

WINSTON TOWERS 100 ASSOCIATION, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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A PROFESSIONAL ASSOCIATION

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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., which comprise the balance sheet as of December 31, 2018, and the related statements of revenues and expenses and changes in 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

Auditor's Responsibility (Continued)

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.

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, 2018, 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.

Other Matter

We have not applied procedures to determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because that determination is outside the scope of our audit.

Report on Supplementary Information

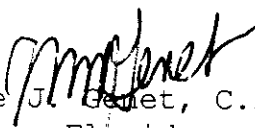
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of budgeted and actual revenues and expenses - operating fund; budgeted and actual contract services and utilities expenses - operating fund; and budgeted and actual repairs and maintenance, personnel and general and administrative expenses - operating fund, all for the year ended December 31, 2018, on pages 14 through 16, 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 replacement costs of the components of common property on page 17, 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, who 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 17 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
June 10, 2019

WINSTON TOWERS 100 ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2018

| | Operating Fund | Special Assessment Fund | Total |
|--|-------------------|-------------------------------|------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 154,176 | \$ 30,731 | \$ 184,907 |
| Assessments receivable, net | 2,197 | 3,584 | 5,781 |
| Prepaid expenses | 89,276 | - | 89,276 |
| TOTAL ASSETS | \$ 245,649 | \$ 34,315 | \$ 279,964 |
| LIABILITIES AND ACCUMULATED DEFICIT | | | |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | \$ 92,589 | \$ 11,632 | \$ 104,221 |
| Assessments received in advance | 32,659 | - | 32,659 |
| Deferred revenue | 82,500 | 22,683 | 105,183 |
| Security deposits | 101,532 | - | 101,532 |
| TOTAL LIABILITIES | 309,280 | 34,315 | 343,595 |
| ACCUMULATED DEFICIT | (63,631) | - | (63,631) |
| TOTAL LIABILITIES AND ACCUMULATED DEFICIT | \$ 245,649 | \$ 34,315 | \$ 279,964 |

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

WINSTON TOWERS 100 ASSOCIATION, INC.
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN ACCUMULATED DEFICIT
YEAR ENDED DECEMBER 31, 2018

| | Operating Fund | Special Assessment Fund | Total |
|--|-------------------|-------------------------------|-------------|
| | ----- | ----- | ----- |
| REVENUES: | | | |
| Member assessments | \$1,585,900 | \$ 78,053 | \$1,663,953 |
| Parking | 168,674 | - | 168,674 |
| Internet | 87,532 | - | 87,532 |
| Total appliance contract | 72,625 | - | 72,625 |
| Laundry | 53,437 | - | 53,437 |
| Miscellaneous | 17,399 | - | 17,399 |
| Screening | 11,555 | - | 11,555 |
| Remotes, entry cards and garage | 6,110 | - | 6,110 |
| Moving fees | 5,200 | - | 5,200 |
| Estoppel | 3,450 | - | 3,450 |
| Interest | 2,500 | - | 2,500 |
| | ----- | ----- | ----- |
| TOTAL REVENUES | 2,014,382 | 78,053 | 2,092,435 |
| EXPENSES: | | | |
| Contract services | 611,099 | - | 611,099 |
| Utilities | 522,533 | - | 522,533 |
| Insurance | 356,381 | - | 356,381 |
| Repairs and maintenance | 275,168 | 78,053 | 353,221 |
| Personnel | 252,618 | - | 252,618 |
| General and administrative | 59,339 | - | 59,339 |
| | ----- | ----- | ----- |
| TOTAL EXPENSES | 2,077,138 | 78,053 | 2,155,191 |
| EXCESS OF EXPENSES OVER REVENUES | (62,756) | - | (62,756) |
| ACCUMULATED DEFICIT - BEGINNING OF YEAR | (875) | - | (875) |
| | ----- | ----- | ----- |
| ACCUMULATED DEFICIT - END OF YEAR | \$ (63,631) | \$ - | \$ (63,631) |

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

WINSTON TOWERS 100 ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

| | Operating Fund | Special Assessment Fund | Total |
|---|----------------------|-------------------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Member assessments collected | \$1,595,160 | \$ 1,715 | \$1,596,875 |
| Parking | 168,674 | - | 168,674 |
| Internet | 87,532 | | 87,532 |
| Total appliance contract | 72,625 | - | 72,625 |
| Laundry | 135,937 | - | 135,937 |
| Miscellaneous | 64,050 | - | 64,050 |
| Interest | 2,500 | - | 2,500 |
| CASH FLOWS PROVIDED BY OPERATING ACTIVITIES | <u>2,126,478</u> | <u>1,715</u> | <u>2,128,193</u> |
| Contract services | 601,565 | - | 601,565 |
| Utilities | 489,034 | - | 489,034 |
| Insurance | 375,544 | - | 375,544 |
| Repairs and maintenance | 311,118 | 113,811 | 424,929 |
| Personnel | 252,618 | - | 252,618 |
| General and administrative | 57,596 | - | 57,596 |
| CASH FLOWS USED BY OPERATING ACTIVITIES | <u>2,087,475</u> | <u>113,811</u> | <u>2,201,286</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 39,003 | (112,096) | (73,093) |
| CASH AND CASH EQUIVALENTS: | | | |
| - BEGINNING OF YEAR | 115,173 | 142,827 | 258,000 |
| - END OF YEAR | \$ 154,176 | \$ 30,731 | \$ 184,907 |

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, 2018

| | Operating Fund | Special Assessment Fund | Total |
|--|-------------------|-------------------------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Excess of expenses over revenues | \$ (62,756) | \$ - | \$ (62,756) |
| Adjustments to reconcile excess of expenses over revenues to net cash provided (used) by operating activities: | | | |
| Changes in assets and liabilities: | | | |
| Assessments receivable | 16,509 | 1,715 | 18,224 |
| Prepaid expenses | (19,777) | - | (19,777) |
| Accounts payable and accrued expenses | 9,440 | (35,768) | (26,328) |
| Assessments received in advance | (7,249) | - | (7,249) |
| Deferred revenue | 82,500 | (78,043) | 4,457 |
| Security deposits | 20,336 | - | 20,336 |
| Net adjustments | 101,759 | (112,096) | (10,337) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 39,003 | \$ (112,096) | \$ (73,093) |

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

WINSTON TOWERS 100 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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 408-unit residential condominium building, 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 fund may be made only for their designated purposes.

Revenues and expenses are reported on the accrual basis, on which basis revenues are recognized as earned and expenses are recognized as 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 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, 2018

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

CASH EQUIVALENTS - (CONTINUED)

2018, 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 cash and equivalents.

MEMBER ASSESSMENTS

Based upon a budget established annually by the Board of Directors, maintenance 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 future major repairs and replacements. 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 adopted from time to time as deemed appropriate by the Board of Directors.

PROPERTY AND EQUIPMENT

Common areas and related improvements are not reflected in the 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.

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

WINSTON TOWERS 100 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

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

INCOME TAXES - (Continued)

assessments. The other method, providing the Association meets certain requirements, 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 may elect, on a year-to-year basis, to file its federal income tax return on Form 1120-H or on Form 1120. The Association filed its 2018 federal income tax return on Form 1120-H. There was no income tax liability for the year ended December 31, 2018.

The Association does not believe it has any uncertain tax positions.

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.

SUBSEQUENT EVENTS

The Board of Directors has evaluated events and transactions for potential recognition or disclosure through June 10, 2019, the date the financial statements were available to be issued.

WINSTON TOWERS 100 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

NOTE 2 - ASSESSMENTS RECEIVABLE

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, 2018, assessments receivable balances past due at least ninety days were approximately \$2,000. Maintenance assessments receivable are stated net of an allowance for doubtful accounts of \$2,000.

NOTE 3 - SPECIAL ASSESSMENT

In May 2015, the Board of Directors passed a \$1,140,000 special assessment for the purpose of carpeting and tile replacement in the hallways and other common areas, updating the electronics and mechanical systems in the elevators 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.

Through December 31, 2018, the Association had expended \$1,117,317 on these projects, including \$78,043 in 2018. As of December 31, 2018, the unexpended portion of the special assessment, \$22,683 is reflected as deferred revenue in the accompanying financial statements. The Association anticipates completing the projects related to this assessment in 2019.

WINSTON TOWERS 100 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

NOTE 4 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

Florida Statutes and the Association's governing documents require that the Association's budget include assessments for future major repairs and replacements, 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 future major repairs and replacements for 2018, 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.

NOTE 5 - COMMITMENTS AND SUBSEQUENT EVENT

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 combined amount \$110,000 is being amortized over the four-year lease term. The unamortized portion of the advance payment, \$82,000, is reflected as deferred revenue in the accompanying financial statements.

WINSTON TOWERS 100 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

NOTE 5 - COMMITMENTS AND SUBSEQUENT EVENT - (CONTINUED)

In May 2019, the Association entered into an agreement with an engineering company, at a cost of \$7,500, to develop an engineered life safety system for a highrise residential building that is not fully sprinklered and an equivalency for the other prescriptive code requirements found in NFPA 101:Chapter 31 that apply to existing apartment buildings.

NOTE 6 - CONTINGENCIES

HURRICANE

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 these matters will not have a material effect on the Association's financial position, results of operations or cash flows.

WINSTON TOWERS 100 ASSOCIATION, INC.
 SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES - OPERATING FUND
 YEAR ENDED DECEMBER 31, 2018

| | Adopted Budget <u>(Unaudited)</u> | <u>Actual</u> | <u>Variance</u> <u>(Unaudited)</u> |
|---|---|--------------------|---------------------------------------|
| REVENUES: | | | |
| Member assessments | \$1,657,165 | \$1,585,900 | \$ (71,265) |
| Parking | 160,340 | 168,674 | 8,334 |
| Internet | 87,912 | 87,532 | (380) |
| Total appliance contract | 72,900 | 72,625 | (275) |
| Laundry | 44,400 | 53,437 | 9,037 |
| Miscellaneous | 5,000 | 17,399 | 12,399 |
| Screening | 4,000 | 11,555 | 7,555 |
| Remotes, entry cards and garage | 5,500 | 6,110 | 610 |
| Moving fees | 5,000 | 5,200 | 200 |
| Estoppel | 2,000 | 3,450 | 1,450 |
| Interest | <u>300</u> | <u>2,500</u> | <u>2,200</u> |
| | <u>2,044,517</u> | <u>2,014,382</u> | <u>(30,135)</u> |
| EXPENSES: | | | |
| Contract services | 592,029 | 611,099 | (19,070) |
| Utilities | 545,000 | 522,533 | 22,467 |
| Insurance | 503,500 | 356,381 | 147,119 |
| Repairs and maintenance | 127,500 | 275,168 | (147,668) |
| Personnel | 226,000 | 252,618 | (26,618) |
| General and administrative | 35,488 | 59,339 | (23,851) |
| Provision for uncollectible accounts | <u>15,000</u> | <u>-</u> | <u>15,000</u> |
| | <u>2,044,517</u> | <u>2,077,138</u> | <u>(32,621)</u> |
| EXCESS OF EXPENSES OVER REVENUES | <u>\$ -</u> | <u>\$ (62,756)</u> | <u>\$ (62,756)</u> |

WINSTON TOWERS 100 ASSOCIATION, INC.
 SCHEDULE OF BUDGETED AND ACTUAL CONTRACT SERVICES AND UTILITIES EXPENSES -
 OPERATING FUND
 YEAR ENDED DECEMBER 31, 2018

| | Adopted Budget (Unaudited) | Actual | Variance (Unaudited) |
|----------------------------|----------------------------------|-------------------|-------------------------|
| CONTRACTS SERVICES: | | | |
| Security service | \$ 188,000 | \$ 182,945 | \$ 5,055 |
| Cable TV | 85,988 | 89,731 | (3,743) |
| Internet services | 85,988 | 89,709 | (3,721) |
| Janitorial | 83,553 | 76,649 | 6,904 |
| Total HVAC | 70,000 | 73,697 | (3,697) |
| Trash removal | 23,000 | 27,157 | (4,157) |
| Elevator | 26,000 | 25,889 | 111 |
| Pest control | 14,000 | 23,742 | (9,742) |
| Pool supplies/chemicals | 8,000 | 8,944 | (944) |
| A/C water treatment | 4,000 | 5,681 | (1,681) |
| Trash odor control | 1,500 | 5,460 | (3,960) |
| Landscaping | 2,000 | 1,495 | 505 |
| | <u>\$ 592,029</u> | <u>\$ 611,099</u> | <u>\$ (19,070)</u> |
| UTILITIES: | | | |
| Water and sewer | \$ 305,000 | \$ 300,936 | \$ 4,064 |
| Electricity | 190,000 | 177,247 | 12,753 |
| Natural gas | 45,000 | 34,827 | 10,173 |
| Telephones | 5,000 | 9,523 | (4,523) |
| | <u>\$ 545,000</u> | <u>\$ 522,533</u> | <u>\$ 22,467</u> |

WINSTON TOWERS 100 ASSOCIATION, INC.
 SCHEDULE OF BUDGETED AND ACTUAL REPAIRS AND MAINTENANCE, PERSONNEL AND
 GENERAL AND ADMINISTRATIVE EXPENSES - OPERATING FUND
 YEAR ENDED DECEMBER 31, 2018

| | Adopted Budget (Unaudited) | Actual | Variance (Unaudited) |
|--|----------------------------------|-------------------|-------------------------|
| REPAIRS AND MAINTENANCE: | | | |
| Cameras | \$ - | \$ 49,544 | \$ (49,544) |
| Cooling tower | - | 48,590 | (48,590) |
| Roof | 6,000 | 47,000 | (41,000) |
| Supplies and maintenance | 80,000 | 23,399 | 56,601 |
| Building repairs | 10,000 | 22,026 | (12,026) |
| Generator maintenance | - | 17,176 | (17,176) |
| Fire equipment/alarm system | 12,000 | 15,314 | (3,314) |
| Gym equipment | - | 14,777 | (14,777) |
| Contingency | 2,000 | 14,460 | (12,460) |
| Elevator | 5,000 | 9,283 | (4,283) |
| Pumps, HVAC and generator maintenance | 2,000 | 6,976 | (4,976) |
| Electrical | - | 5,658 | (5,658) |
| Fire pump system | 6,000 | 695 | 5,305 |
| Pool | 4,500 | 270 | 4,230 |
| | <u>\$ 127,500</u> | <u>\$ 275,168</u> | <u>\$ (147,668)</u> |
| PERSONNEL: | | | |
| Payroll | \$ 200,000 | \$ 225,795 | \$ (25,795) |
| Payroll taxes | 19,000 | 17,555 | 1,445 |
| Contract personnel | 7,000 | 9,268 | (2,268) |
| | <u>\$ 226,000</u> | <u>\$ 252,618</u> | <u>\$ (26,618)</u> |
| GENERAL AND ADMINISTRATIVE: | | | |
| Legal fees | \$ 7,000 | \$ 16,701 | \$ (9,701) |
| Administrative expenses | 9,250 | 8,812 | 438 |
| Office supplies | 5,000 | 8,413 | (3,413) |
| Audit | 5,000 | 5,750 | (750) |
| Printing | 2,000 | 4,997 | (2,997) |
| WT complex dues and fees | 3,600 | 4,500 | (900) |
| Licenses and permits | 1,300 | 4,672 | (3,372) |
| Computer service | 1,800 | 3,649 | (1,849) |
| Postage | 1,500 | 1,215 | 285 |
| Property taxes | 600 | 630 | (30) |
| | <u>\$ 37,050</u> | <u>\$ 59,339</u> | <u>\$ (22,289)</u> |

WINSTON TOWERS 100 ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION ON
 FUTURE MAJOR REPAIRS AND REPLACEMENTS
 DECEMBER 31, 2018
 (UNAUDITED)

An independent study to estimate the remaining useful lives and replacement costs of Association common property components has not been conducted. The Board's estimates of the remaining useful lives and the 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>2019 Full Funding</u> |
|---------------------|---|--|----------------------------------|
| Roofing | 8 | \$ 550,000 | \$ 68,750 |
| Elevators | - | 500,000 | 500,000 |
| Painting | 2 | 350,000 | 175,000 |
| Garage | 4 | 300,000 | 75,000 |
| Water Tower | 9 | 250,000 | 27,778 |
| Surveillance System | - | 100,000 | 100,000 |
| Paving | 3 | 100,000 | 33,333 |
| Access Control | - | 95,000 | 95,000 |
| Generator | - | 80,000 | 80,000 |
| | | <u>\$2,325,000</u> | <u>\$1,154,861</u> |

Through December 31, 2018, no funds had been accumulated for future major repairs and replacements.