

**BAREFOOT BEACH RESORT OF
INDIAN SHORES CONDOMINIUM
ASSOCIATION, INC.**

Financial Statements
and
Supplementary Information

December 31, 2012

**BAREFOOT BEACH RESORT OF INDIAN SHORES
CONDOMINIUM ASSOCIATION, INC.**

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December 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Barefoot Beach Resort of Indian Shores
Condominium Association, Inc.
Indian Shores, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Barefoot Beach Resort of Indian Shores Condominium Association, Inc., which comprise the balance sheet as of December 31, 2012, and the related statements of revenues and expenses, changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Barefoot Beach Resort of Indian Shores Condominium Association, Inc. as of December 31, 2012, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules on Pages 13 and 14 are presented for purposes of additional analysis and are 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. The information 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 auditing standards generally accepted in the United States of America. In our opinion, except for that portion that is marked "unaudited" on which we express no 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 about future repairs and replacements of common property on Page 12 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is 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.

Other Matter

The summarized comparative information included in the financial statements has been derived from the financial statements of Barefoot Beach Resort of Indian Shores Condominium Association, Inc. as of December 31, 2011, that were audited by other auditors whose report, dated March 29, 2012, expressed an unqualified opinion on those statements.

Melby, Hanson and Hetterich, P.A. CPAs

Melby, Hanson and Hetterich, P.A, CPA's
April 11, 2013

**BAREFOOT BEACH RESORT OF INDIAN SHORES
CONDOMINIUM ASSOCIATION, INC.**

Balance Sheets

December 31, 2012
(with comparative total as of December 31, 2011)

Assets

	Operating Fund	Replacement Fund	Total 2012	Total 2011
Assets				
Cash and cash equivalents	\$ 104,463	\$ 1,027,819	\$1,132,282	\$1,055,428
Assessments receivable, net of allowance for doubtful accounts of \$325,633	15,762	-	15,762	84,467
Prepaid expenses	100,809	-	100,809	95,667
Inventory	977	-	977	2,302
Deposits	4,896	-	4,896	4,896
Other assets	4,639	-	4,639	4,639
Fixed assets, less accumulated depreciation of \$347	4,864	-	4,864	-
Total assets	\$ 236,410	\$ 1,027,819	\$1,264,229	\$1,247,399

Liabilities and Fund Balances

Liabilities				
Accounts payable and accrued expenses	\$ 1,004	\$ -	\$ 1,004	\$ 13,436
Prepaid maintenance assessments	24,721	-	24,721	22,344
Insurance financing note payable	30,740	-	30,740	28,592
Total liabilities	56,465	-	56,465	64,372
Fund balances	179,945	1,027,819	1,207,764	1,183,027
Total liabilities and fund balances	\$ 236,410	\$ 1,027,819	\$1,264,229	\$1,247,399

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

**BAREFOOT BEACH RESORT OF INDIAN SHORES
CONDOMINIUM ASSOCIATION, INC.**

Statements of Revenues and Expenses

For the Year Ended December 31, 2012
(with comparative total for 2011)

	Operating Fund	Replacement Fund	Total 2012	Total 2011
Revenues				
Maintenance assessments	\$ 594,978	\$ 66,263	\$ 661,241	\$ 714,330
Interest income	7	4,961	4,968	6,830
Laundry	15,323	-	15,323	14,668
Rental	20,632	-	20,632	7,352
Late fees	1,650	-	1,650	-
Storage rental	1,300	-	1,300	1,200
Other income	4,746	-	4,746	1,519
Total revenues	638,636	71,224	709,860	745,899
Expenses				
Administrative				
Management fee	37,212	-	37,212	37,212
Legal fees	14,879	-	14,879	14,332
Accounting fees	13,714	-	13,714	7,318
Office expense	7,899	-	7,899	4,589
Taxes, licenses, and fees	3,732	-	3,732	4,897
Interest	2,016	-	2,016	22
Bad debt	144,908	-	144,908	95,468
Repairs and maintenance				
Wages	82,041	-	82,041	72,173
Fire equipment	3,483	-	3,483	982
General	44,630	-	44,630	38,501
Landscaping	10,797	-	10,797	18,737
Pest control	7,648	-	7,648	9,254
Pool	14,493	-	14,493	14,391
Utilities				
Wireless internet	2,382	-	2,382	-
Telephone	7,328	-	7,328	7,414
Electricity	24,216	-	24,216	26,441
Water and sewer	70,072	-	70,072	63,055
Trash removal	15,449	-	15,449	14,381
Insurance	162,875	-	162,875	160,227
Association owned units	15,002	-	15,002	4,045
Depreciation	347	-	347	119,300
Total expenses	685,123	-	685,123	712,739
Revenues (under) over expenses	\$ (46,487)	\$ 71,224	\$ 24,737	\$ 33,160

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

**BAREFOOT BEACH RESORT OF INDIAN SHORES
CONDOMINIUM ASSOCIATION, INC.**

Statements of Changes in Fund Balances

For the Year Ended December 31, 2012
(with comparative total for 2011)

	Operating Fund	Replacement Fund	Total 2012	Total 2011
Beginning fund balances	\$ 226,432	\$ 956,595	\$ 1,183,027	\$ 1,149,867
Revenues (under) over expenses	(46,487)	71,224	24,737	33,160
Transfers	-	-	-	-
Ending fund balances	\$ 179,945	\$ 1,027,819	\$ 1,207,764	\$ 1,183,027

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

**BAREFOOT BEACH RESORT OF INDIAN SHORES
CONDOMINIUM ASSOCIATION, INC.**

Statements of Cash Flows

For the Year Ended December 31, 2012
(with comparative total for 2011)

	Operating Fund	Replacement Fund	Total 2012	Total 2011
Cash flows from operating activities:				
Maintenance fees collected	\$ 521,152	\$ 66,263	\$ 587,415	\$ 635,735
Interest income received	7	4,961	4,968	6,830
Other income received	43,651	-	43,651	24,739
Cash paid for property management	(37,212)	-	(37,212)	(37,212)
Cash paid to others for supplies and services	(518,905)	-	(518,905)	(458,269)
Cash paid for replacement fund expenses	-	-	-	(109,000)
Change in due (to) from other funds	10,240	(10,240)	-	-
Net cash provided by operating activities	<u>18,933</u>	<u>60,984</u>	<u>79,917</u>	<u>62,823</u>
Cash flows from investing activities:				
Purchase of fixed assets	(5,211)	-	(5,211)	-
Acquisition of other assets	-	-	-	(4,639)
Net cash used in investing activities	<u>(5,211)</u>	<u>-</u>	<u>(5,211)</u>	<u>(4,639)</u>
Cash flows from financing activities:				
Proceeds from insurance financing note	61,480	-	61,480	58,079
Payments on insurance financing note	(59,332)	-	(59,332)	(84,816)
Net cash provided by (used in) financing activities	<u>2,148</u>	<u>-</u>	<u>2,148</u>	<u>(26,737)</u>
Net increase in cash	15,870	60,984	76,854	31,447
Cash at beginning of year	88,593	966,835	1,055,428	1,023,981
Cash at end of year	<u>\$ 104,463</u>	<u>\$ 1,027,819</u>	<u>\$ 1,132,282</u>	<u>\$ 1,055,428</u>
Supplemental schedule reconciling revenues (under) over expenses to cash flows from operating activities:				
Revenues (under) over expenses	\$ (46,487)	\$ 71,224	\$ 24,737	\$ 33,160
Bad debt expense	144,908	-	144,908	95,468
Depreciation	347	-	347	-
Change in due (to) from other funds	10,240	(10,240)	-	-
(Increase) decrease in assets				
Assessments receivable	(76,203)	-	(76,203)	(73,756)
Prepaid expenses	(5,142)	-	(5,142)	1,324
Inventory	1,325	-	1,325	-
Deposits	-	-	-	102
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	(12,432)	-	(12,432)	11,364
Prepaid maintenance assessments	2,377	-	2,377	(4,839)
Net cash provided by operating activities	<u>\$ 18,933</u>	<u>\$ 60,984</u>	<u>\$ 79,917</u>	<u>\$ 62,823</u>
Supplemental disclosure				
Interest tax paid	<u>\$ 2,016</u>	<u>\$ -</u>	<u>\$ 2,016</u>	<u>\$ 894</u>
Income tax paid	<u>\$ 1,370</u>	<u>\$ -</u>	<u>\$ 1,370</u>	<u>\$ 403</u>

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

**BAREFOOT BEACH RESORT OF INDIAN SHORES
CONDOMINIUM ASSOCIATION, INC.**

Notes to Financial Statements

December 31, 2012

NOTE 1 - ORGANIZATION

Barefoot Beach Resort of Indian Shores Condominium Association, Inc. (the Association) was incorporated under the laws of the State of Florida on February 7, 2005, as a not-for-profit corporation for the operation, management, maintenance, and control of the common property of Barefoot Beach Resort of Indian Shores Condominiums. The Association consists of 164 residential units and four commercial units. The four commercial units consist of a gazebo, office, clubhouse, and dock. Three of the commercial units (gazebo, clubhouse and dock) are owned by the Developer.

Common elements include the laundry facilities, landscaping, and parking areas. Limited common elements for residential units include a swimming pool. The seawall is a limited common element for the commercial units. All operating expenses are common expenses, except for pool maintenance, which is paid only by the residential units. Both residential and commercial units pay for capital reserves related to laundry equipment. Residential units pay all remaining capital reserves except for the seawall reserves. The commercial units pay for all seawall capital reserves and related expenses. Twenty-two boat slips exist, and are property of the original developer. The property is located on approximately five acres in Indian Shores, Florida.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accrual Basis 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 on an accrual basis. 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 account for financial resources designated for future major repairs and replacements of the Association.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments with an initial maturity of less than three months to be cash equivalents. There were no cash equivalents at December 31, 2012.

Interest Earned

The Association's policy is to allocate interest income earned on monies in the replacement fund cash accounts to the replacement fund, and all the other interest income earned to the operating fund.

**BAREFOOT BEACH RESORT OF INDIAN SHORES
CONDOMINIUM ASSOCIATION, INC.**

Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Member Assessments

Association receivables at the balance sheet date represent fees due from unit owners. Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions and major repairs and replacements. Assessments are due on the first day of the month and are considered past due if not received by the 15th day of the month. In addition, the Association charges a late fee of \$25 on past due amounts. The monthly assessments range from \$159 to \$353 per residential unit and from \$161 to \$4,635 per commercial unit. Of these amounts, approximately \$16 to \$464 was designated to the replacement fund in 2012.

The assessments are calculated as part of the annual budgeting process and are allocated to the owners based on square footage of the units. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent and problematic. As of December 31, 2012, the Association had delinquent assessments of \$341,395. Due to the ultimate uncertainty of collection, the Association has recorded an allowance for doubtful accounts at December 31, 2012 of \$325,633. The allowance of doubtful accounts estimate at December 31, 2012 is a management estimate that could potentially change over the next year based on the results of the Association's continued collection efforts, possible foreclosure proceedings, and possible owner bankruptcy filings.

Capitalization Policy

Real and common area property acquired by the original homeowners from the developer, as well as replacements and improvements to such property, is not capitalized on the Association's financial statements as they are owned by the individual homeowners in common and not by the Association.

Tangible personal property used by the Association is capitalized and depreciated over the estimated useful life of five years, on a straight-line basis.

Revenue Recognition

Assessments for members are recognized as revenue during the period for which they are assessed. Assessments received in advance of this period are reported as prepaid maintenance assessments. All other revenue is recognized when earned.

Comparative Data

The amounts shown for 2011 in the accompanying financial statements are included only to provide a basis for comparison with 2012, and present summarized totals only. Accordingly, the 2011 amounts are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America.

**BAREFOOT BEACH RESORT OF INDIAN SHORES
CONDOMINIUM ASSOCIATION, INC.**

Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the accounting period. Actual results could differ from those estimates.

NOTE 3 –INCOME TAXES

Condominium associations may be taxed as either homeowners' associations or as regular corporations. For the year ended December 31, 2012, the Association elected to be taxed as a regular corporation. Certain members' revenues and expenses per the financial statements are treated differently for tax purposes according to the Internal Revenue Code Sections and Revenue Rulings pertaining to member organizations. As a result, taxable income does not bear any relationship to revenues (under) over expenses on page 4.

As of December 31, 2012, tax returns filed for 2009, 2010, and 2011 were still subject to possible examination by the Internal Revenue Service.

NOTE 4 – RENTAL INCOME AND EXPENSES

During a prior year the Association acquired certificate of title to two units. The units are subject to first mortgages by commercial financial institutions and it is expected that the financial institutions will ultimately foreclose to protect their financial interest in the units. Certificate of title allows the Association to occupy and use the unit; however, the Association is not responsible for the mortgage on the unit while they hold certificate of title.

In 2012 the Association earned rental income of \$20,632 which is included as rental income in the operating fund. Costs associated with the units totaled approximately \$15,000. The units were assigned a value of six months of assessments and classified as other assets at December 31, 2012. The value assigned is an estimate of the amount collectible in a foreclosure action.

NOTE 5 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Association to concentrations of credit risk consist primarily of cash. The Federal Deposit Insurance Corporation (FDIC) currently insures interest bearing bank deposit accounts up to \$250,000 per depositor. As part of the Reform and Consumer Protection Act, deposits held in non-interest bearing checking accounts were fully insured through December 31, 2012. At December 31, 2012, the Association had approximately \$882,300 of cash balances that were not fully insured by the FDIC.

**BAREFOOT BEACH RESORT OF INDIAN SHORES
CONDOMINIUM ASSOCIATION, INC.**

Notes to Financial Statements

NOTE 6 – MANAGEMENT CONTRACT

The Association has a contract with a management company to manage the day-to-day affairs of the Association and to provide personnel for minor maintenance services and repairs. The contract is annually renewable, and was renewed in December 2011, for the 2012 fiscal year. Management fees totaled \$37,212 for the year ended December 31, 2012.

NOTE 7 – CONCENTRATIONS

The original developer of the property owns three of the commercial units consisting of the dock, gazebo, and clubhouse. At December 31, 2012, outstanding assessments on these units total \$296,258, which is 87% of the total assessment receivable balance. The Association has included the full balance of the receivable in the allowance for doubtful accounts. The Association has placed liens on the commercial units and is proceeding with legal action to foreclose on them.

NOTE 8 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate interest bearing accounts and generally are not available for expenditures for normal operations.

The developer contracted an inspection conversion study in 2005, to estimate remaining useful lives and the replacement costs of the components of common property. The Board of Directors (the Board) used this study, updating the remaining lives based on improvements made throughout the year, to calculate the funding requirement for the Association. No inflation factor was used as it was anticipated that interest earned on reserve funds will keep pace with inflation. The table included in the supplementary information on future repairs and replacements is based on this study. An independent study to determine the adequacy of the current funding was conducted during 2012 and will be used in future budget calculations.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund. Based upon the Board's review of these estimates, \$71,141 of regular assessments has been included in the 2013 budget to fund for major repairs and replacements.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. 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, subject to Board approval, to increase regular assessments, pass special assessments, or delay the replacement until funds are available.

**BAREFOOT BEACH RESORT OF INDIAN SHORES
CONDOMINIUM ASSOCIATION, INC.**

Notes to Financial Statements

NOTE 9 – INSURANCE FINANCING NOTE PAYABLE

In August 2012, the Association entered into a third-party insurance premium financing agreement to finance the Association's 2012-2013 flood insurance premiums. The financing requires eight monthly payments of \$7,685, including interest at 3.99%. Interest expense associated with insurance financing totaled \$2,016 for 2012.

NOTE 10 – RELATED PARTY TRANSACTIONS

The owner of one of the commercial units (currently a member of the Board of Directors), leases space from the Association for storage of linens, towels, and other supplies. The lease term is five years with rent of \$100 per month. The lease expires on August 31, 2015; however, the lease may be renewed by the tenant for a five-year period by giving notice no later than sixty days before the expiration date of the lease. Rent earned under the lease was \$1,200 for the year ended December 31, 2012.

NOTE 11 – CONTINGENCIES

The Association's insurance policy for windstorm coverage is in effect from July 25, 2012 through July 25, 2013. The maximum hurricane deductible amount is \$693,500, representing 5% of the insured value of the building, which is listed on the policy at \$13,866,000.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 11, 2013, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**BAREFOOT BEACH RESORT OF INDIAN SHORES
CONDOMINIUM ASSOCIATION, INC.**

Supplementary Information on Future Major
Repairs and Replacements

December 31, 2012
(Unaudited)

The developer contracted an inspection conversion study in 2005, to estimate the remaining useful lives and the replacement costs of the common property. In 2012, the Board of Directors updated the lives of components based on improvements made during the year.

The following table is based on the study and presents significant information about the components of common property.

Components	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs	Calculated 2013 Funding Requirement	Amount of Funding Adopted in 2013 Budget	Components of Fund Balance at End of Year
Roofing	1	\$ 552,720	\$ 7,221	\$ -	\$ 545,499
Painting	6	113,920	13,353	12,987	33,804
Paving	10	85,000	4,828	5,110	36,720
Plumbing	34	1,155,000	28,133	28,868	198,495
Drainage	14	225,000	10,616	11,213	76,368
Swimming pool	10	30,000	1,602	1,580	13,979
Seawall	14	200,000	10,049	9,948	59,308
Laundry equipment	7	22,000	1,466	1,435	11,740
Unallocated interest		-	-	-	51,906
			<u>\$ 77,268</u>	<u>\$ 71,141</u>	<u>\$ 1,027,819</u>

See independent auditors' report.

**BAREFOOT BEACH RESORT OF INDIAN SHORES
CONDOMINIUM ASSOCIATION, INC.**

Schedule of Changes in Reserve and Replacement Fund Balances

For the Year Ended December 31, 2012

Components	Replacement Fund Balances Beginning of Year	Member Assessments and Interest	Expenses	Interest Allocation	Replacement Fund Balances End of Year
Roofing	\$ 544,446	\$ -	\$ -	\$ 1,053	\$ 545,499
Painting	21,621	11,131	-	1,052	33,804
Paving	31,022	4,646	-	1,052	36,720
Plumbing	169,399	28,044	-	1,052	198,495
Drainage	64,851	10,465	-	1,052	76,368
Swimming pool	11,491	1,436	-	1,052	13,979
Seawall	48,971	9,285	-	1,052	59,308
Laundry equipment	9,432	1,256	-	1,052	11,740
Unallocated interest	55,362	4,961	-	(8,417)	51,906
Total	<u>\$ 956,595</u>	<u>\$ 71,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,027,819</u>

See independent auditors' report.

**BAREFOOT BEACH RESORT OF INDIAN SHORES
CONDOMINIUM ASSOCIATION, INC.**

Operating Fund Statement of Revenues and Expenses - Actual and Budget

For the Year Ended December 31, 2012

	Actual	Budget (Unaudited)	Variance Favorable (Unfavorable)
Revenues			
Maintenance assessments	\$ 594,978	\$ 594,973	\$ 5
Interest income	7	-	7
Laundry	15,323	16,560	(1,237)
Rental	20,632	-	20,632
Late fees	1,650	-	1,650
Storage rental	1,300	-	1,300
Other income	4,746	-	4,746
Excess income carryover	-	65,000	(65,000)
Total revenues	<u>638,636</u>	<u>676,533</u>	<u>(37,897)</u>
Expenses			
Administrative			
Management fee	37,212	37,212	-
Legal fees	14,879	18,000	3,121
Accounting fees	13,714	9,300	(4,414)
Office expense	7,899	4,080	(3,819)
Taxes, licenses, and fees	3,732	4,533	801
Interest	2,016	-	(2,016)
Bad debt	144,908	84,000	(60,908)
Contingency	-	65,000	65,000
Repairs and maintenance			
Wages	82,041	74,280	(7,761)
Fire equipment	3,483	2,928	(555)
General	44,630	32,400	(12,230)
Landscaping	10,797	7,800	(2,997)
Pest control	7,648	7,879	231
Pool	14,493	8,508	(5,985)
Utilities			
Wireless internet	2,382	-	(2,382)
Telephone	7,328	7,440	112
Electricity	24,216	36,000	11,784
Water and sewer	70,072	81,734	11,662
Trash removal	15,449	14,686	(763)
Insurance	162,875	180,753	17,878
Association owned units	15,002	-	(15,002)
Depreciation	347	-	(347)
Total expenses	<u>685,123</u>	<u>676,533</u>	<u>(8,590)</u>
Revenues in excess of expenses	<u>\$ (46,487)</u>	<u>\$ -</u>	<u>\$ (46,487)</u>

See independent auditors' report.