

THE CARLTON CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2016

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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, 2016, 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 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.

Board of Directors of
The Carlton Condominium Association, Inc.

Emphasis of Matter

The Association has incurred debt to finance capital projects. The Association has a deficit operating fund balance of \$<446,221> and a total fund deficit of \$<6,943>. The financial statements do not include any adjustment that may result from the outcome of this uncertainty.

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, 2016, and the changes in fund balances 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 14 -15 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 16 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
February 21, 2017

FINANCIAL STATEMENTS

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2016

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Special Assessment</u>	<u>Total</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 4,346	\$ 38,032	\$ 43,161	\$ 85,539
Investment condo unit (Note M)	-	215,595	-	215,595
Prepaid insurance (Note B)	124,334	-	-	124,334
Accounts receivable (Note I)	76,435	-	29,029	105,464
Allowance for uncollectible	<32,407>	-	<10,393>	<42,800>
Prepaid expenses	18,589	-	-	18,589
Due from <to>	<134,287>	59,521	74,766	-
Total current assets	<u>57,010</u>	<u>313,148</u>	<u>136,563</u>	<u>506,721</u>
COMMON PROPERTY	-	-	-	-
OTHER ASSETS				
Deposits	-	-	-	-
Total Assets	<u>\$ 57,010</u>	<u>\$313,148</u>	<u>\$136,563</u>	<u>\$506,721</u>
 LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Prepaid assessments (Note B)	\$ 23,216	\$ -	\$ -	\$ 23,216
Accounts payable/accrued expenses	36,713	-	10,433	47,146
Insurance payable (Note G)	124,334	-	-	124,334
Deferred revenue (Note L)	10,183	-	-	10,183
Deferred revenue assessments (Note M)	-	-	-	-
Current portion debt (Note H)	12,818	-	-	12,818
Total current liabilities	<u>207,264</u>	<u>-</u>	<u>10,433</u>	<u>217,697</u>
LONG TERM DEBT (Note H)	<u>295,967</u>	<u>-</u>	<u>-</u>	<u>295,967</u>
Total Liabilities	503,231	-	10,433	513,664
Commitments and contingencies	-	-	-	-
FUND BALANCES <deficit>	<u><446,221></u>	<u>313,148</u>	<u>126,130</u>	<u><6,943></u>
Total liabilities and fund Balance	<u>\$ 57,010</u>	<u>\$313,148</u>	<u>\$136,563</u>	<u>\$506,721</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, 2016

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Special Assessment</u>	<u>Total</u>
REVENUES:				
Assessments	\$ 787,730	\$ 30,000	\$ -	\$817,730
Interest income	-	342	-	342
Other	<u>39,129</u>	<u>-</u>	<u>2,223</u>	<u>41,352</u>
	<u>826,859</u>	<u>30,342</u>	<u>2,223</u>	<u>859,424</u>
EXPENSES:				
Special assessment expenditures	-	-	18,016	18,016
Reserve expenditures	-	33,387	-	33,387
Operating				
Administrative	37,868	-	-	37,868
Insurance	133,599	-	-	133,599
Utilities	140,167	-	-	140,167
Contracts	358,560	-	-	358,560
Maintenance	82,352	-	-	82,352
Bad debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>752,546</u>	<u>33,387</u>	<u>18,016</u>	<u>803,949</u>
Excess of assessment and Revenues over <under> expenses	74,313	<3,045>	<15,793>	<u>55,475</u>
Earning due to replacement	<u><4,791></u>	<u>4,791</u>	<u>-</u>	<u>-</u>
Change in fund balance	69,522	1,746	<15,793>	55,475
Beginning fund balance	<u><515,743></u>	<u>311,402</u>	<u>141,923</u>	<u><62,418></u>
ENDING FUND BALANCE <deficit>	\$<446,221>	\$313,148	\$126,130	\$ <6,943>

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, 2016

	<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	\$794,179	\$ -	\$ -	\$794,179
Interest received	-	342	-	342
Special assessments collected	-	-	347,538	347,538
Special assessment expenditures	-	-	<17,464>	<17,464>
Other income received	21,115	-	28,950	50,065
Cash paid expenditures	<763,065>	<33,388>	-	<796,453>
Transfer to/from	<u><56,036></u>	<u>108,054</u>	<u><52,018></u>	<u>-</u>
Net cash provided <used> by operating activities	<u><3,807></u>	<u>75,008</u>	<u>307,006</u>	<u>378,207</u>
Cash flows from <to> financing activities:				
Proceed of Insurance Note	124,334	-	-	124,334
Payments on Insurance Note	<123,689>	-	-	<123,689>
Principal payments on debt	<u><14,680></u>	<u>-</u>	<u><365,879></u>	<u><380,559></u>
	<u><14,035></u>	<u>-</u>	<u><365,879></u>	<u><379,914></u>
Cash flows from <to> investing activities:				
Purchase of investment Condominium unit	<u>-</u>	<u><215,595></u>	<u>-</u>	<u><215,595></u>
Net increase <decrease> in cash and cash equivalents	<u><17,842></u>	<u><140,587></u>	<u><58,873></u>	<u><217,302></u>
Cash and cash equivalents at beginning of year	<u>22,188</u>	<u>178,619</u>	<u>102,034</u>	<u>302,841</u>
Cash and cash equivalents at end of year	<u>\$ 4,346</u>	<u>\$ 38,032</u>	<u>\$ 43,161</u>	<u>\$ 85,539</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, 2016

	<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	\$ 69,522	\$ 1,746	\$<15,793>	\$ 55,475
Transfer from <to> operating-net	<26,526>	73,262	<46,736>	-
Adjustments to reconcile excess of revenues over expenses to net cash provided <used> by operating activities:				
Accounts receivable	54,636	-	366,560	421,196
Deposits	160	-	-	160
Deferred revenue	<1,766>	-	-	<1,766>
Deferred revenue assessments	<88,085>	-	-	<88,085>
Prepaid expense	<15,294>	-	-	<15,294>
Prepaid insurance	<645>	-	-	<645>
Prepaid assessments	537	-	-	537
Accounts payable	<u>3,654</u>	<u>-</u>	<u>2,975</u>	<u>6,629</u>
 Net cash provided <used> by operating activities	 <u>\$ <3,807></u>	 <u>\$ 75,008</u>	 <u>\$307,006</u>	 <u>\$378,207</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, 2016

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 2016 for insurance coverage for a portion of 2017 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, 2016; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2016.

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

Investments - The Association's investment is measured at fair value in the statement of financial position. The Association's investment is a Level 2 asset.

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2016

NOTE C - OWNERS' ASSESSMENTS

Monthly operating assessments to owners ranged from \$383 to \$575 for 2016. Of those amounts \$11 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 (See Note M)

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 in 2016 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 Association voted not to fund for major repairs and replacements for 2017.

Funds being accumulated only partially fund for replacements 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 are not 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, 2016.

NOTE F - SPECIAL ASSESSMENTS

2013-SPECIAL ASSESSMENTS

On April 25, 2013, the Board passed a corporate resolution for an emergency special assessment in the amount of \$128,000, payable in two installments of May 1, 2013, and June 1, 2013, to pay for ongoing repairs and debt incurred. These funds were fully expended as of December 31, 2013.

On September 24, 2013, the Board passed a corporate resolution for an emergency special assessment in the amount of \$128,000, payable in two installments of November 1, 2013, and December 1, 2013, to pay for ongoing repairs and debt incurred. These funds remaining as of December 31, 2013 were \$48,627.

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2016

NOTE F - SPECIAL ASSESSMENTS

2014-SPECIAL ASSESSMENT

On April 8, 2014, as amended August 12, 2014, the Board passed a corporate resolution for an emergency special assessment in the amount of \$1,400,000, payable with three options 1) pay assessment in full within 30 days of being invoiced with no interest or loan fees 2) payments in twelve monthly installments plus interest and loan fees commencing April 10, 2014 or 3) the twelve month payment plan is convertible at the unit owners option to an extended payment plan of \$250 per month until all assessments plus loan fees and interest as determined by the loan agreement entered into by the Association for the purpose of funding such installments is paid. Option three will commenced the first day of the month following the casting of the loan. Expenditures exceeded assessed fund by \$<87,181>.

Fund Balance for the Special assessment as of December 31, 2014 was \$<38,554> as follows:

2013 carryover	\$ 48,627
2014 deficit	<u><87,181></u>
	<u>\$<38,554></u>

2016 - SPECIAL ASSESSMENT

On November 30, 2015, the Board passed a corporate resolution for an emergency special assessment in the amount of \$384,000, payable in six monthly installments, to be used for the pay down of debt incurred for ongoing repairs, and an emergency standby generator. Debt of \$365,879 was paid in full during 2016, the generator was not yet purchased as of December 31, 2016. Cumulative special assessments not collected as of December 31, 2016 were \$29,029. The cumulative remaining special assessments from 2013 through 2016 is as follows:

Assessments	\$384,060
Late fees	<u>2,482</u>
	<u>386,542</u>
Electrical	8,190
Loan fees/bank fees/interest	21,825
Engineering	1,525
Plumbing	12,764
Asphalt/curbs	43,565
Fencing	20,951
Exterior lighting	76,099
Landscape/irrigation	24,516
Other	<u>12,423</u>
Expenses incurred 2015	<u>221,858</u>
	164,684
Deficit from 2013 and 2014 Special Assessments	<u><38,554></u>
Unexpended Special Assessment	<u>\$126,130</u>

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2016

NOTE G - COMMITMENTS AND CONTINGENCIES

Insurance Payable

Certain premiums on insurance have been financed over eleven months at 3.75 percent with monthly payments of \$11,303. As of December 31, 2016, 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. The building had an estimated value in 2016, of \$27,560,700.

NOTE H – 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, 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. The Association voted to include, in the 2017 budget, an additional principal pay down of \$30,000.

The following are the principal maturities of debt as of December 31,

2017	\$ 11,830
2018	13,409
2019	13,955
2020	14,524
2021	15,116
Thereafter	<u>239,951</u>
	308,785
Less current portion	<u><12,818></u>
	<u>\$295,967</u>

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, a provision for uncollectable of \$42,800 has been established.

During 2015 a delinquent unit was in foreclose with a bank. The Association proceeded with legal filings and took possession and temporarily rented the unit. During 2016 the bank finalized the foreclosure and the unit was sold. The Association has received full settlement on the delinquent assessments.

NOTE J – RELATED PARTY

The Association is using an outside corporation for management services. The outside corporation employs a unit owner, licensed as a condominium association manager, as the building manager for Carlton Tower. The amount paid the corporation during 2016 was \$65,000.

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2016

NOTE K – EVALUATION OF SUBSEQUENT EVENTS

The Association has evaluated subsequent events through February 21, 2017, the date which the financial statements were available to be issued.

NOTE L – SERVICE AGREEMENT- DEFERRED REVENUE

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. As of December 31, 2016, the Associations balance sheet had deferred revenue of \$ 11,949 to reflect the terms of the Agreement.

NOTE M – INVESTMENT CONDOMINIUM UNIT/FUNDS BORROWED FROM REPLACEMENT

During 2016, the Association exercised its right of first refusal on the sale of unit which was delinquent. The Association purchased the condominium unit for \$215,595, including closing costs. This unit is currently up for sale for \$345,000. The board feels it will recover all delinquent assessments at the time of sale. The Association used replacement funds for this purchase. Interest that would have been earned on these funds was imputed and will be transferred into the replacement account at the time of sale.

Fair Value Measurements

The FASB issued guidance under Accounting Standards Codification 820 that establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2: Inputs to the valuation methodology include 1) quoted prices for similar assets or liabilities in active markets, 2) quoted prices for identical assets or liabilities in active markets, 3) inputs other than quoted prices that are observable for the asset or liability, and 4) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs in the valuation methodology are unobservable and significant to the fair value measurement.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other markets, the use of different methodologies to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The investments is a level 2 assets valued at \$215,595 as of December 31, 2016.

SUPPLEMENTAL INFORMATION

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF CHANGES IN REPLACEMENT FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2016

Common Area Components	Beginning Fund Balance 1/1/16	Interest Budget Additions	Charges to Fund	Components of Ending Fund Balance 12/31/16
Pooled unallocated	\$307,219	\$ 30,000	\$<33,387>	\$303,832
Earnings on Borrowed funds	-	4,791	-	4,791
Interest	4,183	342	-	4,525
	<u>\$311,402</u>	<u>\$ 35,133</u>	<u>\$<33,387></u>	<u>\$313,148</u>

See Note M

See Accountants Report.

SUPPLEMENTAL INFORMATION UNAUDITED

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
COMPARATIVE STATEMENT OF HISTORICAL
AND BUDGETED ASSESSMENTS, REVENUES,
AND EXPENSES -OPERATING
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Annual</u> <u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u><Unfavorable></u>
ASSESSMENTS AND REVENUES			
Assessments	\$817,730	\$817,730	\$ -
Laundry	2,280	3,752	1,472
Screening fees	2,100	2,980	880
Other income	-	2,078	2,078
Rental income	-	28,054	28,054
Bicycle income	1,560	515	<1,045>
Garage openers	300	120	<180>
Key income	600	1,630	1,030
	<u>824,570</u>	<u>856,859</u>	<u>32,289</u>
Replacement fund transfers-budget	<u><30,000></u>	<u><30,000></u>	<u>-</u>
Net amount available for expenses	<u>794,570</u>	<u>826,859</u>	<u>32,289</u>
EXPENSES			
Administrative:			
Postage meter lease	180	165	15
Computer expenses	1,920	764	1,156
Accounting/CPA	5,500	5,000	500
Bank service charges	816	764	52
Legal fees	16,200	9,704	6,496
License and permits	3,600	4,181	<581>
Office supply expense/other	2,000	1,320	680
Postage and printing	1,183	1,044	139
Screening expense	2,100	1,248	852
Loan interest	13,620	12,503	1,117
Income taxes	-	-	-
Miscellaneous	1,800	1,175	625
	<u>48,919</u>	<u>37,868</u>	<u>11,051</u>
Insurance	<u>134,895</u>	<u>133,599</u>	<u>1,296</u>
Utilities:			
Internet/TV/Telephone	5,472	5,280	192
Electric	62,760	62,018	742
Water and sewer	75,600	59,912	15,688
Gas	12,000	12,316	<316>
Telephone	672	641	31
	<u>156,504</u>	<u>140,167</u>	<u>16,337</u>

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
COMPARATIVE STATEMENT OF HISTORICAL
AND BUDGETED ASSESSMENTS, REVENUES,
AND EXPENSES -OPERATING
FOR THE YEAR ENDED DECEMBER 31, 2016

Contracts:			
Administrative staff manager	65,000	65,000	-
Concierge services	129,876	135,143	<5,267>
Elevator contract	15,400	15,144	256
Generator	4,620	4,500	120
Lawn maintenance	13,200	13,815	<615>
Maintenance/Hskg/Other	98,400	95,893	2,507
Building A/C	936	890	46
Floor polishing	4,440	3,620	820
Trash Chute	2,100	2,050	50
Pool	1,800	1,877	<77>
Pest control	2,220	2,405	<185>
Sanitation services	13,800	18,223	<4,423>
	<u>351,792</u>	<u>358,560</u>	<u><6,768></u>
Repairs and Maintenance			
Insurance deductible	1,500	-	1,500
R&M Generator	3,000	975	2,025
R&M Building	26,400	25,073	1,327
R&M A/C	2,640	6,828	<4,188>
R&M Elevator	3,000	-	3,000
R&M building electrical	1,800	3,127	<1,327>
R&M Fire & safety	3,000	435	2,565
R&M security system	2,400	3,530	<1,130>
R&M pool	1,200	1,452	<252>
R&M plumbing	14,400	19,709	<5,309>
R&M Gates	1,200	44	1,156
Maintenance supplies	14,400	9,855	4,545
Custodial supplies	9,780	11,324	<1,544>
	<u>84,720</u>	<u>82,352</u>	<u>2,368</u>
Bad debt	<u>6,100</u>	<u>-</u>	<u>6,100</u>
Total expenses	<u>782,930</u>	<u>752,546</u>	<u>30,384</u>
Revenue Over Expenditures	<u><11,640></u>	<u>74,313</u>	<u>62,673</u>
Principal payments on debt	<u>11,640</u>	<u>12,589</u>	<u><949></u>
Budgeted expenses under revenue	\$ <u>-</u>	\$ <u>61,724</u>	\$ <u>61,724</u>

See Accountants Report.

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2016
(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 **not** to fund for future repairs and replacements for 2017.

Components	Life	Estimated Current Replacement Costs	Estimated Remaining Useful Lives (Yrs)	2017 Funding Requirement	Components of Fund Balance at 12/31/16
Unallocated		\$ -	-	\$ -	\$237,648
Roof	20	150,000	12	7,500	60,000
Painting	10	155,000	9	15,500	15,500
Paving	30	100,000	30	3,333	-
Pooled Components:					
A/C equipment	10	125,000	1	12,500	-
Access control	8	24,000	3	3,000	-
Awnings	5	25,000	0	5,000	-
Balcony railing	30	204,000	0	6,800	-
Carpeting/Floor	10	60,000	1	6,000	-
Community room	15	50,000	10	3,333	-
Concrete	5	75,000	3	15,000	-
Elevator	35	600,000	27	17,143	-
Fence/Gate	30	20,000	23	667	-
Fire Alarm	25	100,000	17	4,000	-
Generator	45	60,000	0	1,333	-
Gym equipment	5	20,000	2	4,000	-
Hallway ceiling	18	45,000	0	2,500	-
Heat exchanger	10	40,000	6	4,000	-
Lighting ext	30	60,000	29	2,000	-
Lobby	15	20,000	6	1,333	-
Pool	20	50,000	18	2,500	-
Pool deck/Patio	15	120,000	13	8,000	-
Pumps	5	60,000	1	12,000	-
Parking deck	15	120,000	0	8,000	-
Security Camera	7	18,000	2	2,571	-
Patio Equipment	8	40,000	7	5,000	-
windows	25	<u>1,024,800</u>	20	<u>40,993</u>	-
		<u>\$3,365,800</u>		<u>\$194,006</u>	<u>\$313,148</u>

See Accountants Report.