ASSOCIATION –
PALM GREENS AT VILLA DEL RAY, INC.

NOTES TO FINANCIAL STATEMENTS
Continued

December 31, 2019

9. PG COMMUNITY ASSOCIATION AND LEGAL RETAINER GOLF COURSE RECEIVABLES

On June 17, 2017, the Board of Directors of Palm Greens Condominium 1 Association, the Palm Greens Condominium 2 Association and the Palm Greens Recreation Association incorporated the Palm Greens Community Association (“PGCA”). The purpose of the PGCA is negotiating, dealing and consulting with the owners of and/or developers of the adjacent golf course for the purpose of protecting the values of the Member’ residents’ homes and quality of life of the residents of the Palm Greens community. The PGCA by-laws require that the PGCA submit a report and make a recommendation to the Members as to whether the Members should support a proposed development plan or other proposal for the use of the Golf Course property.

The Palm Greens Community Association supports a proposed agreement with 13th Floor Home for the development of Delray Trails. The agreement will provide the residents of Palm Greens with a payment of \$1 million dollars for infrastructure issues afflicting the community, divided in half by each Condominium Association. The developer (13th Floor Homes) will build a state of the art recreation campus that includes a clubhouse with amenities for all residents. Delray Trails and the two Condominium Associations would share the monthly recreation expenses. It also includes a reimbursement of attorney fees up to \$150,000 spent in negotiations and implementation of the agreement.

As of December 31, 2019, the Association has contributed \$35,000 in legal fees and \$2,500 in legal retainer for the golf course for these negotiations and has created these receivables until reimbursed.

10. CONTINGENCIES

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.

Legal

The Association is from time-to-time subject to complaints and claims, including litigation, arising in the ordinary course of business. As of the date of this report, management believes that there are no claims or complaints of which it is currently aware that will materially affect its business, financial position, or future operating results.

SUPPLEMENTARY INFORMATION

**NUMBER 1 CONDOMINIUM ASSOCIATION –
PALM GREENS AT VILLA DEL RAY, INC.**

**SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS**

**December 31, 2019
(Unaudited)**

The Association has conducted an independent study (2019) to estimate the remaining useful lives and the replacement costs of the components of common property. 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:

<u>COMPONENTS</u>	<u>ESTIMATED REMAINING USEFUL LIVES</u>	<u>ESTIMATED CURRENT REPLACEMENT COSTS</u>	<u>2020 REQUIRED FUNDING</u>
Site and Grounds	1 - 12 Years	\$1,387,550	
Building Exteriors	0 - 19 Years	4,765,450	
Mechanical, Electrical & Plumbing	0 - 11 Years	181,500	
Pooled			\$490,955
		<hr/>	
TOTAL		<u>\$6,334,500</u>	<u>\$490,955</u>

The Association elected to partially fund the Pooled Reserves \$344,736 in 2020.

See independent auditors' report.

**NUMBER 1 CONDOMINIUM ASSOCIATION -
PALM GREENS AT VILLA DEL RAY, INC.**

SUPPLEMENTARY INFORMATION

**DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON**

Year Ended December 31, 2019

	<u>ACTUAL</u>	<u>BUDGET (Unaudited)</u>	<u>VARIANCE</u>
<u>REVENUES:</u>			
Maintenance Fees	\$2,536,272	\$2,536,272	\$0
Interest Income	1,205	0	1,205
Resales	6,800	0	6,800
Leases	2,250	0	2,250
Late Fees	2,435	0	2,435
Pressure Cleaning	2,495	0	2,495
Prior Year Surplus	42,000	42,000	0
Estoppel Fees	10,500	0	10,500
Condo Questionnaire	2,550	0	2,550
Cable Incentive Income	9,975	0	9,975
Insurance Proceeds	2,133	0	2,133
Miscellaneous Income	421	0	421
Total Revenues	<u>2,619,036</u>	<u>2,578,272</u>	<u>40,764</u>
<u>EXPENSES:</u>			
<u>GENERAL & ADMINISTRATIVE</u>			
Accounting Fees	6,378	6,200	(178)
Bad Debt Expense	4,922	10,000	5,078
Bank Fees	362	350	(12)
Dues & Subscriptions	0	100	100
Fee & Permits	2,822	3,000	178
Legal Fees	3,411	12,000	8,589
TOTAL GENERAL & ADMINISTRATIVE	<u>17,895</u>	<u>31,650</u>	<u>13,755</u>
<u>OFFICE EXPENSE</u>			
Answering Service	1,407	1,600	193
Burglar Alarm	1,237	1,400	163
First Aid Supplies	0	100	100
Computer Support	3,629	4,000	371
Misc. Office Expense	169	500	331
Office Equipment	868	500	(368)
Office Furniture	0	500	500
Office Supplies	2,649	2,550	(99)
Postage & Mailing	1,650	2,000	350
Printing & Reproduction	2,293	2,000	(293)
TOTAL OFFICE EXPENSE	<u>13,902</u>	<u>15,150</u>	<u>1,248</u>

See independent auditors' report.

**NUMBER 1 CONDOMINIUM ASSOCIATION -
PALM GREENS AT VILLA DEL RAY, INC.**

SUPPLEMENTARY INFORMATION

**DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON**

Year Ended December 31, 2019

	<u>ACTUAL</u>	<u>BUDGET (Unaudited)</u>	<u>VARIANCE</u>
<u>EXPENSES(Continued):</u>			
<i><u>INSURANCE</u></i>			
Employee Health Insurance	59,338	66,000	6,662
Insurance Expense	368,939	385,300	16,361
Vehicle Insurance	3,462	3,400	(62)
Worker's Compensation	3,235	12,000	8,765
TOTAL INSURANCE	<u>434,974</u>	<u>466,700</u>	<u>31,726</u>
<i><u>GROUNDS & FACILITIES</u></i>			
Fire Extinguishers	2,201	4,300	2,099
Grounds Maintenance	12,486	8,000	(4,486)
Landscape Contract	230,302	210,000	(20,302)
Pest Control	28,348	65,000	36,652
Pest Control - Termites	5,970	20,000	14,030
Pressure Cleaning	3,500	4,000	500
Tree Trimming	30,990	10,000	(20,990)
TOTAL GROUNDS & FACILITIES	<u>313,797</u>	<u>321,300</u>	<u>7,503</u>
<i><u>PERSONNEL EXPENSES</u></i>			
Gross Wages	348,710	348,000	(710)
Payroll Processing Fee	1,783	2,200	417
Payroll Taxes	27,568	31,000	3,432
Contracted Maint Person	0	13,000	13,000
TOTAL PERSONNEL EXPENSES	<u>378,061</u>	<u>394,200</u>	<u>16,139</u>
<i><u>UTILITIES</u></i>			
Cable	397,281	398,000	719
Electric	29,341	40,000	10,659
Telephone	2,804	3,000	196
Trash Bags - Units	2,617	4,500	1,883
Dumpster - Trash Removal	7,605	9,000	1,395
Water & Sewer	292,695	283,000	(9,695)
TOTAL UTILITIES	<u>732,343</u>	<u>737,500</u>	<u>5,157</u>

See independent auditors' report.

**NUMBER 1 CONDOMINIUM ASSOCIATION -
PALM GREENS AT VILLA DEL RAY, INC.**

SUPPLEMENTARY INFORMATION

**DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON**

Year Ended December 31, 2019

	<u>ACTUAL</u>	<u>BUDGET (Unaudited)</u>	<u>VARIANCE</u>
<u>EXPENSES(Continued):</u>			
<u>REPAIRS & MAINTENANCE</u>			
Building & Drywall Repairs	4,243	4,000	(243)
Electrical Repairs	20,536	12,000	(8,536)
Gutter Repairs & Installation	0	1,500	1,500
Irrigation Pump Repairs	0	6,000	6,000
Plumbing Repairs	20,060	38,000	17,940
Roof Repairs	91,025	35,000	(56,025)
Tool & Hardware Repairs	428	500	72
Miscellaneous Repairs & Maintenance	2,144	500	(1,644)
Maintenance Supplies	10,184	8,000	(2,184)
Sprinkler Parts & Supplies	6,004	7,000	996
Uniforms	4,145	4,000	(145)
TOTAL REPAIRS & MAINTENANCE	158,769	116,500	(42,269)
<u>VEHICLE EXPENSES</u>			
Fuel / Oil	1,929	2,000	71
Golf Cart Repair / Maintenance	3,865	2,000	(1,865)
Truck Repair / Maintenance	1,124	1,000	(124)
TOTAL VEHICLE EXPENSES	6,918	5,000	(1,918)
<u>CONTINGENCY & RECREATION</u>			
Contingency Fund	3,745	6,000	2,255
Recreation Condo Monthly Fee	484,272	484,272	0
TOTAL CONTINGENCY & RECREATION	488,017	490,272	2,255
 Total Operating Expenses	 2,544,676	 2,578,272	 33,596
Excess Operating Revenues (Expenses)	\$74,360	\$0	\$74,360

See independent auditors' report.