

WINSTON TOWERS 100 ASSOCIATION, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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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, 2022, 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, 2022, 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.



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

- 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.
- 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 utilities and contract expenses - operating fund; and budgeted and actual personnel, general and administrative and repairs and maintenance expenses - operating fund, all for the year ended December 31, 2022, on pages 19 through 21, 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

**Report on Supplementary Information - (Continued)**

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 22, 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.  
Delray Beach, Florida  
June 5, 2023

WINSTON TOWERS 100 ASSOCIATION, INC.  
BALANCE SHEET  
DECEMBER 31, 2022

	Operating Fund	Special Assessment Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 737,274	\$ 4,766,296	\$ 5,503,570
Assessments receivable, net	24,190	7,961,508	7,985,698
Prepaid expenses	887,990	-	887,990
Due from operating fund	<u>          -</u>	<u>1,750,458</u>	<u>1,750,458</u>
 TOTAL ASSETS	 <u>\$1,649,454</u>	 <u>\$14,478,262</u>	 <u>\$16,127,716</u>
 <b>LIABILITIES AND FUND BALANCE (ACCUMULATED DEFICIT)</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 112,890	\$ 384,684	\$ 497,574
Insurance financing	953,666	-	953,666
Assessments received in advance	53,994	-	53,994
Deferred revenue	-	9,165,950	9,165,950
Deferred interest	-	845,075	845,075
Security deposits	178,843	-	178,843
Bank note payable	-	3,984,063	3,984,063
Due to special assessment fund	<u>1,750,458</u>	<u>          -</u>	<u>1,750,458</u>
 TOTAL LIABILITIES	 3,049,851	 14,379,772	 17,429,623
 FUND BALANCE (ACCUMULATED DEFICIT)	 <u>(1,400,397)</u>	 <u>98,490</u>	 <u>(1,301,907)</u>
 TOTAL LIABILITIES AND FUND BALANCE (ACCUMULATED DEFICIT)	 <u>\$ 1,649,454</u>	 <u>\$14,478,262</u>	 <u>\$16,127,716</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, 2022

	Operating Fund	Special Assessment Fund	Total
<b>REVENUES:</b>			
Member assessments	\$2,017,581	\$3,206,627	\$5,224,208
Cable TV and internet	238,800	-	238,800
Parking	181,040	-	181,040
Interest	19	98,490	98,509
Appliance repair	78,144	-	78,144
Valet	50,832	-	50,832
Miscellaneous	38,213	-	38,213
Laundry	31,014	-	31,014
Screening	11,975	-	11,975
Gate/Key/Garage Cards	8,994	-	8,994
Moving fees	6,600	-	6,600
	<u>2,663,212</u>	<u>3,305,117</u>	<u>5,968,329</u>
<b>TOTAL REVENUES</b>			
<b>EXPENSES:</b>			
Repairs and maintenance	160,183	3,077,887	3,238,070
Insurance	1,595,582	-	1,595,582
Utilities	790,818	-	790,818
Contract	765,205	-	765,205
Personnel	348,712	-	348,712
General and administrative	170,595	128,740	299,335
Provision for losses on assessments receivable	19,228	-	19,228
	<u>3,850,323</u>	<u>3,206,627</u>	<u>7,056,950</u>
<b>TOTAL EXPENSES</b>			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	(1,187,111)	98,490	(1,088,621)
<b>FUND BALANCE (ACCUMULATED DEFICIT) - BEGINNING OF YEAR</b>	(213,286)	-	(213,286)
<b>- END OF YEAR</b>	\$(1,400,397)	\$ 98,490	\$(1,301,907)

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

WINSTON TOWERS 100 ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2022

	Operating Fund	Special Assessment Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Member assessments collected	\$2,042,819	\$4,587,747	\$ 6,630,566
Cable TV and internet	238,800	-	238,800
Parking	181,040	-	181,040
Interest	19	98,490	98,509
Appliance repair	78,144	-	78,144
Valet	50,832	-	50,832
Miscellaneous	110,642	-	110,642
	<u>          </u>	<u>          </u>	<u>          </u>
CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,702,296</u>	<u>4,686,237</u>	<u>7,388,533</u>
Repairs and maintenance	155,583	2,612,190	2,767,773
Insurance	1,490,963	-	1,490,963
Utilities	737,152	-	737,152
Contract	762,635	-	762,635
Personnel	352,189	-	352,189
General and administrative	155,763	109,845	265,608
Provision for losses on assessments receivable	19,228	-	19,228
	<u>          </u>	<u>          </u>	<u>          </u>
CASH USED BY OPERATING ACTIVITIES	<u>3,673,513</u>	<u>2,722,035</u>	<u>6,395,548</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(971,217)</u>	<u>1,964,202</u>	<u>992,985</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Due to (from) other fund	1,547,488)	(1,547,488)	-
Proceeds from bank note	-	3,984,063	3,984,063
Repayments of principal on bank note, net	-	(1,492,103)	(1,492,103)
	<u>          </u>	<u>          </u>	<u>          </u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>1,547,488</u>	<u>944,472</u>	<u>2,491,960</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, 2022

	Operating Fund	Special Assessment Fund	Total
NET INCREASE IN CASH	576,271	2,908,674	3,484,945
CASH AND CASH EQUIVALENTS:			
- BEGINNING OF YEAR	<u>161,003</u>	<u>1,857,622</u>	<u>2,018,625</u>
- END OF YEAR	<u>\$ 737,274</u>	<u>\$4,766,296</u>	<u>\$5,503,570</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess (deficiency) of revenues over expenses	\$(1,187,111)	\$ 98,490	\$(1,088,621)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
Assessments receivable	5,622	(7,557,329)	(7,551,707)
Prepaid expenses	(849,047)	99,908	(749,139)
Accounts payable and accrued expenses	72,191	384,684	456,875
Insurance financing	953,666	-	953,666
Assessments received in advance	19,616	-	19,616
Deferred revenue	-	8,093,374	8,093,374
Deferred interest	-	845,075	845,075
Security deposits	<u>13,846</u>	<u>-</u>	<u>13,846</u>
Net adjustments	<u>215,894</u>	<u>1,865,712</u>	<u>2,081,606</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (971,217)</u>	<u>\$ 1,964,202</u>	<u>\$ 992,985</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, 2022

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 fund may be made only for their designated purposes.

Revenues and expenses are presented 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 and cash equivalents 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, 2022

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

CASH EQUIVALENTS - (CONTINUED)

2022, 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 repairs and replacements. 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 and reserve assessments, if any, 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, 2022

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS  
(CONTINUED)  
DEFERRED REVENUE AND DEFERRED INTEREST- SPECIAL ASSESSMENT FUND

Deferred revenue - special assessment fund represents the portion of the special assessments for which the Association's performance obligations have not yet been satisfied. The balance of deferred revenue - special assessment fund as of the beginning and end of the year were \$1,072,576 and \$9,165,950, respectively. See Note 3.

Deferred interest - special assessment fund represents the interest portion on the unit owners who are paying their special assessment over 60 months. The balance of deferred interest - special assessment fund as of December 31, 2022 was \$845,075. See Note 3

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 for 2022, 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, 2022, 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, 2022

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 \$15,000 in the Operating Fund and \$43,000 in the Special Assessment Fund. 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 balances of assessments receivable - operating fund, net, as of the beginning and end of the year were \$29,812 and \$24,190, respectively. The balances of assessments receivable - special assessments fund, net, as of the beginning and end of the year were \$404,179 and \$7,961,508, respectively.

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

*Elevator Repair Project*

In November 2020, the Board of Directors passed a special assessment of \$150,000 to provide funds for an elevator repair project. The



WINSTON TOWERS 100 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022

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

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 project was completed in 2022.

*Special Assessment Phase II - 2021*

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 original \$1,700,000 bank loan, with the interest separately billed to the unit owner. The special assessment is based on each member's proportionate share of ownership.

In April 2021, 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. In June 2022, the then loan balance of \$1,377,843 was repaid from proceeds of a new \$9,377,843 bank loan obtained for the special assessment phase III. See below

Through December 31, 2022, the Association had expended \$837,281 on the above construction projects. The unspent portion of the special assessment, \$862,719, is included in deferred revenue in the accompanying financial statements.

WINSTON TOWERS 100 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022

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

*Special Assessment - Phase III - 2022*

In June 2022, the Board of Directors passed a special assessment of \$11,300,000 for the third phase of the construction projects. The improvements include restoration of the pool deck, both floors of the garages, swimming pool, installing a new roof, engineer life safety system work, security cameras in the building, garages and perimeter of the building, asphalt repair in the front of the building, elevator modifications, generator replacement, lobby ceiling and mechanical replacements, garbage chute replacement, water heaters replacement, signs and reimbursement of the operating fund.

The special assessment was payable in one of three methods: (1) in a lump sum; (2) in three consecutive and equal monthly installments commencing July 2022; or (3) in sixty equal monthly principal and interest installments commencing July 2022, with interest at 5.25% per annum. The special assessment is based on each member's proportionate share of ownership.

In June 2022, in order to provide immediate funding for the above Phase III construction projects, the Association obtained a \$9,377,843 bank loan. The loan provided proceeds to pay off the Phase II bank loan in the amount of \$1,377,843 (see above) and to obtain \$8,000,000 funding for the Association to immediately pay for sums outlined in the proposals received for such projects. At December 2022, the Association had drawn \$3,984,063 of the loan. Interest is payable at a rate of 5.25% on the bank loan. Effective July 2022, monthly interest payments are due and continuing through June 2024. Commencing July 2024 and continuing through May 2027, monthly interest and principal installments of \$282,436 are due. The entire unpaid principal balance and unpaid interest is due June 2027.

Through December 31, 2022, the Association had expended \$2,996,770 on the above construction projects. The unspent portion of the special assessment, \$8,303,231, is included in deferred revenue in the accompanying financial statements.

WINSTON TOWERS 100 ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED DECEMBER 31, 2022

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

Based on full funding, the principal maturities of the \$9,377,843 bank loan, for the years subsequent to December 31, 2022 are as follows:

Years Ending December 31,

2023	\$ -
2024	1,462,443
2025	3,042,350
2026	3,205,973
2027	1,667,077
	\$ 9,377,843

At December 2022, the operating fund owed the special assessment fund \$1,750,458. According to management, the borrowed funds will be repaid from the \$11,300,000 special assessment proceeds.

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 2022, as they have in each year 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 \$238,800 for cable TV and internet charges and \$78,144 for appliance repair costs under contracts entered into by the Association.



WINSTON TOWERS 100 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022

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.

NOTE 7 - CONTINGENCIES

INSURANCE MATTERS

The Association is exposed to a geographic concentration of damaging weather due to the potential for major hurricanes in the state of Florida. These circumstances could lead to material damage to assets and revenue streams of the Association. Where possible the Association attempts to mitigate the risk of hurricane damage through insurance. The Association's insurance policy is renewed through May 2023. The Association has different coverages and deductibles for each type of Association property but losses from future catastrophic weather events may require additional assessments.

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.

WINSTON TOWERS 100 ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022

NOTE 7 - CONTINGENCIES - CONTINUED

GLOBAL PANDEMIC

During the year ended December 31, 2022, 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 its variants and their potential 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 an 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.

NOTE 8 - SUBSEQUENT EVENTS

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 5, 2023, 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, 2022

	<u>Adopted Budget</u> (Unaudited)	<u>Actual</u>	<u>Variance</u> (Unaudited)
<b>REVENUES:</b>			
Member assessments	\$2,017,581	\$2,017,581	\$ -
Cable TV and internet	238,800	238,800	-
Parking	177,840	181,040	3,200
Appliance repair	78,144	78,144	-
Valet	30,000	50,832	20,832
Miscellaneous	12,250	38,213	25,963
Laundry	18,500	31,014	12,514
Screening	8,000	11,975	3,975
Gate/Key/Garage Cards	4,500	8,994	4,494
Moving fees	4,700	6,600	1,900
Interest	240	19	(221)
	<u>2,590,555</u>	<u>2,663,212</u>	<u>72,657</u>
<b>EXPENSES:</b>			
Insurance	707,900	1,595,582	(887,682)
Utilities	604,924	790,818	(185,894)
Contract	741,432	765,205	(23,773)
Personnel	305,720	348,712	(42,992)
General and administrative	107,979	170,595	(62,616)
Repairs and maintenance	117,600	160,183	(42,583)
Provision for uncollectible accounts	5,000	19,228	(14,228)
	<u>2,590,555</u>	<u>3,850,323</u>	<u>(1,259,768)</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<u>\$ -</u>	<u>\$ (1,187,111)</u>	<u>\$ (1,187,111)</u>

WINSTON TOWERS 100 ASSOCIATION, INC.  
SCHEDULE OF BUDGETED AND ACTUAL UTILITES AND CONTRACT EXPENSES -  
OPERATING FUND  
YEAR ENDED DECEMBER 31, 2022

	<u>Adopted Budget</u> (Unaudited)	<u>Actual</u>	<u>Variance</u> (Unaudited)
<b>UTILITIES:</b>			
Water and sewer	\$ 383,000	\$ 485,203	\$ (102,203)
Electricity	168,000	234,049	(66,049)
Natural gas	42,000	58,194	(16,194)
Telephone	<u>11,924</u>	<u>13,372</u>	<u>(1,448)</u>
	<u>\$ 546,188</u>	<u>\$ 790,818</u>	<u>\$ (185,894)</u>
<b>CONTRACT:</b>			
Cable TV and internet	\$ 238,800	\$ 231,381	\$ 7,419
Security	202,800	216,355	(13,555)
Janitorial	114,780	147,956	(33,176)
HVAC	74,484	74,888	(404)
Trash removal	30,000	33,897	(3,897)
Pest control	28,640	28,746	(106)
Elevator	28,848	23,000	5,848
A/C water treatment	6,000	5,864	136
Trash odor control	5,280	2,268	3,012
Generator	4,000	850	3,150
Pool	<u>7,800</u>	<u>-</u>	<u>7,800</u>
	<u>\$ 741,432</u>	<u>\$ 765,205</u>	<u>\$ (23,773)</u>

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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, 2022

	Adopted Budget <u>(Unaudited)</u>	<u>Actual</u>	<u>Variance</u> <u>(Unaudited)</u>
<b>PERSONNEL:</b>			
Payroll	\$ 278,720	\$ 324,387	\$ (45,667)
Payroll taxes and related costs	25,000	24,325	675
Contract labor	<u>2,000</u>	<u>-</u>	<u>2,000</u>
	<u>\$ 305,720</u>	<u>\$ 348,712</u>	<u>\$ (42,992)</u>
<b>GENERAL AND ADMINISTRATIVE:</b>			
Legal fees	\$ 30,000	\$ 79,203	\$ (49,203)
Accounting	35,304	35,611	(307)
Office supplies	4,000	23,837	(19,837)
Computer service	11,000	11,821	(821)
Licenses and permits	4,100	7,329	(3,229)
Miscellaneous	12,775	5,961	6,814
WT complex dues and fees	5,400	5,400	-
Printing	3,000	1,140	1,860
Postage	<u>2,400</u>	<u>293</u>	<u>2,107</u>
	<u>\$ 107,979</u>	<u>\$ 170,595</u>	<u>\$ (62,616)</u>
<b>REPAIRS AND MAINTENANCE:</b>			
Supplies	\$ 50,000	\$ 56,823	\$ (6,823)
Fire equipment/alarm system	16,500	42,846	(26,346)
HVAC	-	34,026	(34,026)
Building	15,000	22,456	(7,456)
Plumbing	-	2,500	(2,500)
Fire pump system	3,000	1,532	1,468
Contingency	6,600	-	6,600
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>\$ 160,183</u>	<u>\$ (42,583)</u>

WINSTON TOWERS 100 ASSOCIATION, INC.  
SUPPLEMENTARY INFORMATION ON  
FUTURE MAJOR REPAIRS AND REPLACEMENTS  
DECEMBER 31, 2022  
(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	2023 Full Funding
Roofing	3	\$ 550,000	\$183,333
Elevators	3	2,200,000	733,333
Painting (see Note)	9	700,000	77,778
Garage (Pool Deck)	3	1,500,000	500,000
Laundry pipes	4	10,000	2,500
Water Tower	13	250,000	19,231
Surveillance system	-	150,000	150,000
Paving	-	100,000	100,000
Access control	4	95,000	23,750
Generator	-	250,000	250,000
Boilers	-	20,000	20,000
		<u>\$5,825,000</u>	<u>\$2,059,925</u>

Through December 31, 2022, 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.