

**SOUTHPOINTE CONDOMINIUM
ASSOCIATION, INC.**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2017

SOUTHPOINTE CONDOMINIUM ASSOCIATION, INC.

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Hoskins Quiros Osborne & LaBeaume CPA, LLC

Life Can Be Taxing. We Can Help.

Independent Auditor's Report

To Board of Directors of
Southpointe Condominium Association, Inc.
3700 Woodgate Blvd
Orlando, FL 32822

We have audited the accompanying financial statements of Southpointe Condominium Association, Inc., which comprise the balance sheet as of December 31, 2017, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year 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 an 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 judgement, 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 controls 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 Southpointe Condominium Association, Inc. as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of revenues, expenses, and changes in fund balances - operating fund on page 15 and schedule of expenses - operating fund on page 16 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that future major repairs and replacements on page 17 be presented to supplement the basic financial statements. Such information, although not 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.

Hoskins Quiros Osborne & LaBeaume, CPA, LLC

Hoskins Quiros Osborne & LaBeaume, CPA

Certified Public Accountants

Orlando, Florida

May 23, 2018

SOUTHPOINTE CONDOMINIUM ASSOCIATION, INC.

BALANCE SHEET

AS OF DECEMBER 31, 2017

	Operating Fund	Replacement Fund	Hurricane Fund	Total
ASSETS				
Cash & Cash Equivalents	\$ 27,253	\$ 734,387	\$ 831,785	\$ 1,593,425
Maintenance Assessments Receivable, Net of Allowance for Doubtful Accounts of \$4,743	26,756	-	-	26,756
Employee Advance	2,700	-	-	2,700
Prepaid Expenses	115,477	24,207	-	139,684
Property and Equipment, Net of Accumulated Depreciation of \$34,848	11,155	-	-	11,155
Interfund Advances	166,751	-	-	166,751
TOTAL ASSETS	\$ 350,092	\$ 758,594	\$ 831,785	\$ 1,940,471
LIABILITIES AND FUND BALANCES				
Accounts Payable and Accrued Expenses	\$ 124,341	\$ -	\$ -	\$ 124,341
Insurance Financing Payable	93,885	-	-	93,885
Prepaid Maintenance Assessments	40,649	-	-	40,649
Deferred Insurance Claim Proceeds	-	-	831,783	831,783
Interfund Advances	-	166,751	-	166,751
TOTAL LIABILITIES	258,875	166,751	831,783	1,257,409
FUND BALANCES	91,217	591,843	2	683,062
TOTAL LIABILITIES AND FUND BALANCES	\$ 350,092	\$ 758,594	\$ 831,785	\$ 1,940,471

See accompanying independent auditor's report and notes to financial statements

SOUTHPOINTE CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2017

	Operating Fund	Replacement Fund	Hurricane Fund	Total
REVENUES				
Maintenance Assessments	\$ 982,822	\$ 220,828	\$ -	\$ 1,203,650
Interest Income	-	457	2	459
Other Income	69,083	-	-	69,083
TOTAL REVENUES	1,051,905	221,285	2	1,273,192
EXPENSES				
Common Area (see schedules)	334,483	-	-	334,483
Building Maintenance (see schedules)	127,982	-	-	127,982
Grounds Maintenance (see schedules)	135,192	-	-	135,192
Pool & Clubhouse Maintenance (see schedules)	22,183	-	-	22,183
General & Administrative (see schedules)	361,129	-	-	361,129
Replacement Fund	-	36,608	-	36,608
TOTAL EXPENSES	980,969	36,608	-	1,017,577
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	70,936	184,677	2	255,615
FUND BALANCES AT BEGINNING OF YEAR	20,281	407,166	-	427,447
FUND BALANCES AT END OF YEAR	\$ 91,217	\$ 591,843	\$ 2	\$ 683,062

See accompanying independent auditor's report and notes to financial statements

SOUTHPOINTE CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Operating Fund	Replacement Fund	Hurricane Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Excess (Deficiency) of Revenues Over Expenses	\$ 70,936	\$ 184,677	\$ 2	\$ 255,615
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:				
Depreciation Expense	4,693	-	-	4,693
Bad Debt Expense (Recovery)	4,744	-	-	4,744
(Increase) Decrease in:				
Maintenance Assessments Receivable	32,873	-	-	32,873
Employee Advance	(2,700)	-	-	(2,700)
Prepaid Expenses	(169)	(24,207)	-	(24,376)
Increase (Decrease) in:				
Accounts Payable and Accrued Expenses	23,346	-	-	23,346
Insurance Financing Payable	(712)	-	-	(712)
Prepaid Maintenance Assessments	2,686	-	-	2,686
Deferred Insurance Claim Proceeds	-	-	831,783	831,783
	-	-	831,783	831,783
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	135,697	160,470	831,785	1,127,952
CASH FLOWS FROM FINANCING ACTIVITIES:				
Interfund Advances	(116,298)	116,298	-	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(116,298)	116,298	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,399	276,768	831,785	1,127,952
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,854	457,619	-	465,473
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 27,253	\$ 734,387	\$ 831,785	\$ 1,593,425
SUPPLEMENTAL DISCLOSURES				
Income Taxes Paid	\$ -			
Cash Paid for Interest	\$ 309			

See accompanying independent auditor's report and notes to financial statements

SOUTHPOINTE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE A – ORGANIZATION

Southpointe Condominium Association, Inc. is a statutory multi-condominium association incorporated in the State of Florida on November 1, 1983. The Association is responsible for the operation and maintenance of the common property of Southpointe Condominium. The Association consists of 448 residential units in five separate condominiums located in Orlando, Florida.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Multi Condominium Statutory Reporting

Rule 61B-22.006(4) of the Florida Administrative Code requires multi condominium associations to present revenues, expenses, and changes in fund balance for each condominium.

The Association allocates common maintenance and administrative expenses, which are for the benefit of all the condominiums, to each condominium based on the total number of units per condominium, divided by the total number of units in the Association. All activity attributable to a particular condominium should be charged only to that condominium.

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.

Hurricane Fund — This fund is used to accumulate financial resources restricted for future major repairs and replacements of designated common elements that require replacement from hurricane damage sustained in the current year.

Interest Earned

The Board's policy is to allocate to the applicable fund interest earned on cash accounts. Interest in the replacement fund is then allocated to each condominium on a per unit basis. Within each condominium, interest is allocated to each replacement fund component based on the beginning balance of the component in proportion to the total replacement fund for each condominium.

SOUTHPOINTE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

DECEMBER 31, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Maintenance Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose assessments are delinquent. Any excess assessments at year-end are retained by the Association for use in succeeding years. The allowance for uncollectible assessments has been established by the Board of Directors based upon their estimate of potential uncollectible balances.

Income Taxes

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. The Association has elected to be taxed as a homeowners' association under Section 528 of the Internal Revenue Code. This Section provides that the Association will be taxed only on nonexempt income as defined under Section 528. Net nonexempt function income, which includes interest earned and revenues received from nonmembers, is taxed at 30% by the federal government. An income tax provision was not required due to the excess of allocable expenses over nonexempt income for the year ended December 31, 2017. The Association's management believes it is no longer subject to income tax examinations for years prior to 2014.

Property and Equipment

Real property and common area 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, if any, at cost and depreciates it using the straight-line method.

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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents include cash, money funds and certificates of deposit purchased with an original maturity date of three months or less.

Fair Value of Financial Instruments

The carrying amounts of the Association's financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and long-term debt, approximate their fair values due to their short-term maturities.

SOUTHPOINTE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

DECEMBER 31, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Insurance Claim Proceeds

The Association received \$831,783 to cover the cost of damages from a hurricane, all of which was deferred at December 31, 2017. Revenue for the insurance proceeds is recognized when the funds are expended or the liabilities are incurred in connection with making the repairs or obtaining the insurance settlement.

Concentrations of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist of temporary cash investments. The Association places such assets with quality financial institutions. The balances, at times, may exceed federally insured limits.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2017:

Office equipment	\$	5,316
Furniture and fixtures		13,190
Golf carts and trailers		6,954
Maintenance equipment		18,414
Maintenance shed		<u>2,129</u>
Total property and equipment		46,003
Less: accumulated depreciation		<u>(34,848)</u>
Net property and equipment	\$	<u>11,155</u>

Depreciation expense for the year was \$4,693.

NOTE D – INSURANCE DEDUCTIBLE

The property insurance policy covering the Association is subject to a deductible of 5% of the insured value for claims arising from wind and hailstorms. The Association is responsible for losses up to this amount.

NOTE E – RELATED PARTIES

The Association paid \$23,400 to an employee in the maintenance department who is also an Association Officer. Payments were made in the normal course of Association business.

SOUTHPOINTE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

DECEMBER 31, 2017

NOTE F – DATE OF MANAGEMENT’S REVIEW

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 23, 2018, the date the financial statements were available to be issued.

NOTE G – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents, as well as Florida Statutes, require funds to be accumulated for future major repairs and replacements. The funds are segregated and are generally not available for expenditures for normal operations. Accumulated funds, which aggregate approximately \$592,000 at December 31, 2017, are held in separate accounts and are generally not available for operating purposes.

The funding program was based on a study performed by the board of directors and the Property Manager in November 2002 to estimate the remaining useful lives and the replacement costs of the common property components. The Association’s estimated current replacement costs were revised in 2017.

The Association is funding such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. 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 all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

The Florida Statutes require the accumulation of such reserves.

SOUTHPOINTE CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2017

NOTE G – FUTURE MAJOR REPAIRS AND REPLACEMENTS - CONTINUED

The activity within the replacement fund for the year ended December 31, 2017 is presented as follows:

	<u>Roofs</u>	<u>Painting</u>	<u>Paving</u>	<u>Pool/Spa</u>	<u>Siding</u>	<u>Total</u>
<u>CONDOMINIUM I</u>						
REVENUES						
Maintenance Assessments	\$ 37,796	\$ -	\$ 2,698	\$ 378	\$ 13,367	\$ 54,239
Interest income	88	11	10	3	-	112
TOTAL REVENUES	37,884	11	2,708	381	13,367	54,351
EXPENSES						
	-	-	2,463	5,939	-	8,402
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	37,884	11	245	(5,558)	13,367	45,949
FUND BALANCES - BEGINNING OF YEAR	93,172	11,103	11,029	3,626	(19,645)	99,285
FUND BALANCES - END OF YEAR	\$ 131,056	\$ 11,114	\$ 11,274	\$ (1,932)	\$ (6,278)	\$ 145,234
<u>CONDOMINIUM II</u>						
REVENUES						
Maintenance Assessments	\$ 28,347	\$ -	\$ 4,048	\$ 284	\$ 10,615	\$ 43,294
Interest income	55	11	8	3	-	77
TOTAL REVENUES	28,402	11	4,056	287	10,615	43,371
EXPENSES						
	-	-	1,852	4,466	-	6,318
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	28,402	11	2,204	(4,179)	10,615	37,053
FUND BALANCES - BEGINNING OF YEAR	58,154	11,986	8,264	2,726	(14,773)	66,357
FUND BALANCES - END OF YEAR	\$ 86,556	\$ 11,997	\$ 10,468	\$ (1,453)	\$ (4,158)	\$ 103,410

SOUTHPOINTE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2017

NOTE G – FUTURE MAJOR REPAIRS AND REPLACEMENTS - CONTINUED

CONDOMINIUM III

	Roofs	Painting	Paving	Pool/Spa	Siding	Total
REVENUES						
Maintenance Assessments	\$ 37,796	\$ -	\$ 2,698	\$ 378	\$ 14,153	\$ 55,025
Interest income	89	6	10	1	-	106
TOTAL REVENUES	37,885	6	2,708	379	14,153	55,131
EXPENSES						
	3,000	-	2,463	5,939	-	11,402
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	34,885	6	245	(5,560)	14,153	43,729
FUND BALANCES - BEGINNING OF YEAR	95,312	6,226	11,039	803	(19,643)	93,737
FUND BALANCES - END OF YEAR	\$ 130,197	\$ 6,232	\$ 11,284	\$ (4,757)	\$ (5,490)	\$ 137,466

CONDOMINIUM IV

	Roofs	Painting	Paving	Pool/Spa	Siding	Total
REVENUES						
Maintenance Assessments	\$ 18,898	\$ -	\$ 2,698	\$ 189	\$ 6,332	\$ 28,117
Interest income	46	10	5	2	-	63
TOTAL REVENUES	18,944	10	2,703	191	6,332	28,180
EXPENSES						
	-	-	1,220	2,948	-	4,168
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	18,944	10	1,483	(2,757)	6,332	24,012
FUND BALANCES - BEGINNING OF YEAR	49,166	10,616	5,540	1,809	(9,742)	57,389
FUND BALANCES - END OF YEAR	\$ 68,110	\$ 10,626	\$ 7,023	\$ (948)	\$ (3,410)	\$ 81,401

SOUTHPOINTE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2017

NOTE G – FUTURE MAJOR REPAIRS AND REPLACEMENTS - CONTINUED

<u>CONDOMINIUM V</u>	<u>Roofs</u>	<u>Painting</u>	<u>Paving</u>	<u>Pool/Spa</u>	<u>Siding</u>	<u>Total</u>
REVENUES						
Maintenance Assessments	\$ 28,347	\$ -	\$ 2,024	\$ 284	\$ 9,498	\$ 40,153
Interest income	72	17	8	2	-	99
TOTAL REVENUES	28,419	17	2,032	286	9,498	40,252
EXPENSES						
	-	-	1,852	4,466	-	6,318
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	28,419	17	180	(4,180)	9,498	33,934
FUND BALANCES - BEGINNING OF YEAR	76,107	18,086	8,260	2,714	(14,769)	90,398
FUND BALANCES - END OF YEAR	\$ 104,526	\$ 18,103	\$ 8,440	\$ (1,466)	\$ (5,271)	\$ 124,332
TOTALS	Roofs	Painting	Paving	Pool/Spa	Siding	Total
REVENUES						
Maintenance Assessments	\$ 151,184	\$ -	\$ 14,166	\$ 1,513	\$ 53,965	\$ 220,828
Interest income	350	55	41	11	-	457
TOTAL REVENUES	151,534	55	14,207	1,524	53,965	221,285
EXPENSES						
	3,000	-	9,850	23,758	-	36,608
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	148,534	55	4,357	(22,234)	53,965	184,677
FUND BALANCES - BEGINNING OF YEAR	371,911	58,017	44,132	11,678	(78,572)	407,166
FUND BALANCES - END OF YEAR	\$ 520,445	\$ 58,072	\$ 48,489	\$ (10,556)	\$ (24,607)	\$ 591,843

SUPPLEMENTARY INFORMATION

SOUTHPOINTE CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES - OPERATING FUND

FOR THE YEAR ENDED DECEMBER 31, 2017

	I	II	III	IV	V	TOTAL
REVENUES						
Maintenance Assessments	\$ 245,726	\$ 184,241	\$ 245,797	\$ 122,825	\$ 184,233	\$ 982,822
Other Income	8,884	5,620	18,003	29,417	7,159	69,083
TOTAL REVENUES	<u>254,610</u>	<u>189,861</u>	<u>263,800</u>	<u>152,242</u>	<u>191,392</u>	<u>1,051,905</u>
EXPENSES						
Common Area	83,454	63,042	83,526	38,512	65,949	334,483
Building Maintenance	35,384	22,831	30,649	15,070	24,048	127,982
Grounds Maintenance	33,799	25,410	33,805	16,761	25,417	135,192
Pool & Clubhouse Maintenance	5,546	4,170	5,546	2,751	4,170	22,183
General & Administrative	92,443	66,564	87,458	48,068	66,596	361,129
TOTAL EXPENSES	<u>250,626</u>	<u>182,017</u>	<u>240,984</u>	<u>121,162</u>	<u>186,180</u>	<u>980,969</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	3,984	7,844	22,816	31,080	5,212	70,936
FUND BALANCES AT BEGINNING OF YEAR	<u>(103,535)</u>	<u>(20,783)</u>	<u>92,122</u>	<u>2,153</u>	<u>50,324</u>	<u>20,281</u>
FUND BALANCES AT END OF YEAR	<u>\$ (99,551)</u>	<u>\$ (12,939)</u>	<u>\$ 114,938</u>	<u>\$ 33,233</u>	<u>\$ 55,536</u>	<u>\$ 91,217</u>

See accompanying independent auditor's report and notes to financial statements

SOUTHPOINTE CONDOMINIUM ASSOCIATION, INC.

SCHEDULE OF EXPENSES - OPERATING FUND

FOR THE YEAR ENDED DECEMBER 31, 2017

	I	II	III	IV	V	TOTAL
Common Area						
Common Area	\$ 1,133	\$ 852	\$ 1,133	\$ 561	\$ 852	\$ 4,531
Fountain	264	199	264	120	209	1,056
Pest Control	6,217	4,960	6,383	3,097	4,876	25,533
Security and Fire Protection	1,208	908	1,208	600	908	4,832
Storage	571	430	477	355	453	2,286
Utilities	73,608	55,353	73,608	33,553	58,311	294,433
Vending Machine Supplies	190	143	190	96	143	762
Water	263	197	263	130	197	1,050
Total Common Area	<u>\$ 83,454</u>	<u>\$ 63,042</u>	<u>\$ 83,526</u>	<u>\$ 38,512</u>	<u>\$ 65,949</u>	<u>\$ 334,483</u>
Building Maintenance						
Repair and Maintenance	\$ 9,774	\$ 3,572	\$ 5,039	\$ 2,368	\$ 4,789	\$ 25,542
Salaries and Wages	25,610	19,259	25,610	12,702	19,259	102,440
Total Building Maintenance	<u>\$ 35,384</u>	<u>\$ 22,831</u>	<u>\$ 30,649</u>	<u>\$ 15,070</u>	<u>\$ 24,048</u>	<u>\$ 127,982</u>
Grounds Maintenance						
Contract Labor	\$ 670	\$ 504	\$ 670	\$ 332	\$ 504	\$ 2,680
Equipment Rental	392	295	392	194	295	1,568
Equipment Repair	1,201	896	1,207	595	903	4,802
Fuel	337	254	337	167	254	1,349
Irrigation	249	187	249	123	187	995
Plants, Mulch, Rocks & Other	34	26	34	17	26	137
Salaries and Wages	27,353	20,569	27,353	13,567	20,569	109,411
Yard Trash	3,563	2,679	3,563	1,766	2,679	14,250
Total Grounds Maintenance	<u>\$ 33,799</u>	<u>\$ 25,410</u>	<u>\$ 33,805</u>	<u>\$ 16,761</u>	<u>\$ 25,417</u>	<u>\$ 135,192</u>
Pool & Clubhouse Maintenance						
Repairs, Maintenance and Supplies	\$ 5,546	\$ 4,170	\$ 5,546	\$ 2,751	\$ 4,170	\$ 22,183
Total Pool & Clubhouse Maintenance	<u>\$ 5,546</u>	<u>\$ 4,170</u>	<u>\$ 5,546</u>	<u>\$ 2,751</u>	<u>\$ 4,170</u>	<u>\$ 22,183</u>
General & Administrative						
Bad Debt	\$ 4,744	\$ -	\$ -	\$ -	\$ -	\$ 4,744
Depreciation	1,173	882	1,173	583	882	4,693
Insurance	36,148	27,589	36,647	18,073	27,450	145,907
Janitorial	1,477	1,110	1,477	732	1,110	5,906
Licenses and Fees	735	546	742	364	552	2,939
Miscellaneous	825	607	809	402	607	3,250
Office and Postage	3,633	2,881	3,825	1,861	2,831	15,031
Payroll Fees	20	15	20	10	15	80
Payroll Taxes	5,937	4,465	5,937	2,944	4,465	23,748
Professional Fees	9,181	6,905	8,339	9,145	6,905	40,475
Salaries and Wages	24,623	18,516	24,623	12,212	18,516	98,490
Repair and Maintenance	2,491	1,953	2,491	941	2,168	10,044
Telephone	1,456	1,095	1,375	801	1,095	5,822
Total General & Administrative	<u>\$ 92,443</u>	<u>\$ 66,564</u>	<u>\$ 87,458</u>	<u>\$ 48,068</u>	<u>\$ 66,596</u>	<u>\$ 361,129</u>

See accompanying independent auditor's report and notes to financial statements

SOUTHPOINTE CONDOMINIUM ASSOCIATION, INC.

FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)

DECEMBER 31, 2017

The Association's Board has estimated the remaining useful lives and the replacement costs of components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the end of their useful lives. The most recent study adopted by the Board was performed in November 2002. The Association's estimated current replacement costs were revised in 2017; however, do not take into account the effects of inflation between the date of the estimate and the date that the component will require repair or replacement.

The following is based on the estimate and presents significant information about the components of common property:

<u>CONDOMINIUM I</u>	Estimated Remaining Useful Life (in years)	Estimated Replacement Cost	Components of Fund Balance at 12/31/2017	2018 Funding per Budget	2018 Full Funding Calculation
Roofs	6	\$ 349,288	\$ 131,056	\$ 63,256	\$ 36,372
Painting	5	11,500	11,114	-	77
Paving	1	17,000	11,274	1,855	5,726
Pool/Spa	16	3,625	(1,932)	27	347
Siding	17	240,000	(6,278)	13,360	14,487
		\$ 621,413	\$ 145,234	\$ 78,498	\$ 57,009

<u>CONDOMINIUM II</u>	Estimated Remaining Useful Life (in years)	Estimated Replacement Cost	Components of Fund Balance at 12/31/2017	2018 Funding per Budget	2018 Full Funding Calculation
Roofs	6	\$ 261,966	\$ 86,556	\$ 49,202	\$ 29,235
Painting	4	8,625	11,997	-	-
Paving	0	12,750	10,468	1,391	2,282
Pool/Spa	17	2,719	(1,453)	19	245
Siding	16	180,000	(4,158)	10,646	11,510
		\$ 466,060	\$ 103,410	\$ 61,258	\$ 43,272

<u>CONDOMINIUM III</u>	Estimated Remaining Useful Life (in years)	Estimated Replacement Cost	Components of Fund Balance at 12/31/2017	2018 Funding per Budget	2018 Full Funding Calculation
Roofs	6	\$ 349,288	\$ 130,197	\$ 63,056	\$ 36,515
Painting	3	11,500	6,232	-	1,756
Paving	1	17,000	11,284	1,855	5,716
Pool/Spa	16	3,625	(4,757)	27	524
Siding	16	240,000	(5,490)	14,195	15,343
		\$ 621,413	\$ 137,466	\$ 79,133	\$ 59,854

See accompanying independent auditor's report

SOUTHPOINTE CONDOMINIUM ASSOCIATION, INC.

FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED) - CONTINUED

DECEMBER 31, 2017

<u>CONDOMINIUM IV</u>	Estimated Remaining Useful Life (in years)	Estimated Replacement Cost	Components of Fund Balance at 12/31/2017	2018 Funding per Budget	2018 Full Funding Calculation
Roofs	6	\$ 174,644	\$ 68,110	\$ 32,846	\$ 17,756
Painting	6	5,750	10,626	-	-
Paving	0	8,500	7,023	928	1,477
Pool/Spa	17	1,813	(948)	14	162
Siding	18	120,000	(3,410)	6,309	6,856
		<u>\$ 310,707</u>	<u>\$ 81,401</u>	<u>\$ 40,097</u>	<u>\$ 26,251</u>
<u>CONDOMINIUM V</u>	Estimated Remaining Useful Life (in years)	Estimated Replacement Cost	Components of Fund Balance at 12/31/2017	2018 Funding per Budget	2018 Full Funding Calculation
Roofs	6	\$ 261,966	\$ 104,526	\$ 47,242	\$ 26,240
Painting	3 - 6	8,625	18,103	-	-
Paving	1	12,750	8,440	1,391	4,310
Pool/Spa	17	2,719	(1,466)	23	246
Siding	18	180,000	(5,271)	9,463	10,293
		<u>\$ 466,060</u>	<u>\$ 124,332</u>	<u>\$ 58,119</u>	<u>\$ 41,089</u>
<u>TOTALS</u>	Estimated Remaining Useful Life (in years)	Estimated Replacement Cost	Components of Fund Balance at 12/31/2017	2018 Funding per Budget	2018 Full Funding Calculation
Roofs	6	\$ 1,397,152	\$ 520,445	\$ 255,602	\$ 146,118
Painting	3 - 6	46,000	58,072	-	1,833
Paving	0 - 1	68,000	48,489	7,420	19,511
Pool/Spa	16 - 17	14,501	(10,556)	110	1,524
Siding	16 - 18	960,000	(24,607)	53,973	58,489
		<u>\$ 2,485,653</u>	<u>\$ 591,843</u>	<u>\$ 317,105</u>	<u>\$ 227,475</u>

See accompanying independent auditor's report