

THE CARLTON CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2012

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INDEPENDENT AUDITORS' REPORT

Board of Directors of
The Carlton Condominium Association, Inc.

We have audited the accompanying financial statements of The Carlton Condominium Association, Inc, (a nonprofit organization), which comprise the balance sheet as of December 31, 2012, and the related statements of revenues, expenses, and changes in shareholders' equity 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 of 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.

Emphasis of Matter

The Association has incurred debt to finance capital projects. The Association has a deficit operating fund balance of \$<551,915> and a total fund deficit of \$<298,589>. The financial statements do not include any adjustment that may result from the outcome of this uncertainty.

Board of Directors of
The Carlton Condominium Association, Inc.

Opinion

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, 2012, and the changes in its shareholders' equity and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Supplemental Information

The Supplementary information on page 14 is presented for the purposes of additional analysis and is not a required part of the 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.

The Supplementary information on page 15 -16 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

The Supplementary information on 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. 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, we did not audit the information and express no opinion on it.

Sullivan & Fengler

Sullivan & Fengler
Certified Public Accountants
Fort Lauderdale, Florida
March 4, 2013

FINANCIAL STATEMENTS

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2012

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Special Assessment</u>	<u>Total</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 9,634	\$ 97,339	\$ 67,093	\$174,066
Prepaid expenses	176,674	-	-	176,674
Accounts receivable	40,269	-	53,141	93,410
Allowance for uncollectible	<34,798>	-	<14,256>	<49,054>
Due from <to>	<89,109>	155,987	<66,878>	-
Total current assets	<u>102,670</u>	<u>253,326</u>	<u>39,100</u>	<u>395,096</u>
COMMON PROPERTY	-	-	-	-
OTHER ASSETS				
Deposits	160	-	8,400	8,560
Total Assets	<u>\$102,830</u>	<u>\$253,326</u>	<u>\$ 47,500</u>	<u>\$403,656</u>
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Prepaid assessments	\$ 37,393	\$ -	\$ -	\$ 37,393
Accounts payable/accrued expenses	75,931	-	47,500	123,431
Insurance payable	156,118	-	-	156,118
Deferred revenue	17,243	-	-	17,243
Key deposits	-	-	-	-
Current portion debt due 2013	20,181	-	-	20,181
Total current liabilities	<u>306,866</u>	<u>-</u>	<u>47,500</u>	<u>354,366</u>
LONG TERM DEBT	<u>347,879</u>	<u>-</u>	<u>-</u>	<u>347,879</u>
Total Liabilities	654,745	-	47,500	702,245
Commitments and contingencies	-	-	-	-
FUND BALANCES <deficit>				
Total liabilities and fund Balance	<u><551,915></u>	<u>253,326</u>	<u>-</u>	<u><298,589></u>
	<u>\$102,830</u>	<u>\$253,326</u>	<u>\$ 47,500</u>	<u>\$403,656</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, 2012

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Special Assessment</u>	<u>Total</u>
REVENUES				
Assessments	\$ 787,730	\$ 30,000	\$ 256,000	\$1,073,730
Interest income	5,344	206	-	5,550
Comcast	442	-	-	442
Other	<u>19,369</u>	<u>-</u>	<u>3,927</u>	<u>23,296</u>
	<u>812,885</u>	<u>30,206</u>	<u>259,927</u>	<u>1,103,018</u>
EXPENSES				
Special assessment expenditures	-	-	180,091	180,091
Administrative	101,845	-	-	101,845
Insurance	180,674	-	-	180,674
Utilities	135,635	-	-	135,635
Contracts	330,711	-	-	330,711
Maintenance	<u>56,701</u>	<u>-</u>	<u>-</u>	<u>56,701</u>
	<u>805,566</u>	<u>-</u>	<u>180,091</u>	<u>985,657</u>
Excess of assessment and Revenues over <under > expenses	7,319	30,206	79,836	117,361
Transfer of funds (note G)	<u>85,574</u>	<u>-</u>	<u><85,574></u>	<u>-</u>
Excess of assessment and Revenues over <under> expenses	92,893	30,206	<5,738>	117,361
Beginning fund balance	<u><644,808></u>	<u>223,120</u>	<u>5,738</u>	<u><415,950></u>
ENDING FUND BALANCE <deficit>	<u>\$<551,915></u>	<u>\$253,326</u>	<u>\$ -</u>	<u>\$ <298,589></u>

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, 2012

	<u>Operating</u> <u>Fund</u>	<u>Replacement</u> <u>Fund</u>	<u>Special</u> <u>Assessment</u>	<u>Total</u>
Cash flows from <to> operating activities:				
Member assessments collected	\$867,752	\$ -	\$ -	\$867,752
Interest received	5,344	206	-	5,550
Interest paid	<14,089>	-	<4,465>	<18,554>
Special assessments collected	-	-	263,207	263,207
Special assessment expenditures	-	-	<165,737>	<165,737>
Other income received	37,054	-	3,927	40,981
Cash paid for operating expenditures	<711,879>	-	-	<711,879>
Line of credit payments	-	-	<108,558>	<108,558>
Transfer to/from	<72,685>	<u>34,685</u>	<u>38,000</u>	<u>-</u>
Net cash provided <used> by operating activities	<u>111,497</u>	<u>34,891</u>	<u>26,374</u>	<u>172,762</u>
Cash flows from <to> financing activities:				
Proceed of Insurance Note	172,593	-	-	172,593
Payments on Insurance Note	<164,782>	-	-	<164,782>
To pay debt	<104,668>	-	-	<104,668>
Principal payments on debt	<11,003>	<u>-</u>	<u>-</u>	<11,003>
	<u><107,860></u>	<u>-</u>	<u>-</u>	<u><107,860></u>
Net increase <decrease> in cash and cash equivalents	3,637	34,891	26,374	64,902
Cash and cash equivalents at beginning of year	<u>5,997</u>	<u>62,448</u>	<u>40,719</u>	<u>109,164</u>
Cash and cash equivalents at end of year	<u>\$ 9,634</u>	<u>\$ 97,339</u>	<u>\$ 67,093</u>	<u>\$174,066</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, 2012

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Special 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	\$ 7,319	\$ 30,206	\$ 79,836	\$117,361
Transfer from <to> operating-net	54,730	4,685	<59,415>	-
Bad debt	<7,919>	-	<20,744>	<28,663>
Adjustments to reconcile excess of revenues over expenses to net cash provided <used> by operating activities:				
Accounts receivable	38,330	-	<1,121>	37,209
Deposits	-	-	<8,400>	<8,400>
Deferred revenue	17,243	-	-	17,243
Prepaid expense	<7,708>	-	-	<7,708>
Prepaid assessments	4,203	-	-	4,203
Accounts payable	<u>5,299</u>	<u>-</u>	<u>36,218</u>	<u>41,517</u>
 Net cash provided <used> by operating activities	 <u>\$111,497</u>	 <u>\$ 34,891</u>	 <u>\$ 26,374</u>	 <u>\$172,762</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, 2012

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 2012 for insurance coverage for a portion of 2013 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.

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 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, 2012; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2012.

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2012

NOTE C - OWNERS' ASSESSMENTS

Monthly operating assessments to owners ranged from \$383 to \$805 for 2012. Of those amounts \$11 to \$24 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 Statutes 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 2012 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 2013, identification and allocations to specific components has not been made.

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 are subject to tax while assessments and other income from members are considered exempt function income. The current and previous three years remain subject to examination by the IRS. There was no income tax expense for the year ending December 31, 2012.

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2012

NOTE F - COMMITMENTS AND CONTINGENCIES

Contracts

The Association entered into contracts for the special assessment projects, expenditures for work completed and unfinished projects are as follows:

	<u>Contract Amount</u>	<u>Deposits</u>	<u>Work Completed</u>	<u>Contract Remaining</u>
Concrete Engineer	\$16,600	\$ -	\$ 8,300	\$ 8,300
Landscape Architect	8,759	-	4,009	4,750
Well Engineer	31,234	8,400	-	22,834
A/C	8,937	-	-	8,937
Fitness	6,903	-	-	6,903
	<u>\$72,433</u>	<u>\$8,400</u>	<u>\$12,309</u>	<u>\$51,724</u>

Work completed is included in expense for the year ended December 31, 2012.

Insurance Payable

Certain premiums on insurance have been financed over eleven months at 2.9 percent with monthly payments of \$15,690. As of December 31, 2012, 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.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk are cash.

The Organization maintains cash with financial institutions that, from time to time, may include balances with exceed federally insured limits. These balances are maintained with high quality institutions, which management feels limits those risks. As of December 31, 2012, there were no balances that exceeded the federally insured limits.

The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2012

NOTE G - SPECIAL ASSESSMENT

2012-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. These funds were fully expended as of December 31, 2012.

On September 27, 2012, the Board passed a corporate resolution for an emergency special assessment in the amount of \$128,000, payable in two installments of November 1, 2012, and December 1, 2012, to pay for ongoing repairs and debt incurred. These funds were fully expended as of December 31, 2012.

Principal payments on debt carried in the operating fund were made during 2012 of \$104,668. The transfer of funds \$85,574 represents principal payments on debt which is carried in the operating fund.

These funds were expended as follows:

Asbestos removal	\$ 13,390
Disposal well	50,025
A/C heat exchangers	49,389
Electrical	17,439
Lighting	11,585
Elevator cabs	3,337
Building concrete/engineering	13,754
Plumbing	15,177
Building miscellaneous	1,186
Loan interest	4,465
Bank charges	344
	<u>\$180,091</u>

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2012

NOTE H – 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.

\$358,854

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.

9,206

368,060

Less current maturities

20,181

\$347,879

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

2013	\$ 20,181
2014	10,559
2015	10,990
2016	11,438
Thereafter	<u>314,892</u>
	<u>\$368,060</u>

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2012

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 \$49,054 has been established.

NOTE J – RELATED PARTY

A unit owner licensed as a Condominium Association Manager has been contracted to provide management services. The amount paid during 2012 and 2011 was \$65,000.

NOTE K – EVALUATION OF SUBSEQUENT EVENTS

The Association has evaluated subsequent events through March 4, 2013, the date which the financial statements were available to be issued.

NOTE L – SERVICE AGREEMENT

In October 2012, the Association entered into a ten year renewable service agreement with Comcast to provide broadband communications services to the premises. A lump sum compensation of \$135 per unit (\$17,685) was paid to the Association. In the event the Association terminates the service agreement prior to the ten year term the prorated portion would be due back to Comcast. The Association is accounting for the \$17,685 lump sum income amount over the 120 month term, \$147 of income per month, for accounting and tax reporting purposes. At December 31, 2012, the Associations balance sheet had deferred tower income of \$ 17,242 to reflect the terms of the Agreement.

SUPPLEMENTAL INFORMATION

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF CHANGES IN REPLACEMENT FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2012

Common Area Components	Beginning Fund Balance 1/1/12	Budget Additions	Reallocations Transfers <Charges> to Fund	Components of Ending Fund Balance 12/31/12
Pooled unallocated	1,619	30,000	184,207	215,826
Roof replacement	16,087	-	21,413	37,500
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	9,545	206	<9,751>	-
	<u>\$223,120</u>	<u>\$ 30,206</u>	<u>\$ -</u>	<u>\$253,326</u>

The membership voted in December of 2012 to reallocate the balances in the replacement fund to different components and pool the remaining funds.

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, 2012

	<u>Annual</u> <u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u><Unfavorable></u>
ASSESSMENTS AND REVENUES			
Assessments	\$ 817,730	\$ 817,730	\$ -
Bad debt recovery	-	10,044	10,044
Laundry	3,600	2,861	<739>
Screening fees	4,500	4,100	<400>
Late fees	500	662	162
Interest income	-	5,344	5,344
Garage openers	300	495	195
Comcast	-	442	442
Other	-	207	207
Key income	300	1,000	700
	<u>826,930</u>	<u>842,885</u>	<u>15,955</u>
Replacement fund transfers-budget	<30,000>	<30,000>	-
Net amount available for expenses	<u>796,930</u>	<u>812,885</u>	<u>15,955</u>
EXPENSES			
Administrative:			
Payroll	37,308	36,123	1,185
Accounting/CPA	6,504	4,500	2,004
Computer expenses	1,200	183	1,017
Bank service charges	1,200	780	420
Legal fees	14,200	34,777	<20,577>
License and permits	3,000	4,152	<1,152>
Office supply expense/other	3,600	4,340	<740>
Postage and printing	1,200	1,206	<6>
Screening expense	3,600	1,530	2,070
Interest expense	180	-	180
Loan principal and interest	25,092	14,089	11,003
Income taxes	-	-	-
Postage meter lease	168	165	3
	<u>97,252</u>	<u>101,845</u>	<u><4,593></u>
Insurance	<u>180,000</u>	<u>180,674</u>	<u><674></u>
Utilities:			
Electric	53,021	61,093	<8,072>
Water and sewer	53,400	53,574	<174>
Gas	11,100	12,378	<1,278>
Telephone cellular	780	653	127
Telephone	7,500	7,937	<437>
	<u>125,801</u>	<u>135,635</u>	<u><9,834></u>

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
COMPARATIVE STATEMENT OF HISTORICAL
AND BUDGETED ASSESSMENTS, REVENUES,
AND EXPENSES -OPERATING
FOR THE YEAR ENDED DECEMBER 31, 2012

Contracts:			
Administrative staff manager	65,000	65,000	-
Concierge services	96,000	99,350	<3,350>
Elevator contract	13,255	14,380	<1,125>
Generator	890	890	-
Building A/C	7,524	6,897	627
Lawn maintenance	6,792	9,695	<2,903>
Maintenance contract	34,320	34,320	-
Maintenance mechanic	35,100	35,172	<72>
Cleaning contract	6,240	13,360	<7,120>
Housekeeping	18,900	19,001	<101>
Security system	1,940	2,353	<413>
Floor polishing	4,320	3,600	720
Trash Chute	1,650	1,905	<255>
Pool	3,870	4,180	<310>
Pest control	1,800	1,800	-
Sanitation services	23,208	18,808	4,400
	<u>320,809</u>	<u>330,711</u>	<u><9,902></u>
Repairs and Maintenance			
Insurance deductible	2,508	-	2,508
R&M Generator	840	2,743	<1,903>
R&M Building	10,980	-	10,980
R&M A/C	13,800	4,134	9,666
R&M Elevator	1,320	855	465
R&M building electrical	3,600	2,745	855
R&M Fire & safety	960	216	744
R&M security system	1,320	1,261	59
R&M pool	3,300	1,574	1,726
R&M plumbing	12,000	7,141	4,859
R&M Gates	1,200	482	718
R&M Building other	3,120	4,348	<1,228>
Maintenance supplies	13,080	28,231	<15,151>
Custodial supplies	5,040	2,971	2,069
	<u>73,068</u>	<u>56,701</u>	<u>16,367</u>
Total expenses	<u>796,930</u>	<u>805,566</u>	<u><8,636></u>
Revenue under Expenditures			
before loan SBA principal	-	7,319	7,319
SBA Loan principal payments*	-	<11,003>	<11,003>
Revenue Under Expenditures	\$ -	\$ <3,684>	\$ <3,684>

See Accountants Report.

SUPPLEMENTAL INFORMATION UNAUDITED

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2012
(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 2013.

Components	Life	Estimated Current Replacement Costs	Estimated Remaining Useful Lives (Yrs)	2013 Funding Requirement	Components of Fund Balance at 12/31/12
Unallocated		\$ -	-	\$ -	\$215,826
Roof	20	150,000	15	7,500	37,500
Painting	10	100,000	0	-	-
Paving	30	63,000	0	-	-
Pooled Components:					
Pool deck/Patio	15	120,000	2	8,000	-
Parking deck	15	120,000	2	8,000	-
Carpeting/Floor	10	60,000	5	4,000	-
A/C equipment	10	125,000	5	8,333	-
Pool	10	50,000	0	-	-
Elevator	35	600,000	31	40,000	-
Lobby	15	20,000	10	1,333	-
Community room	15	20,000	14	1,333	-
Generator	45	75,000	3	5,000	-
Fire Alarm	25	100,000	21	6,667	-
Security Camera	5	18,000	4	1,200	-
Access control	8	24,000	7	1,600	-
Fence/Gate	30	180,000	28	12,000	-
Pumps	5	60,000	5	4,000	-
Heat exchanger	10	40,000	10	2,667	-
Lighting	30	90,000	0	-	-
Awnings	5	10,000	0	-	-
Concrete	5	20,000	0	-	-
windows	25	1,024,800	24	68,320	-
Hallway ceiling	15	45,000	2	3,000	-
Interest		-		-	-
		<u>\$3,114,800</u>		<u>\$182,953</u>	<u>\$253,326</u>

Components with a zero estimated remaining life are being replaced by the special assessment and bank loan.

See Accountants Report.