

SOUTH SHORE CLUB CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

SOUTH SHORE CLUB CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

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To the Board of Directors
South Shore Club Condominium Association, Inc.
Delray Beach, Florida

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of South Shore Club Condominium Association, Inc., which comprise the balance sheet as of December 31, 2019, and the related statements of revenues, 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 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 South Shore Club Condominium Association, Inc. as of December 31, 2019, 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 schedule of expenses and the schedule of operating revenues and expenses – actual and budget, 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, except for that portion marked “unaudited”, 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 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, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked, “unaudited” 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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that supplementary information on future major repairs and replacements on page 16 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 Standards 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 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.

Lanter, Leonardo & DiCrescenzo, LLC

Lanter, Leonardo & DiCrescenzo, LLC
Certified Public Accountants
Boca Raton, Florida
February 14, 2020

SOUTH SHORE CLUB CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
December 31, 2019

	Operating Fund	Replacement Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 25,783	\$ 189,275	\$ 215,058
Assessments Receivable (Net of Allowance for Doubtful Accounts of \$0)	273,036	-	273,036
Prepaid Insurance and Expenses	17,798	-	17,798
Utility Deposits	600	-	600
Interfund Borrowings	(20)	20	-
Total Assets	\$ 317,197	\$ 189,295	\$ 506,492

LIABILITIES AND FUND BALANCE

LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 15,857	\$ -	\$ 15,857
Income Taxes Payable	3,500	-	3,500
Prepaid Assessments	145	-	145
Contract Liabilities (Assessments Received in Advance - Replacement Fund)	-	189,295	189,295
Total Liabilities	19,502	189,295	208,797
FUND BALANCE	297,695	-	297,695
Total Liabilities and Fund Balance	\$ 317,197	\$ 189,295	\$ 506,492

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

SOUTH SHORE CLUB CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2019

	Operating Fund	Replacement Fund	Total
REVENUES			
Member Assessments	\$ 667,475	\$ 16,268	\$ 683,743
Late Fees	1,974	-	1,974
Property Tax	29,070	-	29,070
Housekeeping Fees	1,000	-	1,000
Rental Income	937	-	937
Sale of Weeks	30,433	-	30,433
Interest Income - Delinquent Fees	1,844	-	1,844
Other Income	330	-	330
	<u>733,063</u>	<u>16,268</u>	<u>749,331</u>
Total Revenues			
EXPENSES	<u>449,456</u>	<u>16,268</u>	<u>465,724</u>
Excess of Revenues over Expenses	283,607	-	283,607
Fund Balance - Beginning of Year	<u>14,088</u>	<u>-</u>	<u>14,088</u>
Fund Balance - End of Year	<u>\$ 297,695</u>	<u>\$ -</u>	<u>\$ 297,695</u>

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

SOUTH SHORE CLUB CONDOMINIUM ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2019

	Operating Fund	Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Member Assessments Collected	\$ 39,064	\$ 115,515	\$ 154,579
Late Fees Received	1,974	-	1,974
Property Tax Collected	29,070	-	29,070
Housekeeping Fees	1,000	-	1,000
Rental Receipts	937	-	937
Inventory Sales Receipts	30,433	-	30,433
Interest Received	1,844	-	1,844
Other Receipts	330	-	330
Cash Paid for Operating Expenditures	(423,091)	-	(423,091)
Replacement Expenditures Paid	<u>-</u>	<u>(12,140)</u>	<u>(12,140)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(318,439)</u>	<u>103,375</u>	<u>(215,064)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interfund Borrowings	<u>2,817</u>	<u>(2,817)</u>	<u>-</u>
Net Cash Provided by (Used in) Financing Activities	<u>2,817</u>	<u>(2,817)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(315,622)	100,558	(215,064)
Cash and Cash Equivalents - Beginning of Year	<u>341,405</u>	<u>88,717</u>	<u>430,122</u>
Cash and Cash Equivalents - End of Year	<u>\$ 25,783</u>	<u>\$ 189,275</u>	<u>\$ 215,058</u>

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

SOUTH SHORE CLUB CONDOMINIUM ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS (Continued)
For the Year Ended December 31, 2019

	Operating Fund	Replacement Fund	Total
Reconciliation of Excess of Revenues over Expenses to Net Cash Provided by (Used in) Operating Activities:			
Excess of Revenues over Expenses	\$ 283,607	\$ -	\$ 283,607
Adjustments to Reconcile Excess of Revenues over Expenses to Net Cash Provided by (Used in) Operating Activities:			
Allowance for Doubtful Accounts	(227,963)	-	(227,963)
(Increase) Decrease in Assets:			
Assessments Receivable	(45,073)	-	(45,073)
Other Receivable	-	4,500	4,500
Prepaid Insurance and Expenses	1,845	-	1,845
Deferred Insurance Claim	8,782	-	8,782
Increase (Decrease) in Liabilities:			
Accounts Payable and Accrued Expenses	12,238	(372)	11,866
Income Taxes Payable	3,500	-	3,500
Assessments Received in Advance	(355,375)	-	(355,375)
Contract Liabilities - (Assessments Received in Advance - Replacement Fund)	-	99,247	99,247
Net Cash Provided by (Used in) Operating Activities	\$ (318,439)	\$ 103,375	\$ (215,064)

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

SOUTH SHORE CLUB CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

1. Organization - South Shore Club Condominium Association, Inc. (the "Association") is a statutory association incorporated as a not-for-profit corporation in the State of Florida on May 27, 1981. South Shore Club is responsible for the operation and maintenance of 15 units (765 unit-weeks, plus 15 maintenance weeks) located in Delray Beach, Florida.

2. Fund Accounting - The Association uses fund accounting, which requires that funds, such as the operating fund and the fund designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the Board of Directors and Property Manager. Disbursements from the replacement fund may be made only for their designated purposes.

3. Member Assessments - Association members are subject to weekly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are thirty days or more delinquent. As of December 31, 2019, an allowance for doubtful accounts is not deemed necessary. The Association provides for doubtful accounts based on experience and analysis of individual accounts. Any excess assessments at year end are retained by the Association for use in the succeeding year.

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 as of the beginning and end of the year are \$227,963 and \$273,036 respectively.

4. Interest Income - The Association's policy is to allocate to the operating and replacement funds all interest earned on their respective cash accounts.

5. Income Taxes - In 2019, the Association elected to file as a homeowners' association in accordance with Internal Revenue Code Section 528. Under that section, the Association excludes from taxation exempt function income, which generally consists of revenue from assessments to owners. The Association's investment income and other nonexempt income are subject to tax at a rate of 32%, net of any applicable expenses. The Association has accrued \$3,500 for income tax liability payable with the filing of the 2019 tax return.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and 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 IRS. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2019, 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 is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Association's management believes it is no longer subject to income tax examinations for years prior to 2019.

6. Use of Estimates in the Preparation of Financial Statements - 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 reporting period. Actual results could differ from those estimates.

SOUTH SHORE CLUB CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2019

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Concentration of Credit Risk - Financial instruments which potentially subject the Association to concentration of credit risk consists principally of cash, cash equivalents and assessments receivable. The Association places its cash in money market funds with major financial institutions and the carrying value approximate market value. The Association has not experienced any losses related to these accounts. The Association believes that it is not exposed to any significant credit risk on cash and cash equivalents and assessments receivable. As of December 31, 2019, all cash and cash equivalents are FDIC insured.
8. Recognition of Assets - 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.
9. Cash and Cash Equivalents - For purposes of the December 31, 2019 balance sheet and statement of cash flows for the years ended December 31, 2019, the Association considers all highly liquid investments purchased with original maturities of 90 days or less to be cash equivalents.
10. Fair Value of Financial Instruments - The carrying amounts of cash, receivables and payables approximate their fair values due to their short-term maturities.
11. Comprehensive Income - ASC 220 (formerly SFAS No. 130) requires "a full set of general-purpose financial statements to be expanded to include the reporting of comprehensive income." Comprehensive income is comprised of two components, net income and other comprehensive income. For the year ended December 31, 2019, there were no items that qualify as comprehensive income.
12. Prepaid Assessments - Assessments received in advance for the subsequent year are recognized as prepaid assessments on the accompanying balance sheet.
13. Income Tax - The Association's policy is to record interest expense or penalties related to income tax in operating expenses. For the year ended December 31, 2019, no interest or penalties were paid or accrued.
14. Contract Liabilities (Assessments received in advance – replacement fund) - The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The balances of contract liabilities (assessments received in advance - replacement fund) as of the beginning and end of the year are \$90,048 and \$189,295, respectively.

NOTE B - PROPERTY TAXES

As a conduit, the Association assesses and collects property taxes from interval owners, and remits to the Palm Beach County Tax Collector. As of December 31, 2019, the Association was current on the payment of property taxes.

NOTE C - INTERVAL INVENTORY

The Association consists of 15 fee-simple units, which includes 765 unit weeks for sale and 15 maintenance weeks. At December 31, 2019, there were 4 weeks available for sale, respectively, by the Association. The inventory represents the foreclosure or deed back of interval unit-weeks.

SOUTH SHORE CLUB CONDOMINIUM ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS (Continued)
 December 31, 2019

NOTE D - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate to \$189,295, are presented on the accompanying December 31, 2019 balance sheet as contract liabilities. These "Assessments Received in Advance - Replacement Fund" are held in separate accounts and are generally not available for operating purposes.

The Association engaged an independent engineer who conducted a study in 2016 to estimate the remaining useful lives and the replacement costs of the common property components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, including amounts previously accumulated in the replacement fund.

Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

The activity in the contract liabilities (assessments received in advance - replacement fund) was as follows:

<u>Components</u>	<u>Balance</u> <u>01/01/19</u>	<u>Assessments</u>	<u>Interfund</u> <u>Transfers</u>	<u>Interest</u> <u>Income</u>	<u>Expenditures</u>	<u>Balance</u> <u>12/31/19</u>
Unit Interiors	\$ 104,805	\$ 17,035	\$ -	\$ -	\$ (1,515)	\$ 120,328
Paving	6,500	280	-	-	-	6,780
Waterproofing/Painting	11,815	3,312	-	-	-	15,127
Roof	42,855	3,079	-	-	-	45,934
Capital Improvements	(51,499)	48,583	-	-	(1,700)	(4,616)
Pool/Spa	6,317	1,830	-	-	(9,591)	(1,444)
Mechanical/HVAC	(30,760)	41,396	-	-	(3,450)	7,186
Interest	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12)</u>	<u>-</u>
Totals	<u>\$ 90,048</u>	<u>\$ 115,515</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(16,268)</u>	<u>\$ 189,295</u>

NOTE E - ASSESSMENTS RECEIVED IN ADVANCE

Assessments received in advance consisted of 2020 member assessments received by the Association prior to January 1, 2020, respectively.

NOTE F - MANAGEMENT COMPANY

The management contract commenced on July 1, 2015 and will continue until December 31, 2020. The contract will terminate at December 31, 2020.

NOTE G - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 14, 2020, the date that the financial statements were available to be issued.

SOUTH SHORE CLUB CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2019

NOTE H - UNINSURED CASH BALANCES

The Association maintains its cash balances at two financial institutions. As of December 31, 2019, the Association does not have funds in excess of the Federal Deposit Insurance Corporation limits of \$250,000 per institution. The Association has not incurred losses related to these investments.

NOTE I - DEFERRED INSURANCE CLAIM

The Association incurred losses relating to an insurable event during 2018, of which a claim was not filed until 2019. During 2019, the Association recognized \$20,065 from insurance claim proceeds and expensed \$26,819 for repairs relative to this claim.

NOTE J - FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, *Real Estate-Common Interest Realty Associations, Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services.

The Association adopted the requirements of new guidance as of January 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019.

The adoption of the new guidance resulted in changes to our accounting policies for assessment revenue and contract liabilities related to the replacement fund, as previously described.

The adoption of the new revenue recognition guidance resulted in the following change to fund balance as of January 1, 2019:

Fund balance, as previously reported, at January 1, 2019	\$ 104,136
Adjustment for effects of ASU 2014-09	<u>(90,048)</u>
Fund balance, as adjusted, at January 1, 2019	<u>\$ 14,088</u>

The effect of the adoption is a decrease in 2019 assessments by \$99,247 and a recording of contract liabilities (assessments received in advance-replacement fund) at December 31, 2019, of \$189,295. The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

The modified retrospective method of transition requires us to disclose the effect of applying the new guidance on each item included in our 2019 financial statements.

SOUTH SHORE CLUB CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2019

NOTE J - FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION (Continued)

Following are the line items from our balance sheet as of December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

	<u>Amounts That Would Have Been Reported</u>	<u>Effects of Applying New Guidance</u>	<u>As Reported</u>
<u>Liabilities:</u>			
Contract liabilities (Assessments received in advance - replacement fund)	\$ -	\$ 189,295	\$ 189,295
Total Liabilities	19,502	189,295	208,797
<u>Fund Balance:</u>			
Ending Fund Balance	\$ 486,990	\$ (189,295)	\$ 297,695

The following are the line items from the statement of revenues, expenses, and changes in fund balances and the statement of cash flows for the year ended December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance:

	<u>Amounts That Would Have Been Reported</u>	<u>Effects of Applying New Guidance</u>	<u>As Reported</u>
<u>Revenues:</u>			
Member Assessments	\$ 543,915	\$ 139,828	\$ 683,743
Excess of revenues over expenses	382,854	(99,247)	283,607
<u>Cash Flows:</u>			
Excess of revenues over expenses	382,854	(99,247)	283,607
Increase in contract liabilities (Assessments received in advance - replacement fund)	\$ -	\$ 99,247	\$ 99,247

NOTE K - SUBSEQUENT EVENT

During 2019, the Association, by a vote of the unit owners of 498 to 156, voted to terminate the timeshare plan and sell the assets of the Association to an unrelated buyer for the amount of \$12,300,000 and distribute all of the remaining cash to the unit owners less their respective receivables as applicable at the time of the termination. The Association ceased operations as of January 4, 2020 and sale of the property was consummated on January 29, 2020. The distribution of the funds will be done in two parts wherein a majority of the remaining funds were distributed in early February 2020 to the members who have provided an IRS Form W-9, as required, in the amount of \$16,400 per interval, less any respective receivables owed by the members, while still leaving some funds in the Association to pay remaining bills. Once all bills have been paid and the audit and tax return are complete and finalized, the remaining funds will be distributed to the members or forwarded to the Florida Department of Unclaimed Property.

SOUTH SHORE CLUB CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2019

NOTE L - CONTINGENCY

On July 30, 2019, three owners filed a lawsuit in Palm Beach County Florida (Case # 50-2019-CA-009824-XXXX-MB) against the Association and two individual Directors attempting to block the Owners' vote on August 5, 2019 to terminate the Timeshare and the Condominium and sell the property for \$12,300,000. The plaintiffs requested that the Court enter an emergency temporary injunction against the Association, which the Court summarily denied on August 20, 2019.

As of the date of this report, the Court has not ruled on the merits of the matter other than it has quashed the plaintiff's Lis Pendens attempting to block the sale of the property.

There is no specific claim for financial damages in the lawsuit so the Association has no liability provision in the event of an unfavorable Court decision.

The Association is being defended by its insurance carrier whose attorney has informed the Termination Trustees that he believes the lawsuit lacks merit but in the event of an unfavorable Court decision, any damages would be covered by the insurance policy.

Until the lawsuit is resolved, it is unlikely that the final distribution to owners and the closing of the Association can occur.

SUPPLEMENTARY INFORMATION

SOUTH SHORE CLUB CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF EXPENSES
For the Year Ended December 31, 2019

	Operating Fund	Replacement Fund	Total
Accounting fees	\$ 4,200	\$ -	\$ 4,200
Association meetings	1,769	-	1,769
Bank and credit card charges	4,726	-	4,726
Cable	14,860	-	14,860
Contract housekeeping	31,990	-	31,990
Contract labor	21,408	-	21,408
Cleaning supplies	2,022	-	2,022
Dues and subscriptions	1,530	-	1,530
Electric	22,180	-	22,180
Gas	10,601	-	10,601
Guest supplies	6,330	-	6,330
HVAC	2,370	-	2,370
Income Tax	3,500	-	3,500
Internet	4,620	-	4,620
Insurance	38,212	-	38,212
Landscaping and grounds	15,229	-	15,229
Landfill fee	1,044	-	1,044
Legal and audit	44,366	-	44,366
Licenses and taxes	4,243	-	4,243
Linen replacement	3,613	-	3,613
Management fees	31,356	-	31,356
Miscellaneous expense	469	-	469
Office supplies	4,669	-	4,669
Payroll and payroll taxes	83,259	-	83,259
Payroll processing	626	-	626
Pest control	1,484	-	1,484
Pool and spa	9,265	-	9,265
Postage	2,045	-	2,045
Printing	5,396	-	5,396
Property taxes	21,142	-	21,142
Repairs and maintenance	6,965	-	6,965
Repairs - insurance claim - net	6,754	-	6,754
Room purchases	1,051	-	1,051
Room equipment replacement	10,818	-	10,818
Telephone	15,129	-	15,129
Travel	394	-	394
Water and sewer	9,821	-	9,821
Capital improvements	-	1,700	1,700
Mechanical/HVAC	-	3,450	3,450
Major appliances	-	1,527	1,527
Pool and spa	-	9,591	9,591
	<u>\$ 449,456</u>	<u>\$ 16,268</u>	<u>\$ 465,724</u>

SOUTH SHORE CLUB CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF OPERATING REVENUES AND EXPENSES - ACTUAL AND BUDGET
For the Year Ended December 31, 2019

	<u>Actual</u>	<u>Budget (Unaudited)</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Member Assessments	\$ 667,475	\$ 397,907	\$ 269,568
Late Fees	1,974	6,000	(4,026)
Property Tax	29,070	29,116	(46)
Housekeeping Fees	1,000	600	400
Rental Income	937	6,500	(5,563)
Sale of Weeks	30,433	10,000	20,433
Interest Income-Delinquent Fees	1,844	-	1,844
Other Income	<u>330</u>	<u>105</u>	<u>225</u>
Total Revenues	<u>733,063</u>	<u>450,228</u>	<u>282,835</u>
Expenses:			
Accounting fees	4,200	4,200	-
Association meetings	1,769	1,100	669
Bank and credit card charges	4,726	5,500	(774)
Cable	14,860	13,400	1,460
Contract housekeeping	31,990	25,000	6,990
Contract labor	21,408	-	21,408
Cleaning supplies	2,022	2,200	(178)
Division fees	1,530	1,530	-
Electric	22,180	27,000	(4,820)
Gas	10,601	9,000	1,601
Guest supplies	6,330	6,200	130
HVAC	2,370	3,500	(1,130)
Income Tax	3,500	-	3,500
Internet	4,620	4,900	(280)
Insurance	38,212	42,565	(4,353)
Landscaping and grounds	15,229	11,500	3,729
Legal and audit	44,366	36,000	8,366
Licenses and taxes	4,243	1,000	3,243

SOUTH SHORE CLUB CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF OPERATING REVENUES AND EXPENSES - ACTUAL AND BUDGET (CONTINUED)
For the Year Ended December 31, 2019

EXPENSES (Continued)	Actual	Budget (Unaudited)	Variance (Favorable) Unfavorable
Linen replacement	3,613	5,000	(1,387)
Management fees	31,356	31,356	-
Miscellaneous expense	469	250	219
Office supplies	4,669	3,000	1,669
Payroll	77,133	104,128	(26,995)
Payroll taxes	6,126	8,525	(2,399)
Payroll processing	626	1,200	(574)
Pest control	1,484	3,700	(2,216)
Pool and spa	9,265	7,000	2,265
Postage	2,045	1,350	695
Printing	5,396	2,000	3,396
Property tax	21,142	29,116	(7,974)
Repairs and maintenance	17,783	24,758	(6,975)
Repairs - insurance claim, net	6,754	-	6,754
Room equipment replacement	1,051	4,000	(2,949)
Telephone	15,129	17,500	(2,371)
Travel	394	500	(106)
Waste disposal	1,044	1,050	(6)
Water and sewer	9,821	11,200	(1,379)
Total operating expenses	<u>449,456</u>	<u>450,228</u>	<u>(772)</u>
Excess of revenues over expenses	<u>\$ 283,607</u>	<u>\$ -</u>	<u>\$ 283,607</u>

SOUTH SHORE CLUB CONDOMINIUM ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
 December 31, 2019
 (Unaudited)

An independent engineer conducted a study in 2016 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

The following information is based on the study and presents significant information about the components of common property. (Amounts are rounded to the nearest thousand dollars.)

<u>Components</u>	<u>Remaining Estimated Useful Lives</u>	<u>Estimated Current Replacement Costs</u>	<u>Balance 01/01/19</u>	<u>Assessments</u>	<u>Interest</u>	<u>Expenses</u>	<u>Contract Liabilities Balance 12/31/19</u>	<u>2020 Funding</u>
Capital Improvements	19	\$ 49,414	\$ (51,499)	\$ 48,583	\$ -	\$ (1,700)	\$ (4,616)	\$ -
Mechanical/HVAC	11	96,900	(30,760)	41,396	-	(3,450)	7,186	-
Waterproof/Painting	2	21,750	11,815	3,312	-	-	15,127	-
Paving	4	7,888	6,500	280	-	-	6,780	-
Pool/Spa	16	37,426	6,317	1,830	-	(9,591)	(1,444)	-
Roof	23	116,760	42,855	3,079	-	-	45,934	-
Unit Interiors	8	261,452	104,808	17,035	-	(1,515)	120,328	-
Interest	N/A	N/A	12	-	-	(12)	-	-
Total		<u>\$ 591,590</u>	<u>\$ 90,048</u>	<u>\$ 115,515</u>	<u>\$ -</u>	<u>\$ (16,268)</u>	<u>\$ 189,295</u>	<u>\$ -</u>