

PROMENADES EAST
CONDOMINIUM ASSOCIATION, INC.

PORT CHARLOTTE, FLORIDA

FINANCIAL REPORT

DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT

**The Board of Directors
Promenades East Condominium Association, Inc.
Port Charlotte, Florida**

We have audited the accompanying financial statements of **Promenades East Condominium Association, Inc.**, which comprise of the balance sheet as of **December 31, 2019**, 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 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. According, 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

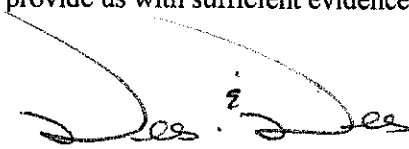
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Promenades East Condominium Association, Inc.** as of **December 31, 2019**, and the results of its operations and cash flows for the year then ended in conformity with accounting 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 Statement of Actual Receipts and Disbursements to Budget-Unrestricted Fund Only, which is the responsibility of the Association's management, is presented for the purposes of additional analysis, and is 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 Standard 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.



DEES & DEES, C.P.A.'s, P.A.
Port Charlotte, Florida
January 22, 2020

FINANCIAL REPORT

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
BALANCE SHEET
DECEMBER 31, 2019

<u>ASSETS</u>	<u>Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total (Memo Only)</u>
<u>Current Assets</u>			
Cash	\$ 59,233	\$ 304,481	\$ 363,715
Cash - Escrow	22,000	-0-	22,000
Condominium fees receivable	1,735	-0-	1,735
Prepaid insurance	<u>28,053</u>	<u>-0-</u>	<u>28,053</u>
Total Current Assets	<u>111,021</u>	<u>304,481</u>	<u>415,502</u>
<u>Property and Equipment</u>			
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	<u>\$ 111,021</u>	<u>\$ 304,481</u>	<u>\$ 415,502</u>

LIABILITIES AND FUND BALANCES

<u>Current Liabilities</u>			
Payroll taxes payable	\$ 3,211	\$ -0-	\$ 3,211
Prepaid assessment	20,590	-0-	20,590
Security and key deposits	24,325	-0-	24,325
Contract liabilities (assessments received in advance -- restricted fund)	<u>-0-</u>	<u>304,481</u>	<u>304,481</u>
Total Current Liabilities	<u>48,126</u>	<u>-0-</u>	<u>352,607</u>
<u>Fund Balances</u>			
Owners' capital contributions	44,692	-0-	44,692
Developer capital contribution	3,585	-0-	3,585
Unrestricted fund balance	<u>14,618</u>	<u>-0-</u>	<u>14,618</u>
Total Fund Balances	<u>62,895</u>	<u>-0-</u>	<u>62,895</u>
Total Liabilities and Fund Balances	<u>\$ 111,021</u>	<u>\$ 304,481</u>	<u>\$ 415,502</u>

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
STATEMENT OF REVENUE AND EXPENSES
FOR YEAR ENDED DECEMBER 31, 2019

	Unrestricted	Restricted	Total
	<u>Fund</u>	<u>Fund</u>	<u>(Memo Only)</u>
<u>Revenues:</u>			
Assessments	\$ 395,749	\$ 143,453	\$ 539,202
Interest	293	7,658	7,951
Other	15,028	-0-	15,028
Total Revenues	<u>411,070</u>	<u>151,111</u>	<u>562,181</u>
<u>Expenses:</u>			
Salaries:			
Manager	72,609	-0-	72,609
Janitorial	19,060	-0-	19,060
Payroll taxes	7,779	-0-	7,779
Temporary employee	21,868	-0-	21,868
Accounting	6,115	-0-	6,115
Janitorial service	3,145	-0-	3,145
Bank charges	270	-0-	270
Legal	254	-0-	254
Recreation	462	-0-	462
Background checks	1,629	-0-	1,629
Insurance:			
General	38,728	-0-	38,728
Flood	1,823	-0-	1,823
Employee health	7,800	-0-	7,800
Workers compensation	2,779	-0-	2,779
Postage, stationary and supplies	763	-0-	763
Buildings repairs	16,705	-0-	16,705
Inspection fees and license	611	-0-	611
State unit tax	588	-0-	588
Telephone	3,744	-0-	3,744
Water/Sewer	111,094	-0-	111,094
Electric	31,066	-0-	31,066
Lawn contract	13,200	-0-	13,200
Spraying/fertilizing lawn	129	-0-	129
Air conditioner repair	3,343	-0-	3,343
Hardware	813	-0-	813
Waste management	771	-0-	771
Small tools	184	-0-	184
Carpet cleaning	3,060	-0-	3,060
Diesel fuel – fire pump	427	-0-	427

Read Independent Auditors' Report

The accompanying notes are an integral part of this statement.

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
STATEMENT OF REVENUE AND EXPENSES (CONT.)
FOR YEAR ENDED DECEMBER 31, 2019

	<u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Total</u> <u>(Memo Only)</u>
Office equipment - other	30	-0-	30
Training and education	101	-0-	101
Exit lighting service	449	-0-	449
Fire alarm service - inspection - repair	4,841	-0-	4,841
Outside services	5,409	-0-	5,409
Irrigation repair	1,078	-0-	1,078
Outside pest control	980	-0-	980
Computer software	360	-0-	360
Work clothes	225	-0-	225
Office equipment - repair	1,227	-0-	1,227
Janitorial supplies	729	-0-	729
Paint, lamps and hardware	1,659	-0-	1,659
Fire extinguisher service	332	-0-	332
Annual backflow water inspection	95	-0-	95
Diesel and fire pump inspection	2,005	-0-	2,005
Gasoline for repairs	390	-0-	390
Miscellaneous/contingencies	2,116	-0-	2,116
Mulch	2,200	-0-	2,200
Elevator maintenance	5,541	-0-	5,541
Sprinkler repair and inspection	1,480	-0-	1,480
Inside pest control	794	-0-	794
Pool and spa service	6,535	-0-	6,535
Pool and spa filters and repairs	4,460	-0-	4,460
Plants	1,155	-0-	1,155
Tree trimming	4,400	-0-	4,400
Fire system	-0-	3,157	3,157
Roof A/C units	-0-	1,475	1,475
Pool furniture	-0-	2,472	2,472
Roof	-0-	11,457	11,457
Building painting	-0-	83,981	83,981
Pool remarcite	-0-	16,480	16,480
Elevator	-0-	1,508	1,508
Pool	-0-	30,581	30,581
Total Expenses	<u>419,410</u>	<u>151,111</u>	<u>570,521</u>
Net Excess (Deficit)	<u>\$ (8,340)</u>	<u>\$ -0-</u>	<u>\$ (8,340)</u>

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
STATEMENT OF CHANGES IN FUND BALANCES
FOR YEAR ENDED DECEMBER 31, 2019

	<u>Owner's Capital Contribution</u>	<u>Developer Capital Contribution</u>	<u>Unrestricted Fund Balance</u>	<u>Total (Memo Only)</u>
Balance - January 1, 2019	\$ 44,692	\$ 3,585	\$ 22,958	\$ 71,235
Net Excess (Deficit)	<u>-0-</u>	<u>-0-</u>	<u>(8,340)</u>	<u>(8,340)</u>
Balance - December 31, 2019	<u>\$ 44,692</u>	<u>\$ 3,585</u>	<u>\$ 14,618</u>	<u>\$ 62,895</u>

Read Independent Auditors' Report
The accompanying notes are an integral part of this statement.

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
STATEMENT OF CASH FLOWS
FOR YEAR ENDED DECEMBER 31, 2019

	<u>Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total (Memo Only)</u>
Cash Flows from Operating Activities:			
Net Excess (Deficit)	\$ (8,340)	\$ -0-	\$ (8,340)
Adjustments to reconcile net income to net cash provided by operating activities:			
Decrease (increase) in escrow	500	-0-	500
Decrease (increase) in accounts receivable	(878)	-0-	(878)
Decrease (increase) in prepaid insurance	1,610	-0-	1,610
(Decrease) increase in payroll taxes payable	1,460	-0-	1,460
(Decrease) increase in prepaid assessments	4,193	-0-	4,193
(Decrease) increase in security and key deposits	(481)	-0-	(481)
(Decrease) increase in contract liability – (assessments received in advance – restricted fund	<u>-0-</u>	<u>(108,660)</u>	<u>(108,660)</u>
Net Cash Provided (Used) By Operating Activities	<u>(1,936)</u>	<u>(108,660)</u>	<u>(110,596)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,936)</u>	<u>(108,660)</u>	<u>(110,596)</u>
Cash and cash equivalents - Beginning of year	<u>61,169</u>	<u>413,141</u>	<u>474,310</u>
Cash and Cash Equivalents - End of Year	<u>\$ 59,233</u>	<u>\$ 304,481</u>	<u>\$ 363,714</u>

Supplemental Disclosure:

 Income Taxes Paid \$ -0-

 Interest Paid \$ -0-

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 1 Nature of Business and Significant Accounting Policies

Nature of Business

Promenades East Condominium Association, Inc. is a not-for-profit corporation organized under the laws of the State of Florida. The Association operates Promenades East Condominium, which consists of 147 units located in Port Charlotte, Florida.

Promenades East Condominium was declared such October 12, 1982, pursuant to the filing of its condominium documents. The first unit was closed on October 18, 1982.

Significant Accounting Policies

A summary of the significant accounting policies followed by the Association is set forth below:

Fund Accounting

The Association's governing documents provide certain guidelines for 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.

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

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Association considers all highly liquid debt instruments purchased to be cash equivalent. Certificates of Deposit held in the Restricted Fund are considered cash equivalents.

Condominium Fees Receivable

The Association considers any unpaid assessment delinquent ten days after the due date. The Association may record a claim of lien against the condominium owner to obtain the amount due. All receivables are considered collectable.

Property and Equipment

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. The Association capitalizes personal property at cost and depreciates it using the straight line method.

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2019

Note 1 Nature of Business and Significant Accounting Policies (Cont.)

Significant Accounting Policies (Cont.)

Contract Liabilities (assessments received in advance-restricted fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-restricted 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-restricted fund) as of the beginning and end of the year are \$413,141 and \$304,481, respectively.

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 reporting period. Actual results could differ from those estimates

Assessments

The Board of Directors shall from time to time, and at least annually, prepare a budget for the condominium, determine the amount of assessments payable by the unit owners to meet the common expenses of the condominium and allocate and assess such expenses among the unit owners in accordance with the provisions of the condominium declaration and the bylaws.

Management

The Association's Board of Directors for the period ended December 31, 2019 consisted of homeowners of the Association.

Date of Management Review:

The Association has evaluated subsequent events and transactions after December 31, 2019 through January 22, 2020, the date the financial statements were available to be issued.

Note 2 Property and Equipment

Property and equipment are comprised of the following at December 31, 2019:

Common property improvements	\$ 2,113
Equipment	1,067
	<hr/> 3,180
Less: Accumulated depreciation	(3,180)
Remaining Basis	<hr/> <u>\$ -0-</u>

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2019

Note 3 Owners' Capital Contribution

At December 31, 2019 owners' capital contribution consisted of:

Unit owners at closing made a capital contribution to the Association equal to twice their monthly assessment.	\$ 29,706
Owners indirectly paid for all furniture and fixtures in the common areas. These assets were recorded as owners' capital.	<u>14,986</u>
	<u>\$ 44,692</u>

Note 4 Developer Capital Contribution

The developer funded the Association \$2,085 in excess of the developer's obligations at June 15, 1982. The developer has contributed these funds as contributed capital to the Association. The developer contributed an additional \$1,500 in contributed capital during 1985.

Note 5 Future Major Repairs and Replacements

Pursuant to the Florida Condominium Act and the Association's governing documents, the Association is required to accumulate funds for future major repairs and replacements. Accumulated funds, which aggregate approximately \$304,481 and are presented on the accompanying balance sheet as a contract liability (assessments received in advance-restricted fund) at December 31, 2019, are held in separate accounts and are not available for expenditures for normal operations. It is the Association's policy that interest earned on such funds is allocated to the reserve fund account. The Association engaged an independent engineer who conducted a study in August 2019 to estimate the remaining useful lives and the replacement cost of common property components.

Funds are accumulated in the restricted fund based on current 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 restricted 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 membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Effective for 2019, the Association began using the pooled method to account for restricted funds and therefore has not allocated the accumulated restricted balance or the budgeted restricted contributions, if any, to the components of common property that make up the total reserves. The pooled method requires annual contributions to provide sufficient funds to meet all expenditures when due. The components of and the expenditures from the pooled restricted funds are as follows:

<u>Component</u>	<u>Pooled Restricted Fund Expenditures</u>
Roof	\$ 11,457
Building painting	83,981
Pool	30,581
Pool remarcite	16,480
Pool furniture	2,472
Elevator	1,508
Air conditioners	1,475
Fire system	<u>3,157</u>
Total	<u>\$ 151,111</u>

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2019

Note 6 Compensated Absences

The Association provides for all compensated absences as they are incurred. Any liability for uncompensated absences is immaterial.

Note 7 Commonly Owned Assets

Commonly owned assets primarily include the land, buildings and other recreational areas within the development. These assets are not owned by the Association. The ownership of these assets vests with the unit owners and these assets are not deemed to be severable. As a result, commonly owned assets are not capitalized in the Association's financial statements. Replacements, major repairs and the purchase of additional commonly owned assets are not capitalized as assets. These assets are accounted for as expenditures in the Unrestricted and Restricted Funds at the time of the expenditure.

Note 8 Income Taxes

The Association is classified as a nonexempt membership organization for both federal and state income tax purposes for the year ended December 31, 2019. It does not qualify as an exempt organization. The Association is subject to specific rulings and regulations applicable to nonexempt membership organizations. In general, the Association is required to separate its taxable income and deductions into membership transactions, non-membership transactions, and capital transactions.

For federal tax purposes, the Association is taxed on all net income from non-membership activities reduced only by losses from non-membership activities for which a profit motive exists. Non-membership income may not be offset by membership losses, and any excess membership deductions may only be carried forward to offset membership income of future tax periods. Any net membership income not applied to the subsequent tax year is subject to taxation. The Association files Form 1120, which has graduated tax rates of 15% to 39% that are applied to net taxable income.

For state income tax purposes, the Association also is taxed on all net income from non-membership activities reduced only by losses from non-membership activities for which a profit motive exists. Non-membership income may not be offset by membership losses. Any net membership income is not subject to taxation. The tax rate that is applied to net taxable income is 5.5%.

The Association's tax filings are subject to audit by various taxing authorities. The Association's federal income tax returns for 2018, 2017, and 2016 remain open to examination by the Internal Revenue Service; state income tax returns for 2018, 2017, and 2016 are open to examination. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Note 9 Concentrations of Credit Risk

The Association maintains its cash balances at various financial institutions located throughout the area. Accounts at each institution are secured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. At December 31, 2019, the Association had no significant concentration of credit risk.

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2019

Note 10 Fair Value Measurement

The Association uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of investments in debt and equity securities if held as available-for-sale on a recurring basis. FASB ASC 820-10 defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure requirements for fair value measurements. The carrying amounts reflected in the balance sheet for cash, cash equivalents, condominium fees receivable and accounts payable approximate the respective fair values due to the short maturities of those instruments.

Note 11 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 required on 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 guidelines 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. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenue and contract liabilities related to the restricted 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	\$ 484,376
Adjustment	<u>(413,141)</u>
Fund balance, as adjusted, at January 1, 2019	<u>\$ 71,235</u>

The effect of the adoption is an increase in 2019 assessments by \$108,660 and a recording of a contract liability (assessments received in advance-restricted fund) at December 31, 2019, of \$304,481. 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. 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:

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2019

Note 11 FASB ASC 606 New Accounting Guidance Implementation (Cont.)

	<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-restricted fund)	\$ -0-	\$ 304,481	\$ 304,481
Total Liabilities	48,126	304,481	352,607
<u>Fund Balance:</u>			
Ending fund balances	367,376	(304,481)	62,895

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 new guidance:

	<u>Amounts That Would Have Been Reported</u>	<u>Effects of Applying New Guidance</u>	<u>As Reported</u>
<u>Revenue:</u>			
Regular assessments	\$ 430,542	\$ 108,660	\$ 539,202
Excess (Deficit) of revenues over expenses	(117,000)	108,660	(8,340)
<u>Cash Flows:</u>			
Excess (Deficit) of revenues over expenses	(117,000)	108,660	(8,340)
Increase in contract liabilities (Assessments received in advance-restricted)	-0-	304,481	304,481

SUPPLEMENTARY INFORMATION

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
STATEMENT OF ACTUAL RECEIPTS AND DISBURSEMENTS TO BUDGET
UNRESTRICTED FUND ONLY
FOR YEAR ENDED DECEMBER 31, 2019

	<u>Actual</u>	<u>Budget</u> (Unaudited)	<u>Variance</u> (Unaudited)
<u>Receipts:</u>			
Assessments	\$ 430,542	\$ 430,542	\$ -0-
Less: Restricted reserves	<u>34,793</u>	<u>34,793</u>	<u>-0-</u>
Net Fees	395,749	395,749	-0-
Interest	293	3,600	(3,307)
Other	<u>15,028</u>	<u>3,850</u>	<u>11,178</u>
Total Receipts	<u>411,070</u>	<u>403,199</u>	<u>7,871</u>
<u>Disbursements:</u>			
Salaries:			
Manager	72,609	71,040	(1,569)
Janitorial	19,060	38,200	19,140
Clerical	-0-	200	200
Payroll taxes	7,779	8,305	526
Unemployment tax	-0-	200	200
Accounting	6,115	6,400	285
Employee recognition	-0-	335	335
Bank charges	270	210	(60)
Legal	254	1,400	1,146
Recreation	462	825	363
Background checks	1,629	1,200	(429)
Temporary employee	21,868	-0-	(21,868)
Insurance:			
General	38,728	33,013	(5,715)
Flood	1,823	1,800	(23)
Employee health	7,800	7,200	(600)
Workers compensation	2,779	2,900	121
Postage, stationary and supplies	763	1,060	297
Gasoline for errands	390	360	(30)
Miscellaneous	2,116	1,800	(316)
Inspection fees and license	611	611	-0-
State unit tax	588	588	-0-
Telephone	3,744	3,620	(124)
Water/Sewer	111,094	105,308	(5,786)
Electric	31,066	30,313	(753)
Lawn contract	13,200	13,200	-0-
Spraying/fertilizing lawn	129	110	(19)
Air conditioner repair	3,343	2,300	(1,043)
Tree trimming	4,400	3,900	(500)
Waste management	771	800	29
Small tools	184	450	266

Read Independent Auditors' Report on Supplementary
Information and Accompanying Notes to Financial Statements.

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
STATEMENT OF ACTUAL RECEIPTS AND DISBURSEMENTS TO BUDGET
UNRESTRICTED FUND ONLY (CONT.)
FOR YEAR ENDED DECEMBER 31, 2019

Disbursements (continued):

Equipment rental and repair	-0-	200	200
Office equipment repair	1,227	1,500	273
Office equipment other	30	200	170
Bad debts	-0-	1,000	1,000
Diesel Fuel -- Fire pump	427	450	23
Training and education	101	180	79
Exit lighting service	449	400	(49)
Fire alarm service -- inspection - repair	4,841	2,700	(2,141)
Outside services	5,409	5,500	91
Irrigation repair	1,078	1,600	522
Outside pest control	980	1,800	820
Computer software	360	400	40
Work clothes	225	250	25
Hardware	813	400	(413)
Janitorial service	3,145	4,100	955
Janitorial supplies	729	1,200	471
Paint, lamps and hardware	1,659	2,100	441
Fire extinguisher service	332	520	188
Annual backflow water inspection	95	200	105
Diesel and fire pump inspection	2,005	1,400	(605)
Building repairs	16,705	13,575	(3,130)
Mulch	2,200	2,400	200
Elevator maintenance	5,541	5,852	311
Sprinkler repair and inspection	1,480	1,200	(280)
Inside Pest control	794	1,500	706
Pool and spa service	6,535	7,120	585
Pool and spa filters and repairs	4,460	2,350	(2,110)
Plants	1,155	1,200	45
Advertising	-0-	180	180
LP Gas Generator	-0-	250	250
Federal tax	-0-	100	100
Payroll expense	-0-	224	224
Carpet cleaning	3,060	3,500	440
	<u>419,410</u>	<u>403,199</u>	<u>(16,211)</u>
Total Disbursements	<u>419,410</u>	<u>403,199</u>	<u>(16,211)</u>
Net Excess (Deficit)	<u>\$ (8,340)</u>	<u>\$ -0-</u>	<u>\$ (8,340)</u>

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
FOR YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

An independent engineer conducted a study in August 2019 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 table is based on the study and presents significant information about the components of common property.

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Restricted Fund Contract Liabilities December 31, 2019</u>
Roof	6	\$ 135,000	\$ -0-
Building painting	7	146,000	-0-
Parking lot	2	14,444	-0-
Pool/Spa	15	42,000	-0-
Pool furniture	4	5,000	-0-
Elevator	14	85,000	-0-
Air conditioners	3-11	57,000	-0-
Generator	9	56,000	-0-
Fire pump	14	80,000	-0-
Spa/pool heaters	3	14,000	-0-
Fire panel	13	95,000	-0-
Carpet replacement	10	75,000	-0-
Totals		<u>\$ 804,444</u>	<u>\$ 304,481</u>