

**Biscayne Cove
Condominium Association, Inc.**

**Financial Statements and
Supplementary Information**

December 31, 2017

Biscayne Cove Condominium Association, Inc.

Financial Statements

December 31, 2017

Table of Contents

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT.....	1-2
FINANCIAL STATEMENTS	
Balance Sheet.....	3
Statement of Revenue, Expenses and Changes in Fund Balances.....	4-5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7-12
SUPPLEMENTARY INFORMATION	
Supplementary Information on Future Major Repairs and Replacements	13
Supplementary Information – Comparative Balance Sheets - 2017 v. 2016	14
Supplementary Information – Comparative Statements of Revenues and Expenses - 2017 v. 2016	15-17

INDEPENDENT AUDITORS' REPORT

Board of Directors
Biscayne Cove Condominium Association, Inc.
Aventura, Florida

Dear Members:

Report on the Financial Statements

We have audited the accompanying balance sheet for **Biscayne Cove Condominium Association, Inc.**, as of December 31, 2017, and the related statements of revenues and expenses, and changes in fund balance, 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 presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due supporting the amounts and disclosures in the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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 Biscayne Cove Condominium Association, Inc. as of December 31, 2017, 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.

INDEPENDENT AUDITORS' REPORT
(Continued)

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financials statements as a whole. The Comparative Statements of Operating Revenues and Expenses (2016 and 2017) and Comparative Balance Sheets (2016 & 2017) are presented for the purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financials statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information on Future Major Repairs and Replacements

Accounting principles generally accepted in the United States of America require that the Supplementary Future Major Repairs and replacement of common property be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, are required by the Financial Accounting Standards 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. 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 inquiries of management 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.


Wood Standlee LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
Boca Raton, FL
March 15, 2018

Biscayne Cove Condominium Association, Inc.

Balance Sheet

December 31, 2017

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Assets			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 411,926	\$ 855,802	\$ 1,267,728
Cash - Special Assessments	665,300		665,300
Cash - Security Deposits	326,848		326,848
Cash - SPA Loan (Restricted)	1,713,647		1,713,647
Accounts Receivable - Maintenance	77,759		77,759
Accounts Receivable - Special Assessment	19,865		19,865
Accounts Receivable-Miscellaneous	2,997		2,997
Allowance For Bad Debt	(67,445)		(67,445)
Prepaid Insurance	303,347		303,347
Deferred Special Assessment Expenses (Note J)	594,117		594,117
Utility Deposits	250		250
Total Current Assets	4,048,611	855,802	4,904,413
<u>Property and Equipment</u>			
Capital Asset - Gate, net of Accumulated Depreciation of \$145,925	\$ 551,803	-	\$ 551,803
Total Assets	\$ 4,600,414	\$ 855,802	\$ 5,456,216
Liabilities & Fund Balance			
<u>Liabilities</u>			
Accrued Expenses	\$ 101,478	\$ 62,100	\$ 163,578
Interest Payable	-		-
Insurance Note Payable	297,922		297,922
Prepaid Maintenance	403,327		403,327
Line of Credit Payable	2,630,457		2,630,457
Equipment Loan Payable	155,787		155,787
Security Deposits	326,274		326,274
Total Liabilities	3,915,245	62,100	3,977,345
Fund Balance	685,169	793,701	1,478,870
Total Liabilities and Fund Balance	\$ 4,600,414	\$ 855,802	\$ 5,456,216

See accompanying Notes to the Financial Statements

Biscayne Cove Condominium Association, Inc.
Statement of Revenues, Expenses and Changes in Fund Balance
For the Year Ended December 31, 2017

	Operating Fund	Replacement Fund	Total
<u>Revenues</u>			
Maintenance Fees	\$ 3,536,406	\$ 135,000	\$ 3,671,406
Other Income	4,241		4,241
Owners Legal Expense	12,983		12,983
Misc. Owner Charges	2,348		2,348
Interest Income	1,848	1,975	3,823
Late Fees	7,436		7,436
Vending Machine	1,000		1,000
Screening Fees	33,060		33,060
Move Ins-Out	11,427		11,427
Laundry Income	107,920		107,920
Key FOBS	3,400		3,400
Work Orders	14,868		14,868
SPA Interest Income	96		96
Valet Parking Income	77,977		77,977
Party Room Clean Up	200		200
Total Revenues	\$ 3,815,209	\$ 136,975	\$ 3,952,185
<u>Expenses</u>			
Accounting Services	15,829		15,829
A/C Water Treatment	13,400		13,400
Bad Debts	18,000		18,000
Bulbs, Supplies, Fixtures	4,973		4,973
Cable TV	291,439		291,439
Cooling Tower Maintenance	7,814		7,814
Communication Equipment	1,852		1,852
Computer Maintenance/Support	17,748		17,748
Contingency Fund	19,170		19,170
Depreciation	42,539		42,539
Dues & Subscriptions	1,990		1,990
Electrical Supplies	935		935
Electricity	268,438		268,438
Elevator	72,739		72,739
Electronic Equipment Repair	613		613
Emergency Equipment R & M	3,669		3,669
Engineering Consultants	4,463		4,463
Fire Equipment Maintenance	10,882		10,882
Gas /Fuel Oil	39,177		39,177
Guard House Expenses	65		65
Gym Equipment	6,077		6,077
Health Ins.	122,248		122,248
Insurance	702,827		702,827
Insurance - W/C	26,567		26,567
Janitorial	20,998		20,998
Landscape Maintenance	18,000		18,000
Landscape Replacement	31,815		31,815
Legal	42,097		42,097

See accompanying Notes to the Financial Statements

Biscayne Cove Condominium Association, Inc.
Statement of Revenues, Expenses and Changes in Fund Balance
For the Year Ended December 31, 2017

	Operating Fund	Replacement Fund	Total
Licenses, Taxes, Fees	7,467		7,467
Maintenance Supplies	29,762		29,762
Office Equipment Lease	12,638		12,638
Office Expenses	28,041		28,041
Other Labor	9,364		9,364
Outside Contractor	33,486		33,486
Outside Contractor - A/C	14,845		14,845
Outside Contractor - Electrical	2,955		2,955
Outside Contractor - Plumbing	6,899		6,899
Owner's Damage Claims	17,512		17,512
Painting/Supplies	1,264		1,264
Payroll/Taxes/Benefits	1,157,815		1,157,815
Payroll - Other	11,675		11,675
Payroll Taxes-SUTA	8,200		8,200
Pest Control	21,510		21,510
Plumbing Supplies	2,108		2,108
Pool Furniture	10,307		10,307
Pool Repairs	2,476		2,476
Pool Supplies	18,506		18,506
Postage	1,705		1,705
Professional Fees - Reserve Study	1,420		1,420
Reserve Expenditures	-	144,597	144,597
Screening Fees	430		430
Security Equipment	6,904		6,904
Sewer	90,551		90,551
Social	1,012		1,012
Special Project	13,825		13,825
State Filing Fees	2,429		2,429
Telephones	15,177		15,177
Travel	25		25
Uniforms	1,006		1,006
Valet Parking	362,814		362,814
Washer/Dryer Expenses	9,484		9,484
Waste Removal	47,000		47,000
Water	251,558		251,558
Total Expenses	4,008,535	144,597	4,153,132
Excess Revenue (Expenses)	(193,325)	(7,622)	(200,947)
Fund Balance, Beginning - Net	902,908	801,323	1,704,231
Prior Period Adjs./Contingencies	(24,414)	-	(24,414)
Fund Balance, Ending - Net	\$ 685,169	\$ 793,701	\$ 1,478,870

See accompanying Notes to the Financial Statements

Biscayne Cove Condominium Association, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2017

	<u>Operating</u> <u>Fund</u>	<u>Replacement</u> <u>Fund</u>	<u>Total</u>
<u>Reconciliation of Excess Revenues/(Expenses) to Net Cash Provided By/(Used In) Operating Activities:</u>			
Excess Revenues/(Expenses)	\$ (193,325)	\$ (7,622)	\$ (200,947)
Adjustments To Reconcile (Deficiency) Excess of Revenues over Expenses to Net Cash (Used In) Provided by Operating Activities:			
Cumulative Accounting Adjustment			
Depreciation Expense	42,539	\$	42,539
Decrease (Increase) in Assets:			
Receivables	(11,362)		(11,362)
Prepaid Insurance	(10,599)		(10,599)
Prepaid Expenses	3,667		3,667
Deferred Special Assessment	(140,318)		(140,318)
Equipment Purchase	(183,038)		(183,038)
Increase (Decrease) in Liabilities:			
Accrued Expenses	1,915	62,100	64,015
Insurance Payable	13,761		13,761
Line Of Credit Payable	2,054,081	-	2,054,081
Note-Interest Payable	(698)		(698)
Security Deposits	18,667		18,667
Equipment Loan Payable	155,787		155,787
Prior Period Adjustment	(24,414)		(24,414)
Prepaid Maintenance Assessments	8,074		8,074
<u>Net Cash Provided (Used) by Operating Activities</u>	\$ 1,734,737	\$ 54,478	\$ 1,789,216
Cash and Cash Equivalents at Beginning of Period	1,382,984	801,323	\$ 2,184,307
Cash and Cash Equivalents at End of Period	<u>\$ 3,117,721</u>	<u>\$ 855,802</u>	<u>\$ 3,973,523</u>

See Accompanying Notes to the Financial Statements

Biscayne Cove Condominium Association, Inc.
Notes to Financial Statements
December 31, 2017

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. ORGANIZATION

Biscayne Cove Condominium Association, Inc. is a not-for-profit, non stock corporation organized pursuant to Chapter 718 of the Florida Statutes. The Association was formed to maintain and protect the common areas owned by the individual unit owners in common, and consists of 592 units.

2. DATE OF MANAGEMENT REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 3, 2018, the date that the financial statements were available to be issued.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Association uses the accrual method of accounting, i.e., revenues are recognized as earned as of the date of billing and expenses are deducted in the period in which they are incurred.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, 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.

Replacement Fund – This fund is used to accumulate financial resources designated for future major repairs and replacements.

Use of Estimates

The Association uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents

For presentation purposes, the Association consolidates checking, money market and mutual funds, and certificates of deposit.

Capitalization and Depreciation Policy

Real property and common area acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association.

Biscayne Cove Condominium Association, Inc.
Notes to Financial Statements (continued)

December 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement

The carrying amounts of the Association's financial instruments, including cash and cash equivalents, maintenance and special assessments receivable, prepaid expenses, accounts payable and accrued liabilities, Insurance payable, notes payable, security deposits payable, maintenance assessments paid in advance and deferred revenue approximate their fair value due to the short-term nature of these assets and liabilities.

NOTE B - MAINTENANCE ASSESSMENTS

The Association Declaration provides that each owner is chargeable for their proportionate share of common expenses based upon the budget adopted. The Association has lien rights in the event of delinquent assessments, which can be exercised through foreclosure proceedings. The Association provides an allowance for losses on receivables based on a review of the current status of existing receivables, where applicable. As of December 31, 2017 the Association has an established Allowance for Doubtful Accounts of \$67,445. against unit owner Maintenance receivable balances delinquent in excess of 90 days and beyond.

NOTE C - REPLACEMENT FUND

Florida Statutes provide that each proposed budget include provisions for replacement for capital improvements and deferred maintenance. These accounts, if adopted, are restricted to their intended purpose unless modified by a qualified unit owner vote. In addition, any special assessments adopted are also restricted to their specific purpose.

The current year approved budget includes provisions for future major repairs and replacements for capital improvements and deferred maintenance. The funds are being accumulated based upon cost estimates included in an independent study, approved and conducted by the Board of Directors for the Association, to estimate the remaining useful lives and the replacement costs of the components of common property. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. For 2017, the owners voted to partially fund reserves.

The Association does not allocate interest earned on replacement funds to specific replacement funds as earned, but does so periodically depending on projected requirements.

Florida Statute allows commingling of operating and replacement funds if the replacement funds are accounted for separately and fully funded.

The Association conducts an independent study to determine the adequacy of the remaining useful lives and the replacement costs of the components of common property on a yearly basis. Replacement costs funding were based considering the estimates asserted in the study conducted, which is updated annually. Actual expenditures may vary from these estimated amounts and the variance may be material.

**Biscayne Cove Condominium Association, Inc.
Notes to Financial Statements (continued)**

December 31, 2017

NOTE C - REPLACEMENT FUND (continued)

The category balances per Building as of 12/31/17 are as follows:

Account	Balance 12/31/16	Assessments	Interest	Expenses	Balance 12/31/17
Clipper Building					
Elevator	\$54,887	11,100		92,570	(26,583)
Furniture, Fixtures & Equipment	35,034	3,876			38,910
Paint Building Exteriors	64,648	9,864			74,512
Interior Renovation	11,075	2,112			13,187
Mechanical Equipment	18,921	3,528			22,449
Plumbing	20,207	5,730			25,937
Pavement	20,951	3,696			24,647
Roof Cover	24,296	3,528			27,824
Tennis/Handball	9,721	1,578			11,299
Security/Fire Safety	26,080	3,036			29,116
Site Improvements	5,541	858			6,399
HVAC Pumps	24,012	9,156		5,450	27,718
Swimming Pools	2,728	354		935	2,147
Recreation Deck	10,643	1,584			12,227
Interest	8,765		759		9,534
Total - Clipper	\$337,509	\$60,000	759	98,955	299,313
Tower Building					
Elevator	52,263	9,375		11,266	50,372
Furniture, Fixtures & Equipment	8,824	1,087			9,911
Paint Building Exteriors	52,350	7,500		15,000	44,850
Interior Renovation	7,661	1,875			9,536
Mechanical Equipment	32,574	7,500			40,074
Plumbing	71,119	15,000		7,141	78,978

Pavement	32,075	5,475			37,550
Roof Cover	19,339	1,763			21,102
Tennis/Handball	21,815	2,520			24,335
Security/Fire Safety	16,841	1,875			18,716
Site Improvements	20,739	4,500			25,239
HVAC Pumps	72,533	12,750		11,300	73,983
Swimming Pools	13,590	1,755		935	14,410
Recreation Deck	22,704	2,025			24,729
Interest	15,987		1,216		16,603
Total - Tower	\$463,824	\$75,000	1,216	45,642	494,398
Total Reserves	801,324	\$135,000	1,975	144,597	793,701
Reconciliation to Report					
Total Replacement Fund	801,324	\$135,000	1,975	144,597	793,701

In 2018 Tower loaned Clipper \$30,000 towards major repairs to their elevator.

NOTE D - INCOME TAXES

The Association is subject to federal and state taxation and has essentially two methods to determine the amount of tax, if any, it must pay. Under one method, the excess of revenues from members over related expenditures is subject to taxation unless such excess is returned to the unit owners or applied to the following year's assessments. The other method 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 rates. The Association will file its 2017 federal income tax return on Form 1120-H under Section 528 of the Internal Revenue Code. There is no current year provision for income taxes.

Generally Accepted Accounting Principles ("GAAP") requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not (i.e. a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. This adoption of this guidance has not had a significant impact on the Association's financial statements.

Biscayne Cove Condominium Association, Inc.
Notes to Financial Statements (continued)
December 31, 2017

NOTE E - PROPERTY AND EQUIPMENT

Property and Equipment are carried at cost less accumulated depreciation, where applicable. The balances as of December 31, 2017 are as follows:

Gate	\$514,690
Laundry	183,038
Accumulated Depreciation	<u>(145,925)</u>
Net Property and Equipment	<u>\$551,803</u>

NOTE F - CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Association to concentration of credit risk are primarily cash. The Association invests its excess cash in both certificates of deposit and high quality short term liquid money market instruments with major financial institutions and carrying value approximates market value. At December 31, 2017, the balances were insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Association has not experienced losses related to these investments. The Association believes it is not exposed to any significant credit risk on cash.

NOTE G - COMPREHENSIVE INCOME

ASC 220 (formerly SFAS No. 130) requires "a full set of general purpose financial statements to be expended to include the reporting of "comprehensive income." Comprehensive Income is comprised of two components, net income and other comprehensive income. As of December 31, 2017, there were no items that qualify as comprehensive income, that are not already being reported elsewhere.

NOTE H - COMMITMENTS

The Association has various contract services to maintain the common property including cable television service, landscaping maintenance, pest control, trash service and an obligation to the Master Association as a result of mandatory membership. These contracts have different expiration dates and renewal terms.

NOTE I - SPECIAL ASSESSMENT

On September 28, 2016, the Board of Directors approves a Special Assessment for parking garage structural restoration and Plaza deck restoration. The Special Assessment is payable over 36 months, with an interest-free upfront payment option. The total amount of the Special Assessment is \$3,855,110 (\$2,178,980 Clipper; \$1,676,130 Tower).

Biscayne Cove Condominium Association, Inc.
Notes to Financial Statements (continued)
December 31, 2017

NOTE I – SPECIAL ASSESSMENT – (Cont'd)

In a related meeting on October 17, 2016, the Board approved the Adoption of a Corporate Resolution authorizing the officers of the Association to borrow up to \$3,734,606 from Banco Popular of North America to provide the funds necessary for the projects noted above.

NOTE J - DEFERRED SPECIAL ASSESSMENT EXPENSES

As noted in Note I, on September 28, 2016, the Board of Directors approved a Special Assessment for the Clipper and Tower buildings for parking garage structural restoration and Plaza deck restoration.

The Association has deferred expenditures in excess of revenues recognized for this Special Assessment. These deferred expenditures will be realized when related revenues are recognized in future accounting periods. This treatment matches revenues recognized against expenditures incurred and deferred. As of December 2017, deferred expenditures amounted to \$594,117. These expenses will be realized in future accounting periods as related revenues are recognized.

NOTE K – LOAN PAYABLE - SPECIAL ASSESSMENT

To fund the projects noted in the Special Assessment, the Association secured a \$3,734,606 Non-Revolving Line of Credit, which converts to a Term Loan, with Popular Community Bank (formerly Banco Popular of North America). The Total Term of the Facility is 36 months; with the Line of Credit being available for the first three (3) months, and the Term Loan payable for the following thirty-three (33) months as the Loan is fully amortized until paid in full. As of the balance sheet date \$1,713,647 of loan proceeds were segregated in a bank account to be used exclusively for approved vendor invoices in connection with the special assessment project. These funds are not to be utilized for or comingled with operating or replacement fund expenditures of the Association.

NOTE L - PRIOR PERIOD ADJUSTMENT

Prior period adjustments are transactions and corrections relating to prior accounting periods, and are made in order to reflect the current year without distortion. This prior period adjustment is to match payments and accruals to appropriate periods.

NOTE M – LEGAL

The Association is from time-to time subject to complaints and claims, including litigation, arising in the ordinary course of business. As of the date of this report, it was disclosed by Becker (legal counsel) that the Association is in litigation with Parksman Parking LLC for breach of agreement and tortious interference with the contract. Any settlement will be covered by the insurance of the Association.

Biscayne Cove Condominium Association, Inc.
**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND
REPLACEMENTS**

December 31, 2017

(Unaudited)

The Association conducts an independent study to determine the adequacy of the remaining useful lives and the replacement costs of the components of common property on a yearly basis. Replacement costs funding were based considering the estimates asserted in the study conducted, which is updated annually. Actual expenditures may vary from these estimated amounts and the variance may be material. Therefore, amounts accumulated in the replacement fund based on that study may not be adequate to meet all future needs. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Condominium Associations are required to include in their budget fully funded reserves for replacements or deferred maintenance expenses. The Association must collect full reserves unless members vote to waive it or partially fund reserves. For the purpose of this report membership of the Association had voted to partially fund the reserve requirements pursuant to 718.112(2)(f)(2), Florida Statutes

The following represents significant information about the components of common property:

<u>COMPONENTS</u>	<u>ESTIMATED REMAINING USEFUL LIVES</u>	<u>ESTIMATED CURRENT REPLACEMENT COSTS</u>	<u>2018 FUNDING REQUIREMENT</u>
<u>Clipper Building</u>			
Mechanical/HVAC System	0-24 Years	\$ 1,903,239	\$ 848,143
Interior Renovation	0-19 Years	\$ 2,657,472	\$1,327,517
Painting & Waterproofing	0-4 Years	\$ 396,606	\$ 391,717
Pavement	0-19 Years	\$ 111,259	\$ 77,459
Plumbing	26 Years	\$ 328,000	\$ 122,891
<u>Recreation/Pool</u>			
Deck	0-13 Years	\$1,264,340	\$ 577,300
Roof Replacement	9-18 Years	\$ 527,910	\$ 296,362
Security	3-18 Years	\$ 173,190	\$ 147,611
Site Lighting	29 Years	\$ 69,339	\$ 25,979
Pools & Spa	0-3 Years	<u>\$ 89,061</u>	<u>\$ 37,019</u>
TOTAL		<u>\$7,520,416</u>	<u>\$3,851,998</u>
<u>Tower Building</u>			
Mechanical/HVAC	0-25 Years	\$1,879,902	\$685,732
Interior Renovation	0-9 Years	\$2,233,147	\$872,081
Painting & Waterproofing	0-5 Years	\$ 328,933	\$251,614
Pavement	0-19 Years	\$ 89,561	\$ 47,855
Plumbing	27 Years	\$ 264,000	\$ 76,077
Recreation Deck	0-14 Years	\$1,018,077	\$357,214
Roof Replacement	10-19 Years	\$ 467,857	\$202,032
Security	0-19 Years	\$ 157,619	\$106,588
Site Lighting	0 Years	\$ 57,949	\$ 17,892
Pools and Spa	0-3 Years	<u>\$ 71,671</u>	<u>\$ 22,917</u>
TOTAL		<u>\$6,568,716</u>	<u>\$2,640,002</u>

Biscayne Cove Condominium Association, Inc.
Comparative Balance Sheets
For the years ended December 31,

	2016	2017	
	Operating Fund	Operating Fund	Variance
Assets			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 525,533	\$ 411,926	\$ (113,607)
Cash - Special Assessments	549,285	665,300	116,015
Cash - Security Deposits	308,166	326,848	18,682
Cash-SPA Loan (Restricted)	-	1,713,647	1,713,647
Accounts Receivable - Maintenance	51,194	77,759	26,565
Accounts Receivable - Special Assessment	20,065	19,865	(200)
Other Receivable	-	2,997	2,997
Allowance For Bad Debt	(49,445)	(67,445)	(18,000)
Prepaid Expenses	3,667	-	(3,667)
Prepaid Insurance	292,748	303,347	10,599
Due from Special Assessment Account	92,159	-	(92,159)
Deferred Expenditures	453,799	594,117	140,318
Utility Deposits	250	250	-
Total Current Assets	2,247,421	4,048,611	1,801,190
<u>Property and Equipment</u>			
Capital Asset - Gate, net of Accumulated Depreciation	\$ 411,304	\$ 551,803	\$ 140,499
Total Assets	\$ 2,658,725	\$ 4,600,414	\$ 1,941,689
Liabilities & Fund Balance			
<u>Liabilities</u>			
Accrued Expenses	99,563	101,478	1,915
Insurance Note Payable	284,161	297,922	13,761
Line of Credit Payable	576,376	2,630,457	2,054,081
Loan Interest Payable	698	-	(698)
Prepaid Maintenance	395,253	403,327	8,074
Due to Operating Fund	92,159	-	(92,159)
Equipment Loan Payable	-	155,787	155,787
Security Deposits	307,607	326,274	18,667
Total Liabilities	1,755,816	3,915,245	2,159,428
Fund Balance	902,908	685,169	(217,739)
Total Liabilities and Fund Balance	\$ 2,658,725	\$ 4,600,414	\$ 1,941,689

Biscayne Cove Condominium Association, Inc.
Comparative Statements of Operating Revenues and Expenses
For the Years Ended December 31,

	<u>2016</u>	<u>2017</u>	<u>Variance</u>
<u>Revenues</u>			
Maintenance Fees	3,536,486	\$ 3,536,406	\$ (80)
Other Income	35,284	4,241	(31,043)
Owners Legal Expense	11,036	12,983	1,947
Misc. Owner Charges	2,018	2,348	330
Interest Income	4,166	1,848	(2,318)
Interest Income - MM	178	96	(82)
Late Fees	5,978	7,436	1,458
Vending Machine	1,200	1,000	(200)
Screening Fees	21,761	33,060	11,299
Move Ins-Out	12,124	11,427	(697)
Laundry Income	102,167	107,920	5,753
Special Assessment - Interest	27	-	(27)
Key FOBS	3,405	3,400	(5)
Work Orders	14,483	14,868	385
Valet Parking Income	86,127	77,977	(8,150)
Party Room Clean Up	236	200	(36)
Total Revenues	\$ 3,836,676	\$ 3,815,209	\$ (21,466)
<u>Expenses</u>			
Accounting Services	20,916	15,829	(5,087)
A/C Water Treatment	7,150	13,400	6,250
Bad Debts	18,000	18,000	-
Bulbs, Supplies, Fixtures	2,368	4,973	2,605
Cable TV	277,540	291,439	13,899
Cooling Tower Maintenance	9,273	7,814	(1,459)
Communicaton Equipment	1,622	1,852	230
Computer Maintenance/Support	19,778	17,748	(2,030)
Contingency Fund	7,900	19,170	11,270
Depreciation	17,157	42,539	25,382
Dues & Subscriptions	1,990	1,990	-
Drinking Water Treatment	2,000	-	(2,000)
Electrical Supplies	2,955	935	(2,020)
Electricity	241,757	268,438	26,681
Elevator	43,152	72,739	29,587
Electronic Equipment Repair	1,817	613	(1,204)
Emergency Equipment R & M	5,460	3,669	(1,791)
Engineering Consultants	2,238	4,463	2,225
Fire Equipment Maintenance	10,289	10,882	593
Gas /Fuel Oil	31,175	39,177	8,002
Guard House Expenses	1,571	65	(1,506)
Gym Equipment	4,032	6,077	2,045

Biscayne Cove Condominium Association, Inc.
Comparative Statements of Operating Revenues and Expenses
For the Years Ended December 31,

	<u>2016</u>	<u>2017</u>	<u>Variance</u>
Health	141,613	122,248	(19,365)
Housekeeping Equipment	947	-	(947)
Insurance	710,115	702,827	(7,288)
Insurance - Workers' Comp	28,843	26,567	(2,276)
Interest Expense - Loan		-	-
Janitorial	23,147	20,998	(2,149)
Landscape Maintenance	28,850	18,000	(10,850)
Landscape Replacement	18,270	31,815	13,545
Legal	45,380	42,097	(3,283)
Licenses, Taxes, Fees	6,579	7,467	888
Maintenance Supplies	28,007	29,762	1,755
Misc. Expense - Washer/Dryer	12,422	-	(12,422)
Misc. Expense	5,622	-	(5,622)
Office Equipment Lease	7,990	12,638	4,648
Office Expenses	29,143	28,041	(1,102)
Other Labor	6,425	9,364	2,939
Outside Contractor	18,700	33,486	14,786
Outside Contractor - A/C	27,426	14,845	(12,581)
Outside Contractor - Electrical	6,084	2,955	(3,129)
Outside Contractor - Plumbing	7,662	6,899	(763)
Owner's Damage Claims	16,067	17,512	1,445
Painting/Supplies	3,572	1,264	(2,308)
Payroll/Taxes/Benefits	1,125,883	1,166,015	40,132
Payroll - Other	9,525	11,675	2,150
Pest Control	21,804	21,510	(294)
Plumbing Supplies	1,520	2,108	588
Pool Furniture	11,081	10,307	(774)
Pool Repairs	2,391	2,476	85
Pool Supplies	15,169	18,506	3,337
Postage	1,390	1,705	315
Professional Fees - Reserve Study	2,680	1,420	(1,260)
Screening Fees	540	430	(110)
Security Equipment	8,162	6,904	(1,258)
Sewer	79,159	90,551	11,392
Social	379	1,012	633
Special Project	30,346	13,825	(16,521)
State Filing Fees	2,429	2,429	-
Telephones	16,173	15,177	(996)
Travel	769	25	(744)
Uniforms	5,190	1,006	(4,184)
Valet Parking	313,257	362,814	49,557
Washer/Dryer Expenses	-	9,484	9,484
Waste Removal	40,372	47,000	6,628

Biscayne Cove Condominium Association, Inc.
Comparative Statements of Operating Revenues and Expenses
For the Years Ended December 31,

	<u>2016</u>	<u>2017</u>	<u>Variance</u>
Water	245,734	251,558	5,824
Total Expenses	3,836,957	4,008,535	(171,578)
Excess Revenues (Expenses)	\$ (281)	\$ (193,326)	(193,045)