

WINSTON TOWERS 100 ASSOCIATION, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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LANE J. GENET, C.P.A.

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 Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Winston Towers 100 Association, Inc. (the "Association"), which comprise the balance sheet as of December 31, 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association, as of December 31, 2021 and the results of its operations, and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Future Major Repairs and Replacements

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed in Note 4 are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.

**Auditor's Responsibilities for the Audit of the Financial Statements -
Continued**

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant findings, and certain internal control-related matters that we identified during the 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 and utilities expenses - operating fund; budgeted and actual personnel, general and administrative and repairs and maintenance expenses - operating fund, all for the year ended December 31, 2021, on pages 18 through 20, are presented for purposes of additional analysis and are not required parts of the financial statements.

The schedules referred to above are the responsibility of the Association's management and were derived from and relate directly to the underlying accounting and other records used to prepare 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)), 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 GAAS. 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, on page 21, 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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
April 30, 2022

WINSTON TOWERS 100 ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2021

| | Operating Fund | Special Assessment Fund | Total |
|--|-----------------------|-------------------------------|------------------------|
| | | | |
| ASSETS | | | |
| Cash and cash equivalents | \$ 161,003 | \$1,857,622 | \$2,018,625 |
| Assessments receivable, net | 29,812 | 404,179 | 433,991 |
| Prepaid expenses | 38,943 | 99,908 | 138,851 |
| Due from operating fund | - | 202,970 | 202,970 |
| | | | |
| TOTAL ASSETS | <u>\$ 229,758</u> | <u>\$2,564,679</u> | <u>\$2,794,437</u> |
| LIABILITIES AND FUND BALANCE (ACCUMULATED DEFICIT) | | | |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | \$ 40,699 | \$ - | \$ 40,699 |
| Assessments received in advance | 34,378 | - | 34,378 |
| Deferred revenue | - | 1,072,576 | 1,072,576 |
| Security deposits | 164,997 | - | 164,997 |
| Bank note payable | - | 1,492,103 | 1,492,103 |
| Due to special assessment fund | 202,970 | - | 202,970 |
| | | | |
| TOTAL LIABILITIES | 443,044 | 2,564,679 | 3,007,723 |
| FUND BALANCE (ACCUMULATED DEFICIT) | <u>(213,286)</u> | <u>-</u> | <u>(213,286)</u> |
| TOTAL LIABILITIES AND FUND BALANCE (ACCUMULATED DEFICIT) | <u>\$ 229,758</u> | <u>\$2,564,679</u> | <u>\$2,794,437</u> |

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, 2021

| | Operating Fund | Special Assessment Fund | Total |
|---|---------------------|-------------------------------|---------------------|
| REVENUES: | | | |
| Member assessments | \$1,773,166 | \$ 777,424 | \$2,550,590 |
| Cable TV and internet | 219,780 | - | 219,780 |
| Parking | 185,505 | - | 185,505 |
| Appliance repair | 73,080 | - | 73,080 |
| Miscellaneous | 53,032 | - | 53,032 |
| Laundry | 51,586 | - | 51,586 |
| Valet | 21,968 | - | 21,968 |
| Screening | 9,200 | - | 9,200 |
| Gate/Key/Garage Cards | 7,815 | - | 7,815 |
| Moving fees | 4,800 | - | 4,800 |
| Administrative | 3,900 | - | 3,900 |
| Interest | 171 | - | 171 |
| | <u>2,404,003</u> | <u>777,424</u> | <u>3,181,427</u> |
| TOTAL REVENUES | | | |
| EXPENSES: | | | |
| Contract | 730,476 | - | 730,476 |
| Insurance | 629,365 | - | 629,365 |
| Utilities | 617,511 | - | 617,511 |
| Personnel | 297,472 | - | 297,472 |
| General and administrative | 127,576 | 41,999 | 169,575 |
| Repairs and maintenance | 78,854 | 735,425 | 814,279 |
| Provision for losses on assessments receivable | 509 | - | 509 |
| TOTAL EXPENSES | <u>2,481,763</u> | <u>777,424</u> | <u>3,259,187</u> |
| EXCESS OF EXPENSES OVER REVENUES | (77,760) | - | (77,760) |
| FUND BALANCE (ACCUMULATED DEFICIT) - BEGINNING OF YEAR | <u>(135,526)</u> | <u>-</u> | <u>(135,526)</u> |
| - END OF YEAR | <u>\$ (213,286)</u> | <u>\$ -</u> | <u>\$ (213,286)</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, 2021

| | <u>Operating Fund</u> | <u>Special Assessment Fund</u> | <u>Total</u> |
|---|---------------------------|--|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Member assessments collected | \$1,751,136 | \$1,334,456 | \$3,085,592 |
| Cable TV and internet | 219,780 | - | 219,780 |
| Parking | 185,505 | - | 185,505 |
| HVAC Owner assessment | 73,080 | - | 73,080 |
| Miscellaneous | 53,032 | - | 53,032 |
| Laundry | 24,086 | - | 24,086 |
| Valet | 21,968 | - | 21,968 |
| Screening | 9,200 | - | 9,200 |
| Gate/Key/Garage Cards | 7,815 | - | 7,815 |
| Other | 33,311 | - | 33,311 |
| CASH PROVIDED BY OPERATING ACTIVITIES | <u>2,378,913</u> | <u>1,334,456</u> | <u>3,713,369</u> |
| Contract | 793,073 | - | 793,073 |
| Insurance | 559,810 | - | 559,810 |
| Utilities | 617,511 | - | 617,511 |
| Personnel | 297,472 | - | 297,472 |
| General and administrative | 128,085 | 41,999 | 170,084 |
| Repairs and maintenance | 78,854 | 934,940 | 1,013,794 |
| CASH USED BY OPERATING ACTIVITIES | <u>2,474,805</u> | <u>976,939</u> | <u>3,451,744</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>(95,892)</u> | <u>357,517</u> | <u>261,625</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Due to (from) other fund | 97,335 | (97,335) | - |
| Proceeds from bank note | - | 1,700,000 | 1,700,000 |
| Repayments of principal on bank note | - | (207,897) | (207,897) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | <u>97,335</u> | <u>1,394,768</u> | <u>1,492,103</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, 2021

| | <u>Operating Fund</u> | <u>Special Assessment Fund</u> | <u>Total</u> |
|--|---------------------------|--|-------------------|
| NET INCREASE IN CASH | 1,442 | 1,752,285 | 1,753,727 |
| CASH AND CASH EQUIVALENTS: | | | |
| - BEGINNING OF YEAR | <u>159,561</u> | <u>105,336</u> | <u>118,950</u> |
| - END OF YEAR | <u>\$ 161,003</u> | <u>\$1,857,622</u> | <u>\$ 264,897</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Excess of expenses over revenues | \$ (77,760) | \$ - | \$ (77,760) |
| Adjustments to reconcile excess of expenses over revenues to net cash provided (used) by operating activities: | | | |
| Changes in assets and liabilities: | | | |
| Assessments receivable | (25,321) | (365,544) | (390,865) |
| Prepaid expenses | 69,555 | (99,908) | (30,353) |
| Accounts payable and accrued expenses | (62,597) | (99,607) | (162,204) |
| Assessments received in advance | 3,291 | - | 3,291 |
| Deferred revenue | (27,500) | 922,576 | 895,076 |
| Security deposits | <u>24,440</u> | <u>-</u> | <u>24,440</u> |
| Net adjustments | <u>(18,132)</u> | <u>357,517</u> | <u>339,385</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ (95,892)</u> | <u>\$ 357,517</u> | <u>\$ 261,625</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, 2021

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. Disbursements from the special assessment fund may be made only for their designated purposes.

Revenues and expenses are presented under the accrual basis, which recognizes revenues as earned and expenses as incurred.

CASH EQUIVALENTS

Cash equivalents consist of checking accounts and money market funds. The Association's policy is to invest its cash with reputable 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, 2021

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

CASH EQUIVALENTS - (CONTINUED)

2021, 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

Member assessments, which are based upon a budget established annually by the Board of Directors, are levied against the unit owners for their proportionate share of common expenses and, unless waived by an annual vote of the membership, for funds designated for future major repairs and replacements "reserves". Member assessments revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. Performance obligations related to maintenance assessments are satisfied over time on a daily pro-rata basis. Any excess assessments in the operating fund at year-end are retained by the Association for use in the succeeding year.

Performance obligations related to special assessments are satisfied when these funds are expended for their designated purposes. Special assessments may be imposed from time-to-time as deemed appropriate by the Board of Directors. The Association recognizes interest and late fees on delinquent assessments, as provided for 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, 2021

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

DEFERRED REVENUE - SPECIAL ASSESSMENT FUND

Deferred revenue - special assessment fund represents the portion of the assessments for which the Association's performance obligations have not yet been satisfied. The balances of deferred revenue - special assessment fund as of the beginning and end of the year were \$150,000 and \$1,072,576, respectively.

INCOME TAXES

The Association is subject to Federal and State taxation and has 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, used in 2021, 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 certain items, 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 to 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, 2021, 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 income tax returns could be subject to examination, generally for a period of three years after the dates the returns are filed.

WINSTON TOWERS 100 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

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

ESTIMATES

The preparation of financial statements in accordance 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.

NOTE 2 - ASSESSMENTS RECEIVABLE

Assessments 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 may retain legal counsel and place a lien on property of any unit owner whose assessments are sixty days or more past due. Assessments receivable are stated net of an allowance for doubtful accounts of \$2,000. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The balance of assessments receivable - operating fund, net as of the beginning and end of the year were \$4,491 and \$29,8121, respectively.

NOTE 3 - SPECIAL ASSESSMENTS, BANK NOTE PAYABLE AND INTERFUND BALANCE

In November 2020, the Board of Directors passed a special assessment of \$150,000 to provide funds for an elevator repair project. The special assessment was due in one payment, to be made in December 2020, based on each member's proportionate share of ownership.

The entire amount of the special assessment had been expended and the Board anticipates that the project will be completed in 2022.

WINSTON TOWERS 100 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 3 - SPECIAL ASSESSMENTS, BANK NOTE PAYABLE AND INTERFUND BALANCE -
(CONTINUED)

In April 2021, the Board of Directors passed a special assessment of \$1,700,000 to provide funds for the second phase of numerous construction projects within the condominium building. These projects include concrete and pool restoration repair, replacing pool furniture and equipment, waterproofing pool equipment room and bathroom floors, plumbing repairs, boiler and generator repairs, roof doors repairs, garage access controls - bar code and maintenance account shortages.

The special assessment was payable in one of three methods: (1) in a lump sum; (2) in three consecutive and equal monthly installments commencing May 2021; or (3) based on the same repayment terms as the loan described below, with the interest separately billed to the unit owner. The special assessment is based on each member's proportionate share of ownership.

In order to provide immediate funding for the above construction projects, the Association obtained a \$1,700,000 bank loan. The loan provided proceeds to allow the Association to immediately pay for sums outlined in the proposals received for such projects. The loan bears interest at 3.85%, is secured by the Association's assets and is due in monthly principal and interest installments of \$31,237. The loan matures in April 2026.

At December 31, 2021, the Association had expended \$627,424 on the above construction projects. The unspent portion of the special assessment, \$1,072,576, is reflected as deferred revenue in the accompanying financial statements.

During 2021, the Association incurred expenses totaling \$99,908, which the Board of Directors has attributed to the third phase of the construction projects, for which a special assessment is anticipated to be adopted in 2022. Accordingly, these expenses are included in prepaid expenses in the accompanying financial statements.

At December 2021, the operating fund owed the special assessment fund \$202,970. According to management, the borrowed funds will be repaid in 2022.

WINSTON TOWERS 100 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 4 - FUTURE MAJOR REPAIRS AND REPLACEMENTS ("RESERVES")

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 adopted, are restricted to their intended purpose unless modified by a qualified unit owner vote.

The unit owners voted to waive funding for reserves for 2021, 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 - PASS-THROUGH ITEMS

In addition to the monthly maintenance fees, the unit owners were assessed \$219,780 for cable TV and internet charges and \$73,080 for appliance repair costs under contracts entered into by the Association.

NOTE 6 - 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 an agreement, which was to expire in December 2021, 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 May 2021, the agreement was renewed for an additional three years.

WINSTON TOWERS 100 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 7 - CONTINGENCIES

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 calendar year hurricane deductible is 3% 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

During the year ended December 31, 2021, the economy showed signs of improvement from the disruptions driven by the COVID-19 pandemic during the previous year. However, there is still uncertainty about the future of COVID-19 and the Delta and Omicron variants and its impact on the Association's business, operations, personnel, or the U.S. economy as a whole. The extent and continued impact of the COVID-19 pandemic on the Association's operational and financial performance will depend on future developments, including the duration and spread of the outbreak, third-party providers' ability to support the Association's operation, and any actions taken by governmental authorities and other third parties in response to the pandemic. The Association's financial statements do not include any adjustments that might result from the outcome of this uncertainty.

WINSTON TOWERS 100 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

NOTE 8 - SUBSEQUENT EVENTS

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 30, 2022, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

WINSTON TOWERS 100 ASSOCIATION, INC.
 SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES - OPERATING FUND
 YEAR ENDED DECEMBER 31, 2021

| | Adopted Budget <u>(Unaudited)</u> | <u>Actual</u> | <u>Variance</u> <u>(Unaudited)</u> |
|---|---|--------------------|---------------------------------------|
| REVENUES: | | | |
| Member assessments | \$1,773,166 | \$1,773,166 | \$ - |
| Cable TV and internet | 219,780 | 219,780 | - |
| Parking | 177,840 | 185,505 | 7,665 |
| Appliance repair | 73,080 | 73,080 | - |
| Miscellaneous | 12,250 | 53,032 | 40,782 |
| Laundry | 18,500 | 51,586 | 33,086 |
| Valet | 30,000 | 21,968 | (8,032) |
| Screening | 8,000 | 9,200 | 1,200 |
| Gate/Key/Garage Cards | 4,500 | 7,815 | 3,315 - |
| Moving | 4,700 | 4,800 | 100 |
| Administrative | 4,500 | 3,900 | (600) |
| Interest | 555 | 171 | (384) |
| | <u>2,326,871</u> | <u>2,404,003</u> | <u>77,132</u> |
| EXPENSES: | | | |
| Contract | 664,099 | 730,476 | (66,377) |
| Insurance | 637,609 | 629,365 | 8,244 |
| Utilities | 546,188 | 617,511 | (71,323) |
| Personnel | 287,000 | 297,472 | (10,472) |
| General and administrative | 69,375 | 127,576 | (58,201) |
| Repairs and maintenance | 117,600 | 78,854 | 38,746 |
| Provision for uncollectible accounts | 5,000 | 509 | 4,491 |
| | <u>2,326,871</u> | <u>2,481,763</u> | <u>(154,892)</u> |
| EXCESS OF EXPENSES OVER REVENUES | <u>\$ -</u> | <u>\$ (77,760)</u> | <u>\$ (77,760)</u> |

WINSTON TOWERS 100 ASSOCIATION, INC.
 SCHEDULE OF BUDGETED AND ACTUAL CONTRACT AND UTILITIES EXPENSES - OPERATING
 FUND
 YEAR ENDED DECEMBER 31, 2021

| | Adopted Budget (Unaudited) | Actual | Variance (Unaudited) |
|-------------------------|----------------------------------|-------------------|-------------------------|
| CONTRACT: | | | |
| Security | \$ 186,089 | \$ 241,338 | \$ (55,249) |
| Cable TV | 109,890 | 112,100 | (2,210) |
| Internet | 109,890 | 107,272 | 2,618 |
| Janitorial | 90,573 | 101,788 | (11,215) |
| HVAC | 69,426 | 69,597 | (171) |
| Pest control | 24,686 | 33,319 | (8,633) |
| Trash removal | 27,663 | 28,264 | (601) |
| Elevator | 28,848 | 19,472 | 9,376 |
| Pool supplies/chemicals | 7,800 | 8,678 | (878) |
| A/C water treatment | 4,940 | 5,900 | (960) |
| Trash odor control | 3,794 | 1,971 | 1,823 |
| Generator | - | 777 | (777) |
| Landscaping | 500 | - | 500 |
| | <u>\$ 664,099</u> | <u>\$ 730,476</u> | <u>\$ (66,377)</u> |
| UTILITIES: | | | |
| Water and sewer | \$ 360,000 | \$ 389,610 | \$ (29,610) |
| Electricity | 149,988 | 183,181 | (33,193) |
| Natural gas | 25,800 | 42,305 | (16,505) |
| Telephone | 10,400 | 2,415 | 7,985 |
| | <u>\$ 546,188</u> | <u>\$ 617,511</u> | <u>\$ (71,323)</u> |

WINSTON TOWERS 100 ASSOCIATION, INC.
 SCHEDULE OF BUDGETED AND ACTUAL PERSONNEL, GENERAL AND ADMINISTRATIVE AND
 REPAIRS AND MAINTENANCE EXPENSES - OPERATING FUND
 YEAR ENDED DECEMBER 31, 2021

| | <u>Adopted Budget</u> (Unaudited) | <u>Actual</u> | <u>Variance</u> (Unaudited) |
|------------------------------------|--|-------------------|--------------------------------|
| PERSONNEL: | | | |
| Payroll | \$ 260,000 | \$ 266,670 | \$ (6,670) |
| Payroll taxes and related costs | 25,000 | 30,802 | (5,802) |
| Contract labor | <u>2,000</u> | <u>-</u> | <u>2,000</u> |
| | <u>\$ 287,000</u> | <u>\$ 297,472</u> | <u>\$ (10,472)</u> |
| GENERAL AND ADMINISTRATIVE: | | | |
| Legal fees | \$ 36,500 | \$ 44,219 | \$ (7,719) |
| Accounting | 6,000 | 28,036 | (22,036) |
| Office supplies | 3,000 | 18,968 | (15,968) |
| Computer service | 3,500 | 10,836 | (7,336) |
| WT complex dues and fees | 5,400 | 9,450 | (4,050) |
| Licenses and permits | 5,800 | 8,102 | (2,302) |
| Miscellaneous | 5,175 | 6,090 | (915) |
| Printing | 3,000 | 1,128 | 1,872 |
| Postage | <u>1,000</u> | <u>747</u> | <u>253</u> |
| | <u>\$ 69,375</u> | <u>\$ 127,576</u> | <u>\$ (58,201)</u> |
| REPAIRS AND MAINTENANCE: | | | |
| Supplies and maintenance | \$ 50,000 | \$ 35,855 | \$ 14,145 |
| HVAC | - | 16,195 | (16,195) |
| Building | 15,000 | 12,751 | 2,249 |
| Fire equipment/alarm system | 16,500 | 9,883 | 6,617 |
| Contingency | 6,600 | 2,180 | 4,420 |
| Plumbing | - | 1,865 | (1,865) |
| Fire pump system | 3,000 | 125 | 2,875 |
| Pumps -Air conditioner | 1,900 | - | 1,900 |
| Pool | 5,000 | - | 5,000 |
| Elevator | 13,600 | - | 13,600 |
| Roof | <u>6,000</u> | <u>-</u> | <u>6,000</u> |
| | <u>\$ 117,600</u> | <u>\$ 78,854</u> | <u>\$ 38,746</u> |

WINSTON TOWERS 100 ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION ON
 FUTURE MAJOR REPAIRS AND REPLACEMENTS
 DECEMBER 31, 2021
 (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> | Estimated Remaining Useful Lives (Years) | Estimated Current Replacement Costs | 2021 Full Funding |
|---------------------|--|--|-------------------------|
| Roofing | 4 | \$ 550,000 | \$138,000 |
| Elevators | 2 | 2,200,000 | 1,100,000 |
| Painting (see Note) | 10 | 700,000 | 70,000 |
| Garage (Pool Deck) | 4 | 1,500,000 | 375,000 |
| Laundry pipes | 5 | 10,000 | 2,000 |
| Water Tower | 14 | 250,000 | 18,000 |
| Surveillance system | - | 150,000 | 150,000 |
| Paving | - | 100,000 | 100,000 |
| Access control | 5 | 95,000 | 19,000 |
| Generator | - | 250,000 | 250,000 |
| Boilers | - | 20,000 | 20,000 |
| | | <u>\$5,825,000</u> | <u>\$2,242,000</u> |

Through December 31, 2021, no funds had been accumulated for future major repairs and replacements.

Note: In 2022 and 2021, as part of the special assessments, the Board of Directors has entered into contracts for major repairs to the condominium building.