

THE CARLTON CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2011

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INDEPENDENT AUDITORS' REPORT

Board of Directors of
The Carlton Condominium Association, Inc.

We have audited the accompanying balance sheet of The Carlton Condominium Association, Inc, as of December 31, 2011 and the related statement of revenues, expenses, and changes in fund balances, and statement of cash flow for the year then ended. These financial statements are the responsibility of the Association's management. 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

The Association has incurred debt to finance capital projects. The Association has a deficit operating fund balance of \$<644,808> and a total fund deficit of \$<415,950>. The financial statements do not include any adjustment that may result from the outcome of this uncertainty.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of The Carlton Condominium Association, Inc, as of December 31, 2011 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Supplementary information on page 14-16 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of 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.

Board of Directors of
The Carlton Condominium Association, Inc.

The Schedule of Future Major Repairs and Replacements on page 17 is also not a required part of the basic financial statements, but is supplementary information required by the American Institute of Certified Public Accountants. Such information is also the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the method of measurement and presentation of the supplementary information. However, it is inappropriate to and we do not express an opinion of this supplemental information.

Sullivan & Fengler

Sullivan & Fengler
Certified Public Accountants
Fort Lauderdale, Florida
April 24, 2012

FINANCIAL STATEMENTS

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2011

| ASSETS | Operating Fund | Replacement Fund | Special Assessment | Total |
|---|------------------------|---------------------|-----------------------|------------------------|
| CURRENT ASSETS | | | | |
| Cash | \$ 5,997 | \$ 62,448 | \$ 40,719 | \$109,164 |
| Prepaid expenses | 168,966 | - | - | 168,966 |
| Accounts receivable | 78,599 | - | 52,020 | 130,619 |
| Allowance for uncollectible | <42,717> | - | <35,000> | <77,717> |
| Due from <to> | <119,953> | 160,672 | <40,719> | - |
| Total current assets | <u>90,892</u> | <u>223,120</u> | <u>17,020</u> | <u>331,032</u> |
| COMMON PROPERTY | - | - | - | - |
| OTHER ASSETS | | | | |
| Deposits | 160 | - | - | 160 |
| Total Assets | <u>\$ 91,052</u> | <u>\$223,120</u> | <u>\$ 17,020</u> | <u>\$331,192</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| CURRENT LIABILITIES | | | | |
| Prepaid assessments | \$ 33,190 | \$ - | \$ - | \$ 33,190 |
| Accounts payable/accrued expenses | 70,632 | - | 11,282 | 81,914 |
| Insurance payable | 148,307 | - | - | 148,307 |
| Key deposits | - | - | - | - |
| Current portion debt due 2012 | 123,623 | - | - | 123,623 |
| Total current liabilities | <u>375,752</u> | <u>-</u> | <u>11,282</u> | <u>387,034</u> |
| LONG TERM DEBT | <u>360,108</u> | <u>-</u> | <u>-</u> | <u>360,108</u> |
| Total Liabilities | 735,860 | - | 11,282 | 747,142 |
| Commitments and contingencies | - | - | - | - |
| FUND BALANCES <deficit> | <u><644,808></u> | <u>223,120</u> | <u>5,738</u> | <u><415,950></u> |
| Total liabilities and fund Balance | <u>\$ 91,052</u> | <u>\$223,120</u> | <u>\$ 17,020</u> | <u>\$331,192</u> |

The accompanying notes are an integral part of the financial statements.

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2011

| | <u>Operating Fund</u> | <u>Replacement Fund</u> | <u>Special Assessment</u> | <u>Total</u> |
|---|---------------------------|-----------------------------|-------------------------------|---------------------------|
| REVENUES | | | | |
| Assessments | \$ 787,726 | \$ 30,000 | \$ 256,132 | \$1,073,858 |
| Interest income | 1,225 | 285 | - | 1,510 |
| Other | <u>17,479</u> | <u>-</u> | <u>2,032</u> | <u>19,511</u> |
| | <u>806,430</u> | <u>30,285</u> | <u>258,164</u> | <u>1,094,879</u> |
| EXPENSES | | | | |
| Special assessment expenditures | - | - | 204,967 | 204,967 |
| Administrative | 99,460 | - | - | 99,460 |
| Insurance | 169,466 | - | - | 169,466 |
| Utilities | 136,999 | - | - | 136,999 |
| Contracts | 341,701 | - | - | 341,701 |
| Maintenance | <u>63,966</u> | <u>-</u> | <u>-</u> | <u>63,966</u> |
| | <u>811,592</u> | <u>-</u> | <u>204,967</u> | <u>1,016,559</u> |
| Assessments and revenues Over (under) expenses | <u><5,162></u> | <u>30,285</u> | <u>53,197</u> | <u>78,320</u> |
| Transfer of funds (note F) | <u>57,167</u> | <u>-</u> | <u><57,167></u> | <u>-</u> |
| Voted not to fund (note D) | <u>58,381</u> | <u><58,381></u> | <u>-</u> | <u>-</u> |
| Excess of assessment and Revenues over <under > expenses | 110,386 | <28,096> | <3,970> | 78,320 |
| Beginning fund balance | <u><755,194></u> | <u>251,216</u> | <u>9,708</u> | <u><494,270></u> |
| ENDING FUND BALANCE <deficit> | \$<644,808> | \$223,120 | \$ 5,738 | \$ <415,950> |

The accompanying notes are an integral part of the financial statements.

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

| | Operating Fund | Replacement Fund | Special Assessment | Total |
|---|------------------------|-----------------------|-----------------------|------------------------|
| Cash flows from <to> operating activities: | | | | |
| Member assessments collected | \$782,886 | \$ - | \$ - | \$782,886 |
| Interest received | 4,010 | 285 | - | 4,295 |
| Interest paid | <15,259> | - | <11,202> | <26,461> |
| Special assessments collected | - | - | 284,727 | 284,727 |
| Special assessment expenditures | - | - | <187,350> | <187,350> |
| Other income received | 9,415 | - | 2,032 | 11,447 |
| Cash paid for operating expenditures | <788,042> | - | - | <788,042> |
| Line of credit payments | 97,932 | - | <97,932> | - |
| Transfer to/from | <u>21,039</u> | <u><21,039></u> | <u>-</u> | <u>-</u> |
| Net cash provided <used> by operating activities | <u>111,981</u> | <u><20,754></u> | <u><9,725></u> | <u>81,502</u> |
| Cash flows from <to> investing activities: | | | | |
| Proceed of Insurance Note | 163,139 | - | - | 163,139 |
| Payments on Insurance Note | <169,467> | - | - | <169,467> |
| To pay debt | <97,932> | - | - | <97,932> |
| Principal payments on debt | <u><9,832></u> | <u>-</u> | <u>-</u> | <u><9,832></u> |
| | <u><114,092></u> | <u>-</u> | <u>-</u> | <u><114,092></u> |
| Net increase <decrease> in cash and cash equivalents | <u><2,111></u> | <u><20,754></u> | <u><9,725></u> | <u><32,590></u> |
| Cash and cash equivalents at beginning of year | <u>8,108</u> | <u>83,202</u> | <u>50,444</u> | <u>141,754</u> |
| Cash and cash equivalents at end of year | <u>\$ 5,997</u> | <u>\$ 62,448</u> | <u>\$ 40,719</u> | <u>\$109,164</u> |

The accompanying notes are an integral part of the financial statements.

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS-CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2011

| | <u>Operating</u> <u>Fund</u> | <u>Replacement</u> <u>Fund</u> | <u>Special</u> <u>Assessment</u> | <u>Total</u> |
|--|---------------------------------|-----------------------------------|-------------------------------------|------------------|
| Reconciliation of excess <deficiency> | | | | |
| of revenues over expenses to net | | | | |
| cash provided <used> by operating | | | | |
| activities: | | | | |
| Excess of revenue | | | | |
| over expenses | \$110,386 | \$<28,096> | \$ <3,970> | \$ 78,320 |
| Transfer from <to> operating-net | 2,383 | 7,342 | <9,725> | - |
| Bad debt | <39,604> | | <14,295> | <53,899> |
| | | | | |
| Adjustments to reconcile excess | | | | |
| of revenues over expenses to | | | | |
| net cash provided <used> by | | | | |
| operating activities: | | | | |
| Accounts receivable | 41,872 | - | 27,804 | 69,676 |
| Prepaid expenses | <14,331> | - | - | <14,331> |
| Prepaid assessments | 8,150 | - | <2,159> | 5,991 |
| Key deposits | <6,100> | | | <6,100> |
| Accounts payable | <u>9,225</u> | <u>-</u> | <u><7,380></u> | <u>1,845</u> |
| | | | | |
| Net cash provided <used> | | | | |
| by operating activities | <u>\$111,981</u> | <u>\$<20,754></u> | <u>\$ <9,725></u> | <u>\$ 81,502</u> |

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE A - ORGANIZATION

The Carlton Condominium Association, Inc. (Association) is a statutory condominium association organized pursuant to Chapter 718 of the Florida Statutes. The Association was incorporated as a not-for-profit corporation in the state of Florida in October 1979 for the purposes of maintaining and preserving the common property of The Carlton Condominium Association, Inc. The Condominium is located in Broward County consisting of 128 residential units in a single building in Fort Lauderdale, Florida. Revenue is primarily derived from monthly and special assessments from the condominium unit owners.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pervasiveness of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Fund Accounting The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the Board of Directors. Disbursements from the replacement, and special assessment fund are made only for designated purposes.

Recognition of Assets and Depreciation The Association's policy has been to recognize common property or real property as assets in its balance sheet to which it has title and can dispose of for cash; the Association has no such property. Other minor property with no title such as office furniture and equipment is expensed. The Association has no restrictions on the disposal of common property.

Prepaid Insurance Insurance premiums paid in 2011 for insurance coverage for a portion of 2012 have been classified as prepaid insurance.

Prepaid Assessments Revenue is primarily derived by assessments of members for maintenance fees and special assessments. Amounts paid in advance by owners at year-end are included as prepaid assessments in the accompanying balance sheet.

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2011

NOTE C - OWNERS' ASSESSMENTS

Monthly operating assessments to owners ranged from \$383 to \$575 for 2011. Of those amounts \$14 to \$21 per month were designated to the replacement fund.

The annual budget and assessments of owners are determined and approved by the Board of Directors. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods. The Association has the ability to place liens on the property of the homeowners whose assessments are delinquent.

NOTE D - FUTURE MAJOR REPAIRS AND REPLACEMENTS

Florida State Statues require that funds be accumulated for future major repairs and replacements, unless the membership votes otherwise. Accumulated funds are held in separate accounts and generally are not available for expenditure for normal operations.

The Board of Directors conducted a study since 2011 to estimate the remaining useful lives and the estimated replacement costs of the components of common property. The table included in the unaudited supplementary information on Future Major Repairs and Replacements is based on that study.

The Board has funded \$30,000 for major repairs and replacements for 2011, identification and allocations to specific components has not been made. The unit owners voted on December 15, 2011, to retroactively reduce the 2009 funding amount by \$58,381. This was done to partially correct a billing error to unit owners made in that year.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements. Actual expenditures may vary from estimated future expenditures, and the variances 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 membership approval, to increase the regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE E - FEDERAL INCOME TAXES

The Association files its Federal income tax returns under Internal Revenue Code Section 528. Interest and other income from nonmembers is subject to tax while assessments and other income from members is considered exempt function income. There is no tax due for 2011

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2011

NOTE F - SPECIAL ASSESSMENT

2011-SPECIAL ASSESSMENT

On April 6, 2011, the Board passed a corporate resolution for an emergency special assessment in the amount of \$128,000, payable in two installments of May 1, 2011, and June 1, 2011, to pay for ongoing repairs and debt incurred. These funds were fully expended as of December 31, 2011.

On September 28, 2011, the Board passed a corporate resolution for an emergency special assessment in the amount of \$128,000, payable in two installments of November 1, 2011, and December 1, 2011, to pay for ongoing repairs and debt incurred. These funds were fully expended as of December 31, 2011. The transfer of funds \$57,162 represents principal payments on debt which is carried in the operating fund.

These funds were expended as follows:

| | |
|--------------------------------|------------------|
| Hallways | \$ 1,592 |
| Community room improvements | 23,595 |
| Lobby ceiling repair | 2,214 |
| Air conditioner heat exchanger | 15,172 |
| Access control | 25,989 |
| Electrical | 20,616 |
| Elevator cabs | 44,551 |
| Fencing | 5,603 |
| Building concrete/engineering | 3,625 |
| Plumbing | 13,937 |
| Pool | 3,816 |
| Security cameras | 17,630 |
| Windows | 350 |
| Bank fees | 780 |
| Loan interest | 11,202 |
| Bad debt | 14,295 |
| | <u>\$204,967</u> |

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2010

NOTE G – LONG TERM DEBT

On March 1, 2006 a loan was obtained from the United States Small Business Administration in the amount of \$415,500 at four percent interest. Monthly payments of \$2,091, for a period of thirty years, and began one year from the date the loan was entered into. The Association is including the required principal and interest in the operating budget. The agreement contains other restricting covenants.

\$369,857

On July 21, 2009 a term loan of \$ 295,914 was obtained from a banking institution for building improvements. From July 21, 2009 until January 20, 2010 6.6 percent, interest only, payable monthly beginning February 21, 2010 at which time monthly payments of principal and interest of \$9,094 are payable. The loan principal and accrued interest are due and payable on January 21, 2013.

113,874

Less current maturities

483,731

123,623

\$360,108

The following are the principal maturities of this debt at December 31,

| | |
|-------------------|------------------|
| 2012 | \$123,623 |
| 2013 | 19,361 |
| 2014 | 10,559 |
| 2015 | 10,990 |
| Thereafter | <u>319,198</u> |
| | <u>\$483,731</u> |

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2011

NOTE H – COMMITMENTS AND CONTINGENCIES

Contracts

The Association entered into a contract for a heat exchanger in the amount of \$ 31,387. The work was not yet complete as of December 31, 2011 and \$21,486 was remaining on the contract.

Insurance Payable

Certain premiums on insurance have been financed over eleven months at 2.9 percent with monthly payments of \$14,831. As of December 31, 2011, there are eleven payments remaining.

Insurance Deductible

The Association carries insurance for hurricanes with deductibles equal to three percent of the insured value of the building.

Loan

On September 28, 2011, the Board approved entering into a \$500,000 sixty month loan with the interest rate to be negotiated. As of the date of these financial statements the Association has not entered into this loan.

NOTE I – ASSESSMENTS RECEIVABLE

The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are in arrears. It is the opinion of the Board of Directors that the Association will ultimately prevail against the owner whose assessments are delinquent. State statute limits the amounts that can be collected therefore over the years a provision for uncollectable of \$77,717 has been established.

NOTE J – SUBSEQUENT EVENT

SPECIAL ASSESSMENTS

On April 11, 2012 the Board passed a corporate resolution for an emergency special assessment in the amount of \$128,000, payable in two installments of May 1, 2012 and June 1, 2012 to pay for ongoing repairs and debt incurred.

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2011

NOTE K – RELATED PARTY

A unit owner licensed as a Condominium Association Manager has been contracted to provide management services. The amount paid during 2011 and 2010 was \$65,000.

NOTE L – EVALUATION OF SUBSEQUENT EVENTS

The Association has evaluated subsequent events through April 24, 2012, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF CHANGES IN REPLACEMENT FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2011

| Common Area Components | Beginning Fund Balance 1/1/11 | Budget Additions | Transfers <Charges> to Fund | Components of Ending Fund Balance 12/31/11 |
|------------------------------|--|---------------------|-----------------------------------|--|
| Unallocated | \$ 30,000 | \$ 30,000 | <58,381> | 1,619 |
| Roof replacement | 16,087 | - | - | 16,087 |
| Building painting | 72,765 | - | - | 72,765 |
| Pavement | 7,397 | - | - | 7,397 |
| Carpeting | 33,629 | - | - | 33,629 |
| A/C equipment | 39,468 | - | - | 39,468 |
| Pool | 5,000 | - | - | 5,000 |
| Elevator | 17,143 | - | - | 17,143 |
| Lobby | 667 | - | - | 667 |
| Generator | 3,300 | - | - | 3,300 |
| Fire alarm | 4,000 | - | - | 4,000 |
| Security cameras | 2,000 | - | - | 2,000 |
| Fence/gate | 2,500 | - | - | 2,500 |
| Pumps | 6,000 | - | - | 6,000 |
| Awnings | 2,000 | - | - | 2,000 |
| Interest | <u>9,260</u> | <u>285</u> | <u>-</u> | <u>9,545</u> |
| | <u>\$251,216</u> | <u>\$ 30,285</u> | <u>\$<58,381></u> | <u>\$223,120</u> |

See Accountants Report.

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
COMPARATIVE STATEMENT OF HISTORICAL
AND BUDGETED ASSESSMENTS, REVENUES,
AND EXPENSES -OPERATING
FOR THE YEAR ENDED DECEMBER 31, 2011

| | <u>Annual</u> <u>Budget</u> | <u>Actual</u> | <u>Favorable</u> <u><Unfavorable></u> |
|-----------------------------------|--------------------------------|-----------------------|--|
| ASSESSMENTS AND REVENUES | | | |
| Assessments | \$ 817,730 | \$ 817,726 | \$ <4> |
| Laundry | 3,000 | 3,297 | 297 |
| Screening fees | 2,100 | 5,825 | 3,725 |
| Late fees | 5,400 | 476 | <4,924> |
| Interest income | - | 1,225 | 1,225 |
| Miscellaneous | <u>600</u> | <u>7,881</u> | <u>7,281</u> |
| | 828,830 | 836,430 | 7,600 |
| Replacement fund transfers-budget | <u><30,000></u> | <u><30,000></u> | <u>-</u> |
| Net amount available for expenses | <u>798,830</u> | <u>806,430</u> | <u>7,600</u> |
| EXPENSES | | | |
| Administrative: | | | |
| Payroll | 36,000 | 35,976 | 24 |
| Accounting/CPA | 5,520 | 6,450 | <930> |
| Computer expenses | 2,520 | 105 | 2,415 |
| Bank service charges | 540 | 2,085 | <1,545> |
| Legal fees | 20,100 | 24,730 | <4,630> |
| License and permits | 4,020 | 3,665 | 355 |
| Office supply expense | 4,800 | 2,818 | 1,982 |
| Postage and printing | 1,500 | 1,728 | <228> |
| Screening expense | 960 | 2,948 | <1,988> |
| Interest expense | 180 | - | 180 |
| Loan principal and interest | 25,092 | 15,259 | 9,833 |
| Income taxes | 3,360 | - | 3,360 |
| Miscellaneous | <u>3,000</u> | <u>3,696</u> | <u><696></u> |
| | <u>107,592</u> | <u>99,460</u> | <u>8,132</u> |
| Insurance | <u>147,600</u> | <u>169,466</u> | <u><21,866></u> |
| Utilities: | | | |
| Electric | 68,400 | 58,898 | 9,502 |
| Water and sewer | 61,200 | 58,352 | 2,848 |
| Gas | 16,080 | 11,404 | 4,676 |
| Telephone Cellular | 960 | 786 | 174 |
| Telephone | <u>9,600</u> | <u>7,559</u> | <u>2,041</u> |
| | <u>156,240</u> | <u>136,999</u> | <u>19,241</u> |

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
COMPARATIVE STATEMENT OF HISTORICAL
AND BUDGETED ASSESSMENTS, REVENUES,
AND EXPENSES -OPERATING
FOR THE YEAR ENDED DECEMBER 31, 2011

| | | | |
|---|----------------|--------------------------|--------------------------|
| Contracts: | | | |
| Administrative staff manager | 64,998 | 65,000 | <2> |
| Concierge services | 96,000 | 96,657 | <657> |
| Elevator contract | 3,180 | 12,615 | <9,435> |
| Generator | 960 | 668 | 292 |
| Building A/C | 6,000 | 6,897 | <897> |
| Lawn maintenance | 8,100 | 7,900 | 200 |
| Maintenance contract | 35,040 | 34,320 | 720 |
| Maintenance mechanic | 33,000 | 36,470 | <3,470> |
| Cleaning contract | 19,800 | 25,821 | <6,021> |
| Housekeeping | 19,800 | 19,475 | 325 |
| Security system | 7,020 | 1,717 | 5,303 |
| Floor polishing | 4,320 | 3,960 | 360 |
| Trash Chute | 1,140 | 2,190 | <1,050> |
| Pool | 3,600 | 3,720 | <120> |
| Pest control | 2,100 | 1,650 | 450 |
| Sanitation services | <u>22,080</u> | <u>22,641</u> | <u><561></u> |
| | <u>327,138</u> | <u>341,701</u> | <u><14,563></u> |
| Repairs and Maintenance | | | |
| Insurance deductible | 1,020 | 500 | 520 |
| R&M security system | 3,000 | 565 | 2,435 |
| R&M pool | 2,520 | 1,629 | 891 |
| R&M building electrical | 1,200 | 3,555 | <2,355> |
| R&M plumbing | 12,840 | 8,217 | 4,623 |
| R&M Building other | 17,700 | 21,794 | <4,094> |
| Maintenance supplies | 13,040 | 24,706 | <11,666> |
| Custodial supplies | <u>4,980</u> | <u>3,000</u> | <u>1,980</u> |
| | <u>56,300</u> | <u>63,966</u> | <u><7,666></u> |
| Bad debt | <u>3,960</u> | <u>-</u> | <u>3,960</u> |
| Total expenses | <u>798,830</u> | <u>811,592</u> | <u><12,762></u> |
| Revenue under Expenditures before loan SBA principal | - | <5,162> | <5,162> |
| SBA Loan principal payments* | <u>-</u> | <u><9,833></u> | <u><9,833></u> |
| Revenue Under Expenditures | <u>\$ -</u> | <u>\$ <14,955></u> | <u>\$ <14,955></u> |

See Accountants Report.

SUPPLEMENTAL INFORMATION UNAUDITED

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2011
(Unaudited)

The Board of Directors conducted a study to estimate the remaining useful lives and the replacement costs of the components of common property. The following table is based on that study and presents significant information about the components of common property. The unit owners voted to fund \$30,000 for 2012.

| <u>Components</u> | <u>Life</u> | <u>Estimated Current Replacement Costs</u> | <u>Estimated Remaining Useful Lives (Yrs)</u> | <u>2012 Funding Requirement</u> | <u>Components of Fund Balance at 12/31/11</u> |
|-------------------|-------------|--|---|---|---|
| Unallocated | | \$ - | - | \$ - | \$ 1,619 |
| Roof | 25 | 150,000 | 20 | 6,430 | 16,087 |
| Painting | 6 | 130,000 | 1 | 33,264 | 72,765 |
| Paving | 20 | 63,000 | 1 | 53,165 | 7,397 |
| Pool deck/Patio | 15 | 80,000 | 3 | 26,667 | - |
| Parking deck | 18 | 120,000 | 5 | 24,000 | - |
| Carpeting/Floor | 10 | 60,000 | 5 | 3,058 | 33,629 |
| A/C equipment | 10 | 100,000 | 6 | 7,922 | 39,468 |
| Pool | 10 | 50,000 | 5 | 8,671 | 5,000 |
| Elevator | 35 | 600,000 | 32 | 18,038 | 17,143 |
| Lobby | 15 | 10,000 | 13 | 701 | 667 |
| Community room | 15 | 20,000 | 15 | 1,333 | - |
| Generator | 40 | 75,000 | 3 | 23,538 | 3,300 |
| Fire Alarm | 25 | 100,000 | 22 | 4,304 | 4,000 |
| Security Camera | 5 | 18,000 | 5 | 3,068 | 2,000 |
| Access control | 8 | 24,000 | 8 | 3,000 | - |
| Fence/Gate | 30 | 180,000 | 20 | 8,834 | 2,500 |
| Pumps | 10 | 60,000 | 7 | 7,431 | 6,000 |
| Heat exchanger | 10 | 38,000 | 10 | 3,800 | - |
| Pool heater | 10 | 5,000 | 9 | 556 | - |
| Lighting | 30 | 90,000 | 30 | 3,000 | - |
| Pool furniture | 5 | 5,000 | 5 | 1,000 | - |
| Awnings | 5 | 10,000 | 2 | 3,671 | 2,000 |
| Concrete | 3 | 20,000 | 1 | 20,000 | - |
| Windows | 25 | 1,024,800 | 24 | 42,700 | - |
| Hallway ceiling | 15 | 30,000 | 1 | 30,000 | - |
| Interest | | - | | - | <u>9,545</u> |
| | | <u>\$3,062,800</u> | | <u>\$338,151</u> | <u>\$223,120</u> |

See Accountants Report.