

THE CARLTON CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2018

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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, 2018, 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 \$<254,464>. This loan is being repaid through the operating budget on an annual basis (Note H).

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, 2018, 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 12, Schedule of Changes in Replacement Fund Balances, 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 13-14, Comparative Statement of Historical and Budgeted Assessments, Revenues, and Expenses, 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 page 15, Schedule of Future Major Repairs and Replacements, 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 4, 2019

FINANCIAL STATEMENTS

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2018

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Special Assessment</u>	<u>Total</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 4,139	\$301,715	\$ 3,650	\$309,504
Prepaid insurance (Note B)	90,772	-	-	90,772
Accounts receivable (Note I)	2,400	-	378	2,778
Prepaid expenses	7,762	-	-	7,762
Due from <to>	<u>30,000</u>	<u><30,000></u>	<u>-</u>	<u>-</u>
Total current assets	<u>135,073</u>	<u>271,715</u>	<u>4,028</u>	<u>410,816</u>
COMMON PROPERTY	-	-	-	-
OTHER ASSETS				
Deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$135,073</u>	<u>\$271,715</u>	<u>\$ 4,028</u>	<u>\$410,816</u>
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Prepaid assessments (Note B)	\$ 9,153	\$ -	\$ -	\$ 9,153
Accounts payable/accrued expenses	27,514	-	-	27,514
Insurance payable (Note G)	90,772	-	-	90,772
Deferred revenue (Note L)	6,652	-	-	6,652
Current portion debt (Note H)	<u>15,149</u>	<u>-</u>	<u>-</u>	<u>15,149</u>
Total current liabilities	<u>149,240</u>	<u>-</u>	<u>-</u>	<u>149,240</u>
LONG TERM DEBT (Note H)	<u>240,297</u>	<u>-</u>	<u>-</u>	<u>240,297</u>
Total Liabilities	389,537	-	-	389,537
Commitments and contingencies	-	-	-	-
FUND BALANCES <deficit>	<u><254,464></u>	<u>271,715</u>	<u>4,028</u>	<u>21,279</u>
Total liabilities and fund Balance	<u>\$135,073</u>	<u>\$271,715</u>	<u>\$ 4,028</u>	<u>\$410,816</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, 2018

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Special Assessment</u>	<u>Total</u>
REVENUES:				
Assessments	\$ 817,730	\$ -	\$ -	\$817,730
Recovery of prior bad debt	55,000	-	-	55,000
Interest income	-	981	-	981
Other	<u>11,255</u>	<u>360</u>	<u>-</u>	<u>11,615</u>
	<u>883,985</u>	<u>1,341</u>	<u>-</u>	<u>885,326</u>
EXPENSES:				
Special assessment expenditures	-	-	-	-
Reserve expenditures	-	19,371	-	19,371
Operating				
Administrative	37,635	-	-	37,635
Insurance	114,031	-	-	114,031
Utilities	136,216	-	-	136,216
Contracts	400,876	-	-	400,876
Maintenance	93,400	-	-	93,400
Bad debt	<u>2,943</u>	<u>-</u>	<u>-</u>	<u>2,943</u>
	<u>785,101</u>	<u>19,371</u>	<u>-</u>	<u>804,472</u>
Excess of assessment and Revenues over <under> expenses	98,884	<18,030>	-	80,854
Special assessment transferred To operating	58,974	-	<58,974>	-
Earning due to replacement	<u><6,617></u>	<u>6,617</u>	<u>-</u>	<u>-</u>
Change in fund balance	151,241	<11,413>	<58,974>	80,854
Beginning fund balance	<u><405,705></u>	<u>283,128</u>	<u>63,002</u>	<u><59,575></u>
ENDING FUND BALANCE <deficit>	\$<254,464>	\$271,715	\$ 4,028	\$ 21,279

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, 2018

	<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	\$ 98,884	\$ <18,030>	\$ -	\$ 80,854
Transfer from <to> operating-net	<38,417>	38,626	<209>	-
Adjustments to reconcile excess of revenues over expenses to net cash provided <used> by operating activities:				
Accounts receivable	717	-	<378>	339
Deferred revenue	<1,766>	-	-	<1,766>
Prepaid expense	<384>	-	-	<384>
Prepaid insurance	20,473	-	-	20,473
Prepaid assessments	<10,951>	-	-	<10,951>
Accounts payable	<12,802>	-	-	<12,802>
Net cash provided <used> by operating activities	<u>55,754</u>	<u>20,596</u>	<u><587></u>	<u>75,763</u>
Cash flows from <to> financing activities:				
Sale of investments	-	260,393	-	260,393
Proceed of Insurance Note	90,772	-	-	90,772
Payments on Insurance Note	<101,266>	-	-	<101,266>
Principal payments on debt	<45,889>	-	-	<45,889>
	<u><56,383></u>	<u>260,393</u>	<u>-</u>	<u>204,010</u>
Net increase <decrease> in cash and cash equivalents	<629>	280,989	<587>	279,773
Cash and cash equivalents at beginning of year	<u>4,768</u>	<u>20,726</u>	<u>4,237</u>	<u>29,731</u>
Cash and cash equivalents at end of year	<u>\$ 4,139</u>	<u>\$301,715</u>	<u>\$ 3,650</u>	<u>\$309,504</u>
SUPPLEMENTAL DATA				
Interest	<u>\$ 13,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,586</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2018

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 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, special assessment 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 2018 for insurance coverage for a portion of 2019 have been classified as prepaid insurance.

Prepaid Assessments Revenue is primarily derived by assessments of members for maintenance fees. 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, 2018; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2018.

Cash and Equivalents - 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, 2018

NOTE C - OWNERS' ASSESSMENTS

Monthly operating assessments to owners ranged from \$383 to \$575 for 2018, no amounts 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 2018 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 2018 or 2017 and instead pay down SBA debt. The Association voted to partially fund for major repairs and replacements 2019 for \$30,000.

Funds 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, 2018.

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, 2018

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 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	<87,181>
	<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. On December 19, 2018, the board voted to close the special assessment leaving only the remaining unexpended cash and receivable. The cumulative remaining special assessments from 2013 through 2018 is as follows:

	Prior Years	2017	Total
Assessments	\$384,060	\$ -	\$384,060
Late fees	<u>2,482</u>	<u>10</u>	<u>2,492</u>
	<u>386,542</u>	<u>10</u>	<u>386,552</u>
Generator	-	56,253	56,253
Bad debt	-	18,052	18,052
Electrical	8,190	-	8,190
Loan fees/bank fees/interest	21,825	<5,000>*	16,825
Engineering	1,525	-	1,525
Plumbing	12,764	-	12,764
Asphalt/curbs	43,565	-	43,565
Fencing	20,951	335	21,286
Exterior lighting	76,099	-	76,099
Landscape/irrigation	24,516	-	24,516
Other	<u>12,423</u>	<u>180</u>	<u>12,603</u>
Expenses incurred 2015	<u>221,858</u>	<u>69,820</u>	<u>291,678</u>
	164,684	<69,810>	94,874
Deficit from 2013 and 2014	<38,554>	<u>6,682*</u>	<u><31,872></u>
Special Assessments			
	\$126,130	\$<63,128>	
December 31, 2017			63,002
Transfer to operating			<u><58,974></u>
December 31, 2018			<u>\$ 4,028</u>

*disputed costs reimbursed in 2017.

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2018

NOTE G - COMMITMENTS AND CONTINGENCIES

Insurance Payable

Certain premiums on insurance have been financed over eleven months at 4.49 percent with monthly payments of \$8,252. As of December 31, 2018, 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 2018, 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 and 2018 budget, an additional principal pay down of \$30,000. An additional pay down of \$30,000 was made in 2018 for the 2017 allocation, the 2018 allocation was not made. The following are the principal maturities of debt as of December 31,

2019	\$ 15,149
2020	15,767
2021	16,409
2022	17,078
2023	17,774
Thereafter	<u>173,269</u>
	255,446
Less current portion	<u><15,149></u>
	<u>\$240,297</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.

NOTE J – RELATED PARTY

The Association used an outside corporation for management services for a portion of 2018. 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 2018 was \$18,958.

NOTE K – EVALUATION OF SUBSEQUENT EVENTS

The Association has evaluated subsequent events through February 4, 2019, the date which the financial statements were available to be issued.

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2018

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, 2018, the Associations balance sheet had deferred revenue of \$6,652 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 was sold for \$260,393, including closing costs on March 9, 2018. This unit had delinquent assessments and costs of \$110,591 as of March 9, 2018, the Association had established an allowance for uncollectable on these funds of \$62,850 in prior years. The amount charged off to bad debt in 2018 was \$2,943. The Association used replacement funds for this purchase. Interest that would have been earned on these funds was imputed and transferred into the replacement account upon closing.

NOTE N – LIQUIDITY MANAGEMENT

The Association manages its cash available to meet general expenditures using the following guiding principles:

- Operating within the annual approved budget
- Maintaining adequate liquid assets

Assessments for operating were made as of January 1, 2019, in accordance with the approved budget. The Association has the following available to meet expenses in the next year.

Cash operating	\$ 34,139	
Cash Replacement	\$271,715	restricted in use for long-term capital repairs and replacements (See Note D)

The Association has the ability to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

SUPPLEMENTAL INFORMATION

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF CHANGES IN REPLACEMENT FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Common Area Components</u>	<u>Beginning Fund Balance 12/31/17</u>	<u>Interest Other income Budget Additions</u>	<u>Charges to Fund</u>	<u>Components of Ending Fund Balance 12/31/18</u>
Pooled unallocated	\$272,449	\$ -	\$<19,371>	\$253,078
Sale of replaced Items	-	360	-	360
Earnings on Borrowed funds	6,077	6,617	-	12,694
Interest	<u>4,602</u>	<u>981</u>	<u>-</u>	<u>5,583</u>
	<u>\$283,128</u>	<u>\$ 7,958</u>	<u>\$<19,371></u>	<u>\$271,715</u>

(See Notes D, 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, 2018

	<u>Annual</u> <u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u><Unfavorable></u>
ASSESSMENTS AND REVENUES			
Assessments	\$817,730	\$817,730	\$ -
Recovery of prior debt	-	55,000	55,000
Laundry	2,400	2,400	-
Late fees	283	175	<108>
Screening fees	2,100	3,630	1,530
Bicycle income	1,440	1,430	<10>
Garage openers	165	830	665
Key income	600	1,240	640
Miscellaneous	60	1,550	1,490
	<u>824,778</u>	<u>883,985</u>	<u>59,207</u>
 EXPENSES			
Administrative:			
Postage meter lease	192	227	<35>
Computer expenses	1,200	2,459	<1,259>
Accounting/CPA	5,100	5,100	-
Bank service charges	792	1,080	<288>
Christmas fund	204	262	<58>
Legal fees	12,840	4,201	8,639
License and permits	3,900	3,890	10
Office supply expense/other	1,800	1,178	622
Postage and printing	1,200	653	547
Screening expense	1,896	1,425	471
Loan interest	12,240	11,294	946
Income taxes	-	-	-
Miscellaneous	2,400	5,866	<3,466>
	<u>43,764</u>	<u>37,635</u>	<u>6,129</u>
Insurance	<u>111,221</u>	<u>114,031</u>	<u><2,810></u>
Utilities:			
Internet/TV/Telephone	5,400	5,053	347
Electric	68,940	62,603	6,337
Water and sewer	62,100	58,814	3,286
Gas	13,020	9,478	3,542
Telephone	660	268	392
	<u>150,120</u>	<u>136,216</u>	<u>13,904</u>

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
COMPARATIVE STATEMENT OF HISTORICAL
AND BUDGETED ASSESSMENTS, REVENUES, AND
EXPENSES – OPERATING - continued
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Annual Budget</u>	<u>Actual</u>	<u>Favorable <Unfavorable></u>
Contracts:			
Administrative staff manager	65,000	78,791	<13,791>
Concierge services	140,340	140,930	<590>
Elevator contract	16,212	16,188	24
Generator	1,600	818	782
Lawn maintenance	9,600	19,362	<9,762>
Maintenance/Hskg/Other	102,816	103,874	<1,058>
Security System	1,812	2,341	<529>
Floor polishing	4,728	4,560	168
Trash Chute	2,150	2,240	<90>
Pool	4,800	5,798	<998>
Pest control	2,340	2,221	119
Sanitation services	20,748	23,753	<3,005>
	<u>372,146</u>	<u>400,876</u>	<u><28,730></u>
Repairs and Maintenance			
Insurance deductible	1,200	-	1,200
R&M Generator	1,200	2,006	<806>
R&M Building	2,400	6,600	<4,200>
R&M A/C	6,000	4,054	1,946
R&M Elevator	3,600	5,517	<1,917>
R&M building electrical	9,600	960	8,640
R&M Fire & safety	2,640	2,549	91
R&M security system	3,000	11,548	<8,548>
R&M pool	4,800	4,395	405
R&M plumbing	19,868	23,037	<3,170>
R&M Gates	1,200	3,780	<2,580>
R&M Building other	10,024	9,906	119
Maintenance supplies	9,408	8,190	1,218
Custodial supplies	11,735	10,858	877
	<u>86,675</u>	<u>93,400</u>	<u><6,725></u>
Bad debt	-	2,943	<2,943>
Storm expenses	18,000	-	18,000
Total expenses	<u>781,926</u>	<u>785,101</u>	<u><3,175></u>
Revenue Over Expenditures	<u>42,852</u>	<u>98,884</u>	<u>56,032</u>
Principal payments on debt	<u>42,852</u>	<u>45,889</u>	<u><3,037></u>
Budgeted expenses under revenue	<u>\$ -</u>	<u>\$ 52,995</u>	<u>\$ 52,995</u>

See Accountants Report.

THE CARLTON CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2018
(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 partially fund for future repairs and replacements for 2019 for \$30,000.

<u>Components</u>	<u>Life</u>	<u>Estimated Current Replacement Costs</u>	<u>Estimated Remaining Useful Lives (Yrs)</u>	<u>2019 Funding Requirement</u>	<u>Components of Fund Balance at 12/31/18</u>
Unallocated		\$ -	-	\$ -	\$271,715
Roof	20	150,000	8	22,500	-
Painting	10	155,000	5	46,500	-
Paving	30	100,000	26	6,668	-
Pooled Components:					
A/C equipment	10	125,000	0	125,000	-
Access control	8	24,000	0	24,000	-
Awnings	5	25,000	2	15,000	-
Carpeting/Floor	10	60,000	0	60,000	-
Community room	15	50,000	7	26,700	-
Concrete	5	75,000	0	75,000	-
Elevator	35	600,000	24	188,570	-
Balcony railing	30	204,000	0	204,000	-
Fence/Gate	30	20,000	20	6,670	-
Fire Alarm	25	100,000	14	44,000	-
Generator	45	60,000	0	60,000	-
Hallway ceiling	18	45,000	0	45,000	-
Heat exchanger	10	40,000	3	28,000	-
Lighting ext.	30	60,000	26	8,000	-
Lobby	15	20,000	3	9,400	-
Pool	20	50,000	15	12,500	-
Pool deck/Patio	15	120,000	10	40,000	-
Pumps	5	60,000	0	60,000	-
Parking deck	15	120,000	0	120,000	-
Security Camera	7	23,000	0	23,000	-
Gym equipment	5	20,000	0	20,000	-
Patio Equipment	8	40,000	4	20,000	-
windows	25	1,024,800	17	327,936	-
		<u>\$3,370,800</u>		<u>\$1,618,444</u>	<u>\$271,715</u>

See Accountants Report.