

WINSTON TOWERS 100 ASSOCIATION, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

TABLE OF CONTENTS

| | <u>PAGES</u> |
|--|--------------|
| Independent Auditor's Report | 1 - 3 |
| Financial Statements: | |
| Balance Sheet | 4 |
| Statement of Revenues and Expenses and Changes in Fund Balance (Accumulated Deficit) | 5 |
| Statement of Cash Flows | 6 - 7 |
| Notes to Financial Statements | 8 - 14 |
| Supplementary Information: | |
| Schedule of Budgeted and Actual Revenues and Expenses - Operating Fund | 15 |
| Schedule of Budgeted and Actual Contract Services and Utilities Expenses - Operating Fund | 16 |
| Schedule of Budgeted and Actual Personnel, Repairs and Maintenance, and General and Administrative Expenses - Operating Fund | 17 |
| Supplementary Information on Future Major Repairs and Replacements | 18 |

LANE J. GENET, C.P.A.

A PROFESSIONAL ASSOCIATION

7105 S.W. 115 TERRACE • MIAMI, FL 33156 • OFFICE (305) 670-2005 • CELL (305) 342-3327 • E-MAIL genetcpa@gmail.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Unit Owners
Winston Towers 100 Association, Inc.
Sunny Isles Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Winston Towers 100 Association, Inc. ("the Association"), which comprise the balance sheet as of December 31, 2019, and the related statements of revenues and expenses and changes in fund balance (accumulated deficit), 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 misstatements.

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

Auditor's Responsibility (Continued)

such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Winston Towers 100 Association, Inc. as of December 31, 2019, 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.

Emphasis of Matter

As further discussed in Note 6 to the financial statements, a global pandemic has been declared by the World Health Organization as a result of the rapidly growing outbreak of the coronavirus, COVID-19. The extent of the ultimate effects of COVID-19 on the Association's operating and financial performance cannot be predicted at this time. Our opinion is not modified with respect to this matter.

Report on Supplementary Information


Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of budgeted and actual revenues and expenses - operating fund; budgeted and actual contract services and utilities expenses - operating fund; and budgeted and actual personnel, repairs and maintenance, and general and administrative expenses - operating fund, all for the year ended December 31, 2019, on pages 15 through 17, are presented for purposes of additional analysis and are not required parts of the financial statements. Such information (except for the budget information, which was compiled without audit or review from information that is the representation of management (directors and officers)), is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional

Report on Supplementary Information (Continued)

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements, consisting of the estimated remaining useful lives and the estimated current replacement costs of the components of common property on page 18, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Statements Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information about the amount of annual funding required to fully fund each account of the replacement fund on page 18 is supplementary information required by the Florida Administrative Code. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management (directors and officers) about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Lane J. Genet, C.P.A., P.A.
Miami, Florida
November 30, 2020

WINSTON TOWERS 100 ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2019

| | Operating Fund | Special Assessment Fund | Total |
|--|-------------------|-------------------------------|------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 118,950 | \$ - | \$ 118,950 |
| Assessments receivable, net | 5,002 | - | 5,002 |
| Prepaid expenses | 14,826 | - | 14,826 |
| TOTAL ASSETS | \$ 138,778 | \$ - | \$ 138,778 |
| LIABILITIES AND FUND BALANCE (ACCUMULATED DEFICIT) | | | |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | \$ 98,510 | \$ - | \$ 98,510 |
| Assessments received in advance | 59,889 | - | 59,889 |
| Deferred revenue | 55,000 | - | 55,000 |
| Security deposits | 126,574 | - | 126,574 |
| TOTAL LIABILITIES | 339,973 | - | 339,973 |
| FUND BALANCE (ACCUMULATED DEFICIT) | (201,195) | - | (201,195) |
| TOTAL LIABILITIES AND FUND BALANCE (ACCUMULATED DEFICIT) | \$ 138,778 | \$ - | \$ 138,778 |

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

WINSTON TOWERS 100 ASSOCIATION, INC.
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE
(ACCUMULATED DEFICIT)
YEAR ENDED DECEMBER 31, 2019

| | Operating Fund | Special Assessment Fund | Total |
|---|---------------------|-------------------------------|---------------------|
| | _____ | _____ | _____ |
| REVENUES: | | | |
| Member assessments | \$1,657,165 | \$ 22,683 | \$1,679,848 |
| Parking | 170,587 | - | 170,587 |
| Internet | 92,800 | - | 92,800 |
| Appliance contract | 72,900 | - | 72,900 |
| Laundry | 51,238 | - | 51,238 |
| Screening | 8,211 | - | 8,211 |
| Estoppel | 7,350 | - | 7,350 |
| Remotes, entry cards and garage | 6,500 | - | 6,500 |
| Moving fees | 5,000 | - | 5,000 |
| Miscellaneous | 2,900 | - | 2,900 |
| | _____ | _____ | _____ |
| TOTAL REVENUES | <u>2,074,651</u> | <u>22,683</u> | <u>2,097,334</u> |
| EXPENSES: | | | |
| Contract services | 629,619 | - | 629,619 |
| Utilities | 555,644 | - | 555,644 |
| Insurance | 486,126 | - | 486,126 |
| Personnel | 271,881 | - | 271,881 |
| Repairs and maintenance | 180,123 | 22,683 | 202,806 |
| General and administrative | 88,822 | - | 88,822 |
| | _____ | _____ | _____ |
| TOTAL EXPENSES | <u>2,212,215</u> | <u>22,683</u> | <u>2,234,898</u> |
| EXCESS OF EXPENSES OVER REVENUES | (137,564) | - | (137,564) |
| FUND BALANCE (ACCUMULATED DEFICIT) - BEGINNING OF YEAR | <u>(63,631)</u> | <u>-</u> | <u>(63,631)</u> |
| FUND BALANCE (ACCUMULATED DEFICIT) - END OF YEAR | <u>\$ (201,195)</u> | <u>\$ -</u> | <u>\$ (201,195)</u> |

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

WINSTON TOWERS 100 ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

| | Operating Fund | Special Assessment Fund | Total |
|--|-------------------|-------------------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Member assessments collected | \$1,681,590 | \$ 3,584 | \$1,685,174 |
| Parking | 170,587 | - | 170,587 |
| Internet | 92,800 | - | 92,800 |
| Appliance contract | 72,900 | - | 72,900 |
| Laundry | 23,738 | - | 23,738 |
| Miscellaneous | 55,005 | - | 55,005 |
| | <u>2,096,620</u> | <u>3,584</u> | <u>2,100,204</u> |
| CASH FLOWS PROVIDED BY OPERATING ACTIVITIES | | | |
| Contract services | 595,830 | - | 595,830 |
| Utilities | 590,167 | - | 590,167 |
| Insurance | 412,541 | - | 412,541 |
| Personnel | 270,634 | - | 270,634 |
| Repairs and maintenance | 182,615 | 34,315 | 216,930 |
| General and administrative | 80,059 | - | 80,059 |
| | <u>2,131,846</u> | <u>34,315</u> | <u>2,166,161</u> |
| CASH FLOWS USED BY OPERATING ACTIVITIES | | | |
| NET CASH USED BY OPERATING ACTIVITIES | (35,226) | (30,731) | (65,957) |
| CASH AND CASH EQUIVALENTS: | | | |
| - BEGINNING OF YEAR | <u>154,176</u> | <u>30,731</u> | <u>184,907</u> |
| - END OF YEAR | <u>\$ 118,950</u> | <u>\$ -</u> | <u>\$ 118,950</u> |

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

WINSTON TOWERS 100 ASSOCIATION, INC.
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

| | <u>Operating Fund</u> | <u>Special Assessment Fund</u> | <u>Total</u> |
|---|---------------------------|--|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Excess of expenses over revenues | \$ (137,564) | \$ - | \$ (137,564) |
| Adjustments to reconcile excess of expenses over revenues to net cash flows used by operating activities: | | | |
| Changes in assets and liabilities: | | | |
| Assessments receivable | (2,805) | 3,584 | 779 |
| Prepaid expenses | 74,450 | - | 74,450 |
| Accounts payable and accrued expenses | 5,921 | (11,632) | (5,711) |
| Assessments received in advance | 27,230 | - | 27,230 |
| Deferred revenue | (27,500) | (22,683) | (50,183) |
| Security deposits | 25,044 | - | 25,044 |
| Net adjustments | <u>102,340</u> | <u>(30,731)</u> | <u>71,609</u> |
| NET CASH USED BY OPERATING ACTIVITIES | <u>\$ (35,224)</u> | <u>\$ (30,731)</u> | <u>\$ (65,955)</u> |

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

WINSTON TOWERS 100 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

ORGANIZATION

Winston Towers 100 Association, Inc. (the "Association") was organized as a Florida not-for-profit corporation in 1970, pursuant to the Florida Condominium Act, for the purpose of maintaining and preserving the common property of Winston Towers 100, a condominium building containing 408 residential units, located in Sunny Isles Beach, Florida.

FUND ACCOUNTING

The Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association. Disbursements from the operating fund are generally at the discretion of the Board of Directors.

Special Assessment Fund - This fund is used to accumulate financial resources from special assessments for improvements to the Association property. Disbursements from the special assessment fund may be made only for their designated purposes.

Revenues and expenses are presented under the accrual method of accounting, which recognizes revenues as they are earned and expenses as they are incurred.

CASH EQUIVALENTS

Cash equivalents consist of checking accounts and money market funds. The Association's policy is to invest its cash in conservative financial institutions.

Financial instruments, which potentially subject the Association to concentration of credit risk, consist primarily of cash and cash equivalents. The Association invests its excess cash in money market accounts with major financial institutions. At December 31,

WINSTON TOWERS 100 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS
(CONTINUED)

CASH EQUIVALENTS - (CONTINUED)

2019, the market values of the money market funds approximated their cost. The Association has not experienced any losses related to these investments. The Association believes it is not exposed to any significant credit risk on its cash and cash equivalents.

MEMBER ASSESSMENTS

Based on a budget adopted annually by the Board of Directors, assessments are levied against the unit owners for their proportionate share of the common expenses and, unless waived by an annual vote of the membership, for reserves. Maintenance assessments are due on the first day of each month, at which time revenue is recognized.

Any excess assessments at year-end are retained by the Association for use in the succeeding year.

Special assessments may be also be imposed from time to time as deemed appropriate by the Board of Directors. Performance obligations related to special assessments are satisfied when these funds are expended for their designated purposes.

The Association recognizes interest and late fees on delinquent assessments, as provided in its governing documents.

PROPERTY AND EQUIPMENT

Real property, common areas and related improvements are not reflected in these financial statements since title to these properties is vested with individual unit owners in common (on a pro-rata basis) and not with the Association.

The Association will capitalize, at cost, personal property which it acquires with Association funds.

WINSTON TOWERS 100 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS
(CONTINUED)

INCOME TAXES

The Association is subject to Federal and State taxation and has essentially two methods to determine the amount of tax, if any, it must pay. Under one method, the excess of revenues from members over related expenditures is subject to taxation unless such excess is returned to the unit owners or applied to the following year's assessments. The other method, utilized for 2019, enables the Association to elect to exclude from taxation exempt function income, which generally consists of revenue from unit owner assessments. Under either method, the Association may be subject to tax on investment income and other non-exempt income, but at different tax rates.

The Association classifies interest and penalties charged on underpayments, if any, of income tax as administrative and general expense. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability, if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Association and has concluded that, as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association's federal and state income tax returns could be subject to examination, generally for a period of three years after the dates the returns are filed.

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 the disclosure of contingent 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 and those differences may be material.

WINSTON TOWERS 100 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS
(CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENT

Revenue From Contracts With Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standards update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity.

The update is to be applied to the beginning of the year of implementation or retroactively. In June 2020, the FASB issued an accounting standards update which defers the required effective date of the update for one year. As a result, entities may elect to adopt the update for annual reporting periods beginning after December 15, 2019, and for interim reporting periods beginning after December 15, 2020, with early application permitted. The Association has elected the deferral and is currently evaluating the effect the update will have on its financial statements.

SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 30, 2020, the date the financial statements were available to be issued.

WINSTON TOWERS 100 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

NOTE 2 - ASSESSMENTS RECEIVABLE

Association receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association considers assessments delinquent if they are more than ten days in arrears. The Association will retain legal counsel and place a lien on the property of any unit owner whose assessments are sixty days or more past due. In determining the collectability of specific unit owner balances, management considers the age of the balance (measured in number of days delinquent), the owner's payment history and current economic trends. Accordingly, based on management's judgment, the Association provides for estimated uncollectible amounts through a charge to expense and a credit to a valuation allowance. Balances that remain outstanding after the Association has made reasonable collection efforts are written off via a charge to the valuation allowance and a credit to assessments receivable. As of December 31, 2019, maintenance assessments past due at least ninety days were approximately \$1,000. Maintenance assessments receivable are stated net of allowance for doubtful accounts of \$2,000.

NOTE 3 - SPECIAL ASSESSMENT AND SUBSEQUENT EVENT

In May 2015, the Board of Directors passed a special assessment of \$1,400,000 to provide funds for carpeting and tile replacement in the hallways and other common areas, updating the electronics and for a number of other improvement projects.

The special assessment was payable in eight consecutive and equal monthly installments commencing June 2015, based on each member's proportionate share of ownership. The Association completed the projects related to this assessment in 2019.

In February 2020, the Board of Directors passed a special assessment of \$800,000 to provide funds for the first phase of numerous Association construction projects. These projects include exterior painting and stucco replacement, concrete restoration, roof repairs, parking lot lighting and engineering work related to the 50 year recertification.

The special assessment is payable in three consecutive and equal monthly installments commencing March 2020, based on each member's proportionate share of ownership.

WINSTON TOWERS 100 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

NOTE 4 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

Chapter 718 of the Florida Statutes and the Association's governing documents require that the Association's budget include assessments for reserves, unless waived by an annual vote of the unit owners. Such assessments shall be for items including, but not limited to, roof replacement, building painting, pavement resurfacing and for any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000. These funds, if assessed, are restricted to their intended purpose unless modified by a qualified unit owner vote.

The unit owners voted to waive funding for reserves for 2019, as they have since the Association's inception. When funds are needed for major repairs and replacements, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined.

NOTE 5 - COMMITMENTS

The Association has various agreements for the maintenance of the common property and for other services. These agreements have different expiration dates and renewal terms.

In December 2017, the Association entered into a four-year agreement to lease its laundry room facilities to a laundry operator, at a cost of 50% of the monthly gross receipts, less card sales and related taxes and fees. In the event that the gross revenues fall below \$6,000 per month, the lessee can retain the first \$3,000 as minimum compensation. As consideration for entering into the lease, the lessee paid the Association \$110,000, comprising a signing bonus of \$50,000 and an advance commission of \$60,000. The \$110,000 payment is being amortized over the four-year lease term. The unamortized portion of the advance payment, \$55,000, is reflected as deferred revenue in the accompanying financial statements.

WINSTON TOWERS 100 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

NOTE 6 - CONTINGENCIES INCLUDING SUBSEQUENT EVENT

HURRICANE DEDUCTIBLE

The Association maintains insurance coverage for damage that could be caused by a hurricane to the property maintained by the Association. According to the Association's insurance policy, the hurricane deductible is 5% of the total insured value of the condominium building and contents. The Association has not set aside funds towards covering the deductible. Accordingly, the Association is responsible for any deductibles or shortfalls for these contingencies and any such losses could require funding by the unit owners in the form of a special assessment and/or increased maintenance assessments. As certain other expenses may be incurred by the Association in the event of a hurricane, the ultimate extent of any such loss in excess of the deductible cannot be determined.

LITIGATION

The Association is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of the Board of Directors, the resolution of any such matters will not have a material effect on the Association's financial position, results of operations or cash flows.

GLOBAL PANDEMIC

In March 2020, a global pandemic was declared by the World Health Organization as a result of the rapidly growing outbreak of the coronavirus, COVID-19. The pandemic has significantly impacted the economic conditions of the United States, including disrupting supply chains and affecting production and sales across a range of industries. The extent of the ultimate effects of COVID-19 on the Association's operating and financial performance cannot be predicted at this time, as they are dependent on many factors, including, but not limited to: (i) the duration and spread of the outbreak, (ii) the impact on owners and residents, management personnel and service providers, and (iii) the impact on the local, state, national and global economies.

SUPPLEMENTARY INFORMATION

WINSTON TOWERS 100 ASSOCIATION, INC.
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES - OPERATING FUND
YEAR ENDED DECEMBER 31, 2019

| | <u>Adopted Budget</u> (Unaudited) | <u>Actual</u> | <u>Variance</u> (Unaudited) |
|---|--|---------------------|--------------------------------|
| REVENUES: | | | |
| Member assessments | \$1,657,165 | \$1,657,165 | \$ - |
| Parking | 171,500 | 170,587 | (913) |
| Internet | 92,800 | 92,800 | - |
| Total appliance contract | 72,900 | 72,900 | - |
| Laundry | 26,000 | 51,238 | 25,238 |
| Screening | 4,000 | 8,211 | 4,211 |
| Estoppel | 3,800 | 7,350 | 3,550 |
| Remotes, entry cards and garage | 6,400 | 6,500 | 100 |
| Moving fees | 5,500 | 5,000 | (500) |
| Miscellaneous | 8,200 | 2,900 | (5,300) |
| Interest | 300 | - | (300) |
| | <u>2,048,565</u> | <u>2,074,651</u> | <u>26,086</u> |
| EXPENSES: | | | |
| Contract services | 624,186 | 629,619 | (5,433) |
| Utilities | 521,429 | 555,644 | (34,215) |
| Insurance | 410,000 | 486,126 | (76,126) |
| Personnel | 249,100 | 271,881 | (22,781) |
| Repairs and maintenance | 171,500 | 180,123 | (8,623) |
| General and administrative | 57,350 | 88,822 | (31,472) |
| Provision for uncollectible accounts | 15,000 | - | 15,000 |
| | <u>2,048,565</u> | <u>2,212,215</u> | <u>(163,650)</u> |
| EXCESS OF EXPENSES OVER REVENUES | <u>\$ -</u> | <u>\$ (137,564)</u> | <u>\$ (137,564)</u> |

WINSTON TOWERS 100 ASSOCIATION, INC.
 SCHEDULE OF BUDGETED AND ACTUAL CONTRACT SERVICES AND UTILITIES EXPENSES -
 OPERATING FUND
 YEAR ENDED DECEMBER 31, 2019

| | Adopted Budget (Unaudited) | Actual | Variance (Unaudited) |
|---------------------------|----------------------------------|-------------------|-------------------------|
| CONTRACT SERVICES: | | | |
| Security | \$ 188,000 | \$ 184,123 | \$ 3,877 |
| Cable TV | 94,529 | 96,139 | (1,610) |
| Internet | 94,529 | 94,085 | 444 |
| Janitorial | 83,552 | 88,680 | (5,128) |
| Appliance | 69,426 | 69,498 | (72) |
| Elevator | 26,000 | 27,370 | (1,370) |
| Pest control | 24,000 | 26,861 | (2,861) |
| Trash removal | 23,000 | 26,009 | (3,009) |
| Pool supplies/chemicals | 9,000 | 7,800 | 1,200 |
| A/C water treatment | 5,000 | 5,366 | (366) |
| Trash odor control | 5,150 | 2,148 | 3,002 |
| Landscaping | 2,000 | 1,540 | 460 |
| | <u>\$ 624,186</u> | <u>\$ 629,619</u> | <u>\$ (5,433)</u> |
| UTILITIES: | | | |
| Water and sewer | \$ 300,000 | \$ 323,330 | \$ (23,330) |
| Electricity | 178,429 | 186,636 | (8,207) |
| Natural gas | 40,000 | 36,152 | 3,848 |
| Telephone | 3,000 | 9,526 | (6,526) |
| | <u>\$ 521,429</u> | <u>\$ 555,644</u> | <u>\$ (34,215)</u> |

WINSTON TOWERS 100 ASSOCIATION, INC.
SCHEDULE OF BUDGETED AND ACTUAL PERSONNEL, REPAIRS AND MAINTENANCE, AND
GENERAL AND ADMINISTRATIVE EXPENSES - OPERATING FUND
YEAR ENDED DECEMBER 31, 2019

| | Adopted <u>Budget</u> (Unaudited) | <u>Actual</u> | <u>Variance</u> (Unaudited) |
|-----------------------------|---|-------------------|--------------------------------|
| PERSONNEL: | | | |
| Payroll | \$ 223,100 | \$ 243,437 | \$ (20,337) |
| Payroll taxes | 17,000 | 22,284 | (5,284) |
| Contract labor | <u>9,000</u> | <u>6,160</u> | <u>2,840</u> |
| | <u>\$ 249,100</u> | <u>\$ 271,881</u> | <u>\$ (22,781)</u> |
| REPAIRS AND MAINTENANCE: | | | |
| Building | \$ 28,000 | \$ 52,677 | \$ (24,677) |
| Cameras | - | 32,454 | (32,454) |
| Fire equipment/alarm system | 15,000 | 18,154 | (3,154) |
| Cooling tower | - | 15,772 | (15,772) |
| Supplies and maintenance | 90,000 | 14,409 | 75,591 |
| Pool | 4,500 | 13,225 | (8,725) |
| Elevator | 10,000 | 12,895 | (2,895) |
| Contingency | 3,000 | 6,865 | (3,865) |
| Gym equipment | - | 5,625 | (5,625) |
| Generator | 5,000 | 4,448 | 552 |
| Electrical | - | 2,014 | (2,014) |
| Fire pump system | 10,000 | 1,585 | 8,415 |
| Roof | <u>6,000</u> | <u>-</u> | <u>6,000</u> |
| | <u>\$ 171,500</u> | <u>\$ 180,123</u> | <u>\$ (8,623)</u> |
| GENERAL AND ADMINISTRATIVE: | | | |
| Legal fees | \$ 14,000 | \$ 39,764 | \$ (25,764) |
| Administrative expenses | 11,250 | 13,956 | (2,706) |
| Office supplies | 6,000 | 7,152 | (1,152) |
| Audit | 5,500 | 5,800 | (300) |
| WT complex dues and fees | 5,400 | 5,400 | - |
| Computer service | 7,000 | 5,263 | 1,737 |
| Licenses and permits | 4,000 | 5,008 | (1,008) |
| Printing | 2,000 | 4,589 | (2,589) |
| Postage | 1,600 | 1,084 | 516 |
| Property taxes | <u>600</u> | <u>806</u> | <u>(206)</u> |
| | <u>\$ 57,350</u> | <u>\$ 88,822</u> | <u>\$ (31,472)</u> |

WINSTON TOWERS 100 ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION ON
 FUTURE MAJOR REPAIRS AND REPLACEMENTS
 DECEMBER 31, 2019
 (UNAUDITED)

An independent study to estimate the remaining useful lives and current replacement costs of common property components has not been conducted. The Board's estimates of the remaining useful lives and the current replacement costs of the common property components are based on historical trends.

The following table presents significant information about the components of common property.

| <u>Component</u> | <u>Estimated Remaining Useful Lives (Years)</u> | <u>Estimated Current Replacement Costs</u> | <u>2020 Full Funding</u> |
|---------------------|---|--|----------------------------------|
| Roofing | 7 | \$ 550,000 | \$ 78,571 |
| Elevators | - | 500,000 | 500,000 |
| Painting (see Note) | 1 | 350,000 | 350,000 |
| Garage | 1 | 300,000 | 300,000 |
| Water Tower | 8 | 250,000 | 31,250 |
| Surveillance system | - | 100,000 | 100,000 |
| Paving | 2 | 100,000 | 50,000 |
| Access control | - | 95,000 | 95,000 |
| Generator | - | 80,000 | 80,000 |
| | | <u>\$2,325,000</u> | <u>\$1,584,821</u> |

Through December 31, 2019, no funds had been accumulated for future major repairs and replacements.

Note: In 2020, as part of the \$800,000 special assessment, the Board of Directors entered into a \$361,000 contract for the repair and painting of the exterior walls of the condominium building.