

AQUARIUS CONDOMINIUM
ASSOCIATION, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

December 31, 2014

Charles A. Krblich, P.A.

Certified Public Accountants

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Balance Sheet	3
Statement of Revenues, Expenses and Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
SUPPLEMENTARY INFORMATION	
Independent Auditor's Report on Supplementary Information	15
Supplementary Schedule of Expenses - Operating Fund (Unaudited)	16
Supplementary Schedule of Special Assessment Expenses (Unaudited)	18

Charles A. Krblich, P.A.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Unit Owners of
Aquarius Condominium Association, Inc.

We have audited the accompanying financial statements of Aquarius Condominium Association, Inc. (the "Association"), which comprise the balance sheet as of December 31, 2014, and the related statements of revenues, expenses and 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 from 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 Aquarius Condominium Association, Inc. as of December 31, 2014, 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.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management has omitted the Supplementary Information on Future Major Repairs and Replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a 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. Our opinion on the basic financial statements is not affected by the missing information.



Fort Lauderdale, Florida
May 29, 2015

Aquarius Condominium Association, Inc.

BALANCE SHEET

December 31, 2014

	FUNDS			
	Operating	Special Assessments	Property	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 22,107	\$ 576,872	\$ -	\$ 598,979
Accounts receivable, net	8,439	946,768	-	955,207
Prepaid expenses, principally insurance	201,993	-	-	201,993
Due to/from other funds	(1,687)	1,687	-	-
Total current assets	230,852	1,525,327	-	1,756,179
Land, property and equipment - at cost, net	-	-	1,354,605	1,354,605
Other assets				
Surety Bond	-	111,650	-	111,650
Deposits	10,041	-	-	10,041
Total other assets	10,041	111,650	-	121,691
Total assets	\$ 240,893	\$ 1,636,977	\$ 1,354,605	\$ 3,232,475

LIABILITIES AND FUND BALANCES

Current liabilities:				
Assessments collected in advance	\$ 10,519	\$ 7,107	\$ -	\$ 17,626
Deferred revenue	-	40,843	-	40,843
Accounts payable and accrued expenses	100,380	228,321	-	328,701
Payroll and other taxes payable	7,330	-	-	7,330
Note payable	182,408	-	-	182,408
Refundable deposits	60,875	-	-	60,875
Total current liabilities	361,512	276,271	-	637,783
Commitments and contingencies	-	-	-	-
Fund balances	(120,619)	1,360,706	1,354,605	2,594,692
Total liabilities and fund balances	\$ 240,893	\$ 1,636,977	\$ 1,354,605	\$ 3,232,475

See accompanying notes to the financial statements.

Aquarius Condominium Association, Inc.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

Year ended December 31, 2014

	FUNDS			
	Operating	Special Assessments	Property	Total
Revenues:				
Maintenance assessments	\$ 2,068,971	\$ 1,687,336	-	\$ 3,756,307
Interest	112	3,325	-	3,437
Miscellaneous	30,169	-	-	30,169
Total revenues	2,099,252	1,690,661	-	3,789,913
Expenses:				
Employees, payroll	787,345	-	-	787,345
Administrative	129,422	350	-	129,772
Utilities	536,761	-	-	536,761
Contracts - maintenance	108,813	-	-	108,813
Repairs and maintenance	147,946	-	-	147,946
Insurance	498,958	-	-	498,958
Provision for doubtful accounts	51,398	20,012	-	71,410
Depreciation	-	-	1,980	1,980
Capital repairs and improvements	-	1,761,343	-	1,761,343
Total expenses	2,260,643	1,781,705	1,980	4,044,328
Excess of expenses over revenues	(161,391)	(91,044)	(1,980)	(254,415)
Fund balances at beginning of year	40,772	1,451,750	1,356,585	2,849,107
Interfund transfers	-	-	-	-
Fund balances at end of year	\$ (120,619)	\$ 1,360,706	\$ 1,354,605	\$ 2,594,692

See accompanying notes to the financial statements.

Aquarius Condominium Association, Inc.

STATEMENT OF CASH FLOWS

Year ended December 31, 2014

	FUNDS			
	Operating	Special Assessments	Property	Total
Cash flows from operating activities:				
Cash collected from unit owners and others	\$ 2,132,437	\$ 710,619	\$ -	\$ 2,843,056
Interest received	112	3,325	-	3,437
Cash paid to employees and suppliers	(2,223,548)	(1,668,674)	-	(3,892,222)
Income taxes paid	-	-	-	-
Interest paid	(3,076)	-	-	(3,076)
Net cash used in operating activities	(94,075)	(954,730)	-	(1,048,805)
Cash flows from financing activities:				
Proceeds of note payable	399,348	-	-	399,348
Repayment of note payable	(216,940)	-	-	(216,940)
Net change in due to/from other funds	(105,721)	105,721	-	-
Net cash provided by financing activities	76,687	105,721	-	182,408
Net decrease in cash and cash equivalents	(17,388)	(849,009)	-	(866,397)
Cash and cash equivalents at beginning of year	39,495	1,425,881	-	1,465,376
Cash and cash equivalents at end of year	\$ 22,107	\$ 576,872	\$ -	\$ 598,979
Reconciliation of excess of expenses over revenues to net cash used in operating activities:				
Excess of expenses over revenues	\$ (161,391)	\$ (91,044)	\$ (1,980)	\$ (254,415)
Adjustments to reconcile excess of expenses over revenues to net cash used in operating activities				
Depreciation	-	-	1,980	1,980
Allowance for doubtful accounts	440	20,012	-	20,452
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	51,825	(966,780)	-	(914,955)
Prepaid expenses, principally insurance	(5,611)	-	-	(5,611)
Other assets - surety bond	-	(111,650)	-	(111,650)
Increase (decrease) in:				
Assessments collected in advance	1,417	(29,949)	-	(28,532)
Deferred revenue	(24,385)	-	-	(24,385)
Accounts payable and accrued expenses	39,630	224,681	-	264,311
Refundable deposits	4,000	-	-	4,000
Net cash used in operating activities	\$ (94,075)	\$ (954,730)	\$ -	\$ (1,048,805)

See accompanying notes to the financial statements.

Aquarius Condominium Association, Inc.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Aquarius Condominium Association, Inc. (referred to as the "Condominium Association" or the "Association") was organized in 1969 as a corporation not-for-profit under Chapter 617 of the Florida Statutes. The Association was formed to administer the operations and management and to maintain and preserve the common property of the Aquarius Condominium in Hollywood, Florida, which consists of 269 residential units.

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

Basis of Accounting and Reporting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as outlined in the Financial Accounting Standards Board *Accounting Standards Codification* ("ASC"). Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred. The Association presents its financial statements as separate funds based on its different funding policies for operation, special assessments for major repairs and betterments, and purchase of additional commonly owned equipment. It is the policy of the Association to allocate to each fund interest earned on its cash accounts.

The Operating Fund reflects the operating assessments paid by unit owners to meet the regular recurring costs of operation. Expenses of the fund are limited to those connected with the day-to-day operation.

The Special Assessments Fund reflects special assessments paid by unit owners to meet costs for certain improvements and replacements.

The Property Fund consists of certain commonly owned assets, which the Board of Directors has capitalized, and is still depreciating. Also included are commonly owned assets which are currently capitalized because these assets are tangible personal property and could be detached from the common elements of the Association.

Property, Equipment and Depreciation

Real property and common areas 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. Depreciation is provided for on the commonly owned assets in the Property Fund on the straight-line method in amounts sufficient to relate the cost of the depreciable assets to

Aquarius Condominium Association, Inc.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

NOTE A – CONTINUED

Property, Equipment and Depreciation – continued

operations over their estimated service lives. The Association capitalizes personal property at cost and depreciates it using the straight-line method, when the individual item's cost exceeds \$1,000.

Member Assessments

Prior to the beginning of the year, the Condominium Association approved a proposed budget, which sets forth the estimated operating expenses. Each unit owner was required to pay a monthly maintenance assessment based upon the Association governing documents. The Association's policy is to retain legal counsel and place liens on the properties of the unit owners whose assessments are thirty days or more delinquent. Any excess assessments at year-end are retained by the Association for use in future years. The unit owners have prepaid \$10,519 of the 2015 assessment.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Association considers all unrestricted highly liquid investments with a partial maturity of three months or less to be cash equivalents. These include cash on deposit, cash on hand and money market funds.

Fair Value of Financial Instruments

Assets, including cash and accounts receivable, are carried at amounts which approximate fair value. Liabilities are carried at amounts which approximate fair value.

Income Taxes

The Condominium Association makes an election each year to file either as a regular corporation or as a qualifying homeowners' association under Section 528 of the Internal Revenue Code. The Association's income tax filings are subject to audit by various taxing authorities. The Association's open audit periods are 2011-2014. In evaluating the Association's tax provisions and accruals, future taxable income, and the reversal of

Aquarius Condominium Association, Inc.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

NOTE A – CONTINUED

Income Taxes – continued

temporary differences, interpretations and tax planning strategies are considered. The Association believes their estimates are appropriate based on current facts and circumstances. The Association's policy on statement of revenues, expenses and changes in fund balances classification of interest and penalties related to income tax obligations is to include such items as part of interest expense and miscellaneous expense, respectively.

Allowance for Doubtful Accounts

The Association provides for estimated losses on accounts receivable based on prior bad debt experience and a review of existing receivables. Based on these factors, there is an allowance for doubtful accounts of \$112,363 in the operating fund and \$20,012 in the special assessment fund, at December 31, 2014.

Date of Management Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the date of this report. That date is the date the financial statements were available to be issued.

NOTE B – ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2014 are comprised of the following:

Accounts receivable – operating	
Maintenance assessments due from owners	\$ 120,802
Less allowance for doubtful accounts	<u>112,363</u>
Accounts receivable – operating, net	\$ <u>8,439</u>
Accounts receivable – special assessment	
Special assessments due from owners	\$ 966,780
Less allowance for doubtful accounts	<u>20,012</u>
Accounts receivable – special assessment, net	\$ <u>946,768</u>

Aquarius Condominium Association, Inc.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

NOTE C – LAND, PROPERTY AND EQUIPMENT

At December 31, 2014, the land, property and equipment consisted of the following:

Land, recreation facility	\$ 1,352,500
Furniture and fixtures	44,685
Less accumulated depreciation	<u>42,580</u>
Land, property and equipment – at cost, net	\$ <u>1,354,605</u>

On June 4, 1976, the Association purchased certain land and recreation facilities from the condominium's developer, Aquarius Development Corp. for \$1,352,500. Accordingly, the unit owners have total equity in the land and recreation facilities as of that date and they are capitalized for financial statement purposes. Depreciation expense for 2014 was \$1,980.

NOTE D – NOTE PAYABLE

In July, 2014 the Association obtained a loan from a financial institution to finance its insurance premiums. The note is payable in monthly installments of \$36,667 through May, 2015 and bears interest at 1.99 percent. The balance of the loan at December 31, 2014 is \$182,408. Interest paid on the loan during 2014 totaled \$3,076.

NOTE E – INCOME TAXES

Condominium associations may elect to be taxed as regular corporations or as homeowners' associations. The Association anticipates electing taxation as a regular corporation for the year ended December 31, 2014. Under that election, the Association is generally taxed only on non-membership income, reduced by non-membership expenses, at regular federal and state corporate tax rates. Membership income is exempt from taxation under Section 277 of the Internal Revenue Code. Utilizing the regular corporation method of tax filing for the year ended December 31, 2014, and taking into consideration a general business credit carry forward from the credit for small employer health insurance premiums, there was no resulting income tax.

NOTE F – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association, by vote of a majority of members at a duly called meeting in December, 2013, elected not to provide for cash reserves for any items in which the replacement value is more than \$10,000 and has a life expectancy of more than one year. The funding program for replacement of selected Association common property is recommended by Florida Statutes.

Aquarius Condominium Association, Inc.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

NOTE F – CONTINUED

The lack of a replacement funding program could result in higher regular assessments and/or special assessments in the future. The Association has not conducted an independent engineering study to determine the remaining useful lives of all the components of common property and estimates of the cost of major repairs and replacements that may be required in the future. When funds are required to meet future needs for major repairs and replacements, the Association plans to increase maintenance or have special assessments.

NOTE G – SPECIAL ASSESSMENTS

In May 2007, the Board of Directors passed special assessment 1/2007 for various projects. Work on these projects continued through 2008 and the unspent balance of \$40,843 has been deferred to 2014.

On January 31, 2006, the Association entered into an agreement with the developer for the proposed development of an adjacent property whereby the developer was to make a capital contribution to the Association for the purpose of making physical improvements to the Aquarius Condominium, which said improvements, would in part provide a better aesthetic view for the prospective residents of the property being developed. The contribution was to be \$3,800,000. The contribution was to be paid as follows, \$600,000 within fifteen days of the earlier to occur of (i) date of issuance of all permits required to commence construction or (ii) the date a mortgage is recorded against the subject property for the purpose of securing construction loans. The remainder of \$3,200,000 shall be due within thirty days of the issuance of any temporary or permanent certificate of occupancy for the new development. In April, 2007, the Association received the initial payment of \$600,000 and a letter of credit for the remainder and the Association ratified the Release of Declaration of Restriction.

In January, 2009, the developer proposed an immediate payment of a reduced amount of \$2,950,000. At a special meeting held on February 5, 2009, the Board of Directors presented the proposed settlement and a majority of unit owners present voted to accept the offer. The Board voted unanimously to accept the offer and the money was received in February, 2009. Management's intention is to use these funds to finance needed capital improvements to the building and grounds, projects that would have necessitated special assessments if the Association had not received this capital contribution. The capital contribution and the expenses associated with it are reported in the special assessment fund.

During the construction of the adjacent property, the Association sustained damage to the building and grounds and sought additional compensation from the developer. In 2013, the

Aquarius Condominium Association, Inc.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

NOTE G – CONTINUED

Association reached a settlement with the developer and received an additional payment of \$375,000.

On October 7, 2010, the Board approved a special assessment totaling \$2,258,439 identifying specific projects and allocating the balance of the settlement of \$2,258,439, as described above, to these expenses. The Association determined that the estimated cost of all projects exceeds the remaining cash available and in October, 2013 the Board of Directors passed a special assessment of \$1,688,100 due in January, 2014. The owners have been given three options for payment as follows: (1) payment in full in January, 2014, (2) payment over twenty-four months or (3) payment over 36 months. Expenses incurred in 2014 for special assessment projects totaled \$1,781,705.

NOTE H – COMMITMENTS AND CONTINGENCIES

Maintenance Contracts and Service Agreements

The Association enters into various maintenance contracts and service agreements to cover landscaping, janitorial, elevator, and other miscellaneous items as well as a management contract. The contracts and agreements are subject to various terms and expiration dates.

Bulk Cable Contract

The Association entered into a non-cancelable contract for bulk cable television service commencing May 1, 2013 for a term of five years, with automatic two year renewals unless either party provides sixty days' notice of its intention not to renew. Future payments under the agreement, excluding applicable fees, taxes and approved rate increases are as follows:

2015	\$	79,086
2016	\$	79,086
2017	\$	79,086
2018	\$	26,362

Insurance Risk

The Association carries a maximum deductible on windstorm and hail coverage on its property insurance of approximately \$1,910,000 per calendar year.

Sales Tax Contingency

Florida Statutes require the collection of sales tax by lessors of commercial rental real estate. The lease to the beauty salon called for the collection of monthly rent and applicable

Aquarius Condominium Association, Inc.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

NOTE H – CONTINUED

Sales Tax Contingency – continued

sales tax in accordance with this law. In 1998, the Association began collecting sales tax from the beauty salon. The obligation to the State of Florida would include 6% sales tax on all rents previously collected. In addition the Association would be subject to penalties and interest for the sales tax not previously remitted. The amount of the obligation is not readily determinable, but can be estimated at approximately \$7,330.

Legal Matters

In 2014 the Association terminated a contract with a vendor. The vendor has filed a breach of contract suit against the Association, as well as lien against the property. To avoid delays for unit owners selling their units due to the lien, the Association has posted a surety bond with Broward County in the amount of \$111,650. The Association is contesting the lawsuit and the outcome and amount of potential loss is undeterminable at this time.

The Association entered into an agreement for the operation of the restaurant in 2013, see Note I. The Association terminated the agreement in 2014 and the operator has filed a breach of contract suit against the Association. The Association is contesting the lawsuit and the outcome and amount of potential loss is undeterminable at this time.

Concentration of Credit Risk

Financial instruments which potentially subject the Association to concentrations of credit risk are primarily cash and cash equivalents, certificates of deposit and unit owner receivables. The Association invests its excess cash in both deposits and high quality short-term liquid money market instruments with major financial institutions and the carrying value approximates fair value. Deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2014, the Association had approximately \$15,000 in excess of federally insured amounts (FDIC). Aquarius Condominium Association, Inc. has not experienced losses related to these investments. The Association has assessed its significant credit risk on unit owner receivables and has provided an allowance for accounts believed to be uncollectible.

NOTE I – LEASE

Aquarius Restaurant – The Association entered into an agreement in May, 2013, for the operation of the restaurant for a three year period beginning May, 2013, divided into three twelve month increments. At the end of each twelve month period the parties will renegotiate the renewal for a further twelve months. The lease may be terminated by the Association without cause upon 30 days' notice. The Association terminated the agreement in 2014 and

Aquarius Condominium Association, Inc.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

NOTE I – CONTINUED

the restaurant operator has sued the Association for breach of contract. See Note H – legal matters.

The Association had also leased this party an apartment under a one year lease beginning June 15, 2013. Rental income totaled \$3,120 for the year ended December 31, 2014.

SUPPLEMENTARY INFORMATION

Charles A. Krblich, P.A.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

The Board of Directors and Unit Owners of
Aquarius Condominium Association, Inc.

We have audited the financial statements of Aquarius Condominium Association, Inc. as of and for the year ended December 31, 2014, and our report thereon dated May 29, 2015, which expressed an unmodified opinion on those financial statements, appears on page one. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Schedule of Expenses – Operating Fund (Unaudited) and the Supplementary Schedule of Special Assessment Expenses (Unaudited), which are the responsibility of the Association's management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Fort Lauderdale, Florida
May 29, 2015

Aquarius Condominium Association, Inc.

Supplementary Schedule of Expenses - Operating Fund (Unaudited)

Year ended December 31, 2014

Employees, payroll:	
Security contract	\$ 263,318
Valet contract	72,339
Janitorial service contract	103,116
Uniforms	3,866
Health insurance	35,147
Management contract	24,079
Employee leasing	<u>285,480</u>
Total employees, payroll	\$ <u>787,345</u>
Administrative:	
Office, copier, postage, printing	\$ 21,784
License fees	4,142
Accounting and legal	<u>103,496</u>
Total administrative	\$ <u>129,422</u>
Utilities:	
Electricity	\$ 167,187
Water and sewer	258,916
Gas	12,483
Telephone	7,027
Cable	<u>91,148</u>
Total utilities	\$ <u>536,761</u>
Contracts - Maintenance:	
Air-conditioning contract	\$ -
Elevator contract	21,510
Pool service contract	5,771
Pest control	10,725
Pigeon control	1,680
Termite control	4,050
Trash removal	38,268
Landscape expense	6,640
Fire alarm contract	10,452
Water treatment	<u>9,717</u>
Total contracts - maintenance	\$ <u>108,813</u>

Aquarius Condominium Association, Inc.

Supplementary Schedule of Expenses - Operating Fund (Unaudited)

Year ended December 31, 2014

Repairs and maintenance:

General repairs	\$	33,054
Roof maintenance		3,650
Elevator repairs		2,893
Plumbing repairs and supplies		15,252
Air conditioning repairs and supplies		45,630
Gates and doors		3,764
Electric repairs and supplies		9,332
General maintenance supplies		15,268
Paint supplies		5,655
Pool supplies and repair		13,448

Total repairs and maintenance \$ 147,946

Insurance:

Major insurance package	\$	446,984
Flood insurance		24,734
Fidelity bond		990
Directors and officers		6,874
Boiler and machinery		5,060
Interest expense		3,076
Insurance claims and deductibles		11,240

Total insurance \$ 498,958

Provision for doubtful accounts \$ 51,398

Aquarius Condominium Association, Inc.

Supplementary Schedule of Special Assessment Expenses (Unaudited)

Year ended December 31, 2014

Administrative:	
Bank charges	\$ <u>350</u>
Provision for doubtful accounts	\$ <u>20,012</u>
Capital repairs and improvements	
Concrete Restoration	
40 year inspection	12,590
Valet area/fountain	4,997
Phase II East Pool	
Engineer-east pool	5,180
Legal fees	47,107
Misc expense	13,133
Phase I West Pool	
Planters	23,510
Architect drawing	12,825
Awning	4,855
Pool furniture	35,701
Landscaping	16,605
Pavers	49,000
Restoration	16,900
Concrete restoration	1,259,744
Engineering	103,545
Building inside repairs and improvements	
Gym renovation	15,540
Air conditioning equipment common areas	55,286
Lobby renovation	35,195
Common area capital improvements	31,600
Common area upgrade	18,030
Total capital repairs and improvements	\$ <u>1,761,343</u>