

**SOUTHMONT COVE AT LEXINGTON
CONDOMINIUM ASSOCIATION, INC.**
FORT MYERS, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD MAY 1, 2021 TO APRIL 30, 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Southmont Cove at Lexington
Condominium Association, Inc.
Fort Myers, Florida

We have audited the accompanying financial statements of Southmont Cove at Lexington Condominium Association, Inc., a Florida not-for-profit corporation, which comprise the balance sheet, as of April 30, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southmont Cove at Lexington Condominium Association, Inc. as of April 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southmont Cove at Lexington Condominium Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southmont Cove at Lexington Condominium Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Southmont Cove at Lexington Condominium Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Southmont Cove at Lexington Condominium Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

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 operating fund expenses – budget to actual is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements, as a whole.

The Board of Directors
Southmont Cove at Lexington
Condominium Association, Inc.
Fort Myers, Florida
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Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information on future major repairs and replacements on pages 17-19 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, 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.

The Davis Group Audit & Attestation Services LLC

THE DAVIS GROUP
AUDIT & ATTESTATION SERVICES, LLC

December 13, 2022

SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
APRIL 30, 2022

	FUNDS		
	Operating	Replacement	Total
ASSETS			
Cash and cash equivalents	\$ 3,102	\$ 1,666,245	\$ 1,669,347
Certificates of deposit	-	250,000	250,000
Accounts receivable - members, net	8,019	-	8,019
Prepaid insurance	146,375	-	146,375
Prepaid expenses	16,513	-	16,513
Deposits	1,180	-	1,180
Total assets	<u>\$ 175,189</u>	<u>\$ 1,916,245</u>	<u>\$ 2,091,434</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,460	\$ -	\$ 2,460
Accrued expenses	13,846	-	13,846
Note payable - line of credit	50,000	-	50,000
Assessments received in advance	6,862	-	6,862
Contract liabilities (assessments received in advance - replacement)	-	1,916,245	1,916,245
Total liabilities	73,168	1,916,245	1,989,413
FUND BALANCES	<u>102,021</u>	<u>-</u>	<u>102,021</u>
Total liabilities and fund balances	<u>\$ 175,189</u>	<u>\$ 1,916,245</u>	<u>\$ 2,091,434</u>

Read Independent Auditors' Report.
The accompanying notes are an integral
part of the financial statements.

SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
FOR THE PERIOD MAY 1, 2021 TO APRIL 30, 2022

	FUNDS		
	Operating	Replacement	Total
REVENUES			
Maintenance fees	\$ 979,200	\$ (100,794)	\$ 878,406
Insurance reimbursement	-	140,643	140,643
Interest income	52	3,026	3,078
Finance charges	1,600	-	1,600
Total revenues	980,852	42,875	1,023,727
EXPENSES			
Administrative	10,061	-	10,061
Insurance	411,569	-	411,569
Repairs and maintenance	178,602	-	178,602
Operating expenses	242,573	-	242,573
Replacement fund	-	42,875	42,875
Total expenses	842,805	42,875	885,680
Excess of revenues over expenses	138,047	-	138,047
FUND BALANCES (DEFICIT) - May 1, 2021	(51,026)	-	(51,026)
Ending balance - April 30, 2022	87,021	-	87,021
Working capital - April 30, 2022	15,000	-	15,000
FUND BALANCES - April 30, 2022	\$ 102,021	\$ -	\$ 102,021

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SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE PERIOD MAY 1, 2021 TO APRIL 30, 2022

	FUNDS		
	Operating	Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Maintenance fees received	\$ 971,391	\$ 390,000	\$ 1,361,391
Insurance proceeds received	-	140,643	140,643
Interest income received	52	3,026	3,078
Finance charges received	1,600	-	1,600
Cash paid for operating expenditures	(858,095)	-	(858,095)
Cash paid for replacement expenditures	-	(147,175)	(147,175)
Interfund (payable)/receivable	11,750	(11,750)	-
Net cash provided by operating activities	126,698	374,744	501,442
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of certificates of deposit	-	258,000	258,000
Proceeds from note payable - bank	273,222	-	273,222
Payments on note payable - bank	(403,448)	-	(403,448)
Net cash (used) provided by financing activities	(130,226)	258,000	127,774
Net (decrease) increase in cash	(3,528)	632,744	629,216
CASH AND CASH EQUIVALENTS - May 1, 2021	6,630	1,033,501	1,040,131
CASH AND CASH EQUIVALENTS - April 30, 2022	\$ 3,102	\$ 1,666,245	\$ 1,669,347

	FUNDS		
	Operating	Replacement	Total
RECONCILIATION OF EXCESS OF REVENUES OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Excess of revenues over expenses	\$ 138,047	\$ -	\$ 138,047
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
(Increase) in accounts receivable - members	(5,659)	-	(5,659)
Decrease in prepaid insurance	2,629	-	2,629
(Increase) in prepaid expenses	(855)	-	(855)
(Decrease) in accounts payable	(23,515)	(104,300)	(127,815)
Increase in accrued expenses	6,451	-	6,451
(Decrease) in assessments received in advance	(2,150)	-	(2,150)
Increase in contract liabilities (assessments received in advance - replacement)	-	490,794	490,794
Interfund (payable)/receivable	11,750	(11,750)	-
Total adjustments	(11,349)	374,744	363,395
Net cash provided by operating activities	\$ 126,698	\$ 374,744	\$ 501,442

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SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF OPERATING FUND EXPENSES
FOR THE PERIOD MAY 1, 2021 TO APRIL 30, 2022

	Condominium Number		
	One	Two	Three
ADMINISTRATIVE			
Management fees	\$ -	\$ -	\$ -
Administrative fee	-	-	-
Division fees	240	240	240
Accounting	-	-	-
Legal	-	-	-
Bad debt	-	-	-
Postage	-	-	-
Interest expense	-	-	-
Income tax expense	-	-	-
Total administrative	240	240	240
INSURANCE	-	-	-
REPAIRS AND MAINTENANCE			
Elevators	4,860	6,085	4,725
Fire sprinklers/inspections	3,519	8,700	3,236
Landscaping/irrigation	15,106	15,105	15,106
Plant/tree replacement	238	169	-
Maintenance - buildings	5,832	7,904	12,234
Total repairs and maintenance	29,555	37,963	35,301
OPERATING EXPENSES			
Electricity	1,783	1,712	1,841
Waste disposal	4,232	4,232	4,232
Janitorial service	11,520	11,520	11,520
Dryer vent cleaning	953	954	953
Pest control	1,940	1,940	1,940
Telephone	1,318	1,318	1,318
Water/sewer	26,649	26,107	26,789
Total operating expenses	48,395	47,783	48,593
Total expenses before allocation	78,190	85,986	84,134
Allocation of Association expenses	84,086	84,086	84,086
Total expenses	<u>\$ 162,276</u>	<u>\$ 170,072</u>	<u>\$ 168,220</u>

Condominium Number		Neighborhood	Total
Four	Five		
\$ -	\$ -	\$ -	\$ -
-	-	176	176
240	240	61	1,261
-	-	5,450	5,450
-	-	1,002	1,002
-	-	-	-
-	-	1,100	1,100
-	-	1,072	1,072
-	-	-	-
<u>240</u>	<u>240</u>	<u>8,861</u>	<u>10,061</u>
<u>-</u>	<u>-</u>	<u>411,569</u>	<u>411,569</u>
5,895	6,474	-	28,039
13,854	5,590	-	34,899
15,106	15,106	-	75,529
-	58	-	465
<u>3,426</u>	<u>10,274</u>	<u>-</u>	<u>39,670</u>
<u>38,281</u>	<u>37,502</u>	<u>-</u>	<u>178,602</u>
1,713	1,628	-	8,677
4,232	4,232	-	21,160
11,520	11,520	-	57,600
953	953	-	4,766
1,940	2,339	-	10,099
1,317	1,318	-	6,589
<u>26,444</u>	<u>27,693</u>	<u>-</u>	<u>133,682</u>
<u>48,119</u>	<u>49,683</u>	<u>-</u>	<u>242,573</u>
86,640	87,425	420,430	842,805
<u>84,086</u>	<u>84,086</u>	<u>(420,430)</u>	<u>-</u>
<u>\$ 170,726</u>	<u>\$ 171,511</u>	<u>\$ -</u>	<u>\$ 842,805</u>

Read Independent Auditors' Report.
The accompanying notes are an integral
part of the financial statements.

SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 1 - THE ASSOCIATION

Southmont Cove at Lexington Condominium Association, Inc. ("Association") was incorporated on October 30, 1996, under the laws of Florida as a corporation not-for-profit, to operate and manage Southmont Cove at Lexington Condominium, a whole ownership condominium consisting of five separate condominiums in ten buildings containing 300 residential units, located in the development of Lexington Country Club in Fort Myers, Florida. The owners of all units in the condominium are the only members.

NOTE 2 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through December 13, 2022; the date that the financial statements were available to be issued.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Accounting

The Association prepares its financial statements on the accrual basis and presents them as separate funds based on its different funding policies for operations and replacement expenditures.

Property and Equipment

Ownership of commonly owned real property and certain common personal property is vested directly or indirectly in the unit owners and those assets are not deemed to be severable. As a result, commonly owned assets are not presented in the Association's financial statements.

Member Assessments and Revenue Recognition

Association members are subject to periodic 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 are satisfied over time and recognized as collected. The performance obligations related to the reserve 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 owners whose assessments are delinquent. 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.

SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. The assets of the Association are maintained and classified into separate funds to account for daily operations, deferred maintenance, or capital replacements.

The operating fund reflects the operating portion of quarterly assessments paid by the owners to meet various day-to-day expenditures incurred in the administration, maintenance, and operation of the condominium and recreational facilities.

The working capital fund reflects contributions received from unit owners at closing, in the amount of fifty dollars per owner. This contribution is required upon the initial sale of all units and is to be used as working capital for operating purposes.

The replacement fund is composed of the portion of the quarterly assessments designated in the budget to fund future major repairs and replacements, as further discussed in Note 10.

Cash Flows

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Association made no cash payments for federal income taxes and no cash payments for state income taxes during the period May 1, 2021 to April 30, 2022.

Estimates

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

NOTE 4 - CASH, CASH EQUIVALENTS, AND CERTIFICATES OF DEPOSIT

The Association maintains its cash and cash equivalents balances at various financial institutions located in Southwest Florida. Accounts at the commercial banking institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of April 30, 2022, all of these balances were insured based on bank statement balances less FDIC insurance. The reconciled book balance, as of April 30, 2022, was \$1,669,347.

The Association has certificates of deposit at various commercial banking institutions located in Southwest Florida. The accounts at the commercial banking institutions are issued and insured under the CDARS program. As of April 30, 2022, all balances were fully insured.

SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 5 - ACCOUNTS RECEIVABLE - MEMBERS

Accounts receivable - members consists of maintenance fees billed, which have not been collected by the Association, as of April 30, 2022. The accounts receivable has been reduced by an allowance for doubtful accounts in the amount of \$6,600 based on legal advice.

NOTE 6 - FAIR VALUE MEASUREMENTS

The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure requirements for fair value measurements.

The Association measures the fair value of assets and liabilities, as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included with Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable level 1 or 2 inputs are not available.

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Association's significant financial instruments are cash, accounts receivable, accounts payable, and other short-term assets and liabilities. For these financial instruments (level 1), carrying values approximate fair value, because of the short maturity of these instruments.

NOTE 7 - INCOME TAXES

The Association files its income tax return, as a condominium association, in accordance with Internal Revenue Code Section 528. Under that Section, the Association is not taxed on uniform assessments to members and other income received from Association members solely, as a function of their membership in the Association. The Association is taxed at the rate of 30% on its investment income and other non-exempt function income. The Association incurred no federal or state income tax expense for the year ended April 30, 2022.

Management considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in its filed income tax returns that require recognition or disclosure in the accompanying financial statements. The Association's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

NOTE 8 - ASSESSMENTS RECEIVED IN ADVANCE

Assessments received in advance consist of unbilled maintenance fees, which were received by the Association, as of April 30, 2022.

SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 9 - NOTE PAYABLE - LINE OF CREDIT

The Association has a line of credit with a financial institution located in Southwest Florida, in the amount of \$250,000, which is secured by a pledge agreement of membership dues. This line of credit has a maturity date of August 30, 2022. As of April 30, 2022, the outstanding balance was \$50,000 and carries an interest rate of 3.50%.

NOTE 10 - REPLACEMENT FUND

The Association's replacement fund is utilized to accumulate funds for future major repairs and replacements, by an allocation of the maintenance fees charged to each owner specifically designated for the fund in the annual budget. Deductions from the fund are recorded as costs, as incurred, which are determined by the Board, to meet the objective for which the fund was established.

The following is a table of the activity in the replacement fund:

Components	Balance May 1, 2021	Additions To Fund	Charges To Fund	Transfers	Balance April 30, 2022
<u>Condominium 1</u>					
Pooled	\$ 328,422	\$ 109,186	\$ 16,935	\$ 730	\$ 421,403
Interest	-	730	-	(730)	-
	<u>328,422</u>	<u>109,916</u>	<u>16,935</u>	<u>-</u>	<u>421,403</u>
<u>Condominium 2</u>					
Pooled	286,853	103,900	6,485	660	384,928
Interest	-	660	-	(660)	-
	<u>286,853</u>	<u>104,560</u>	<u>6,485</u>	<u>-</u>	<u>384,928</u>
<u>Condominium 3</u>					
Pooled	282,150	107,959	6,485	638	384,262
Interest	-	638	-	(638)	-
	<u>282,150</u>	<u>108,597</u>	<u>6,485</u>	<u>-</u>	<u>384,262</u>
<u>Condominium 4</u>					
Pooled	247,318	101,736	6,485	488	343,057
Interest	-	488	-	(488)	-
	<u>247,318</u>	<u>102,224</u>	<u>6,485</u>	<u>-</u>	<u>343,057</u>
<u>Condominium 5</u>					
Pooled	280,708	107,862	6,485	510	382,595
Interest	-	510	-	(510)	-
	<u>280,708</u>	<u>108,372</u>	<u>6,485</u>	<u>-</u>	<u>382,595</u>
Totals	1,425,451	533,669	42,875	-	1,916,245
ASC 606 adjustment	<u>(1,425,451)</u>	<u>(490,794)</u>	<u>-</u>	<u>-</u>	<u>(1,916,245)</u>
ASC 606 adjusted balance	<u>\$ -</u>	<u>\$ 42,875</u>	<u>\$ 42,875</u>	<u>\$ -</u>	<u>\$ -</u>

Read Independent Auditors' Report.

SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 10 - REPLACEMENT FUND (Continued)

Additions to fund include \$3,026 of interest income and \$140,643 of insurance proceeds. The Association's policy for allocating interest to the components is based on funding.

During the period May 1, 2021 to April 30, 2022, the Association funded major repairs and replacements based on the Board's estimates of current replacement costs. The 2022/2023 statutory and approved budgeted (cash flow) funding is \$390,000, as shown in the accompanying supplementary information. The components' actual replacement cost, useful lives, and investment income may vary from estimated amounts and the variation may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association, through its Board, has the power to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 11 - COMMITMENTS

The Association currently has various contracts with vendors, including a management agreement with Lexington Community Association. The agreement automatically renews for a one year term unless cancelled by either party with 90 days written notice.

SUPPLEMENTARY INFORMATION

SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS
APRIL 30, 2022
(Unaudited)

The following table is based on estimates provided to the Board during 2014 by a professional study, with adjustments to some components estimated current replacement costs, based on current historical information.

Components	Estimated Useful Lives	Estimated Remaining Useful Lives	Estimated Current Replacement Costs	2022/2023 Statutory & Approved Budgeted (Cash Flow) Funding
<u>Condominium 1</u>				
Painting and waterproofing	7 years	4 years	\$ 70,000	\$ -
Roof	25 years	23 years	800,000	-
Paving	22 years	0 years	45,000	-
Parking sealcoat	4 years	2 years	5,500	-
Elevators	25 years	0 years	160,000	-
Elevator cabs	20 years	16 years	20,000	-
Miscellaneous building components	18-35 years	ongoing	117,100	-
Emergency repairs	- years	ongoing	6,000	-
Landscaping	9 years	ongoing	32,000	-
Storage room doors	9 years	5 years	16,320	-
Dumpster enclosures	19 years	13 years	28,000	-
Pooled reserves	-	-	-	78,000
			<u>1,299,920</u>	<u>78,000</u>
<u>Condominium 2</u>				
Painting and waterproofing	7 years	4 years	70,000	-
Roof	25 years	23 years	800,000	-
Paving	22 years	0 years	45,000	-
Parking sealcoat	4 years	2 years	5,500	-
Elevators	25 years	0 years	160,000	-
Elevator cabs	20 years	16 years	20,000	-
Miscellaneous building components	18-35 years	ongoing	117,100	-
Emergency repairs	- years	ongoing	6,000	-
Landscaping	9 years	ongoing	32,000	-
Storage room doors	9 years	5 years	16,320	-
Dumpster enclosures	19 years	13 years	28,000	-
Pooled reserves	-	-	-	78,000
			<u>1,299,920</u>	<u>78,000</u>

SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)
APRIL 30, 2022
(Unaudited)

Components	Estimated Useful Lives	Estimated Remaining Useful Lives	Estimated Current Replacement Costs	2022/2023 Statutory & Approved Budgeted (Cash Flow) Funding
<u>Condominium 3</u>				
Painting and waterproofing	7 years	4 years	70,000	-
Roof	25 years	23 years	800,000	-
Paving	22 years	0 years	45,000	-
Parking sealcoat	4 years	2 years	5,500	-
Elevators	25 years	0 years	160,000	-
Elevator cabs	20 years	16 years	20,000	-
Miscellaneous building components	18-35 years	ongoing	117,100	-
Emergency repairs	- years	ongoing	6,000	-
Landscaping	9 years	ongoing	32,000	-
Storage room doors	9 years	5 years	16,320	-
Dumpster enclosures	19 years	13 years	28,000	-
Pooled reserves	-	-	-	78,000
			<u>1,299,920</u>	<u>78,000</u>
<u>Condominium 4</u>				
Painting and waterproofing	7 years	7 years	70,000	-
Roof	25 years	4 years	800,000	-
Paving	22 years	4 years	45,000	-
Parking sealcoat	4 years	3 years	5,500	-
Elevators	25 years	1 year	160,000	-
Elevator cabs	20 years	17 years	20,000	-
Miscellaneous building components	18-35 years	ongoing	117,100	-
Emergency repairs	- years	ongoing	6,000	-
Landscaping	9 years	ongoing	32,000	-
Storage room doors	9 years	6 years	16,320	-
Dumpster enclosures	19 years	14 years	28,000	-
Pooled reserves	-	-	-	78,000
			<u>1,299,920</u>	<u>78,000</u>

SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)
APRIL 30, 2022
(Unaudited)

Components	Estimated Useful Lives	Estimated Remaining Useful Lives	Estimated Current Replacement Costs	2022/2023 Statutory & Approved Budgeted (Cash Flow) Funding
<u>Condominium 5</u>				
Painting and waterproofing	7 years	4 years	70,000	-
Roof	25 years	23 years	800,000	-
Paving	22 years	0 years	45,000	-
Parking sealcoat	4 years	2 years	5,500	-
Elevators	25 years	0 years	160,000	-
Elevator cabs	20 years	16 years	20,000	-
Miscellaneous building components	18-35 years	ongoing	117,100	-
Emergency repairs	- years	ongoing	6,000	-
Landscaping	9 years	ongoing	32,000	-
Storage room doors	9 years	5 years	16,320	-
Dumpster enclosures	19 years	13 years	28,000	-
Pooled reserves	-	-	-	78,000
			<u>1,299,920</u>	<u>78,000</u>
Totals			<u>\$ 6,499,600</u>	<u>\$ 390,000</u>

Estimated future replacement costs are based on the assumption that the rate of interest income earned on replacement funds will be equal to the rate of inflation.

SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND EXPENSES - BUDGET TO ACTUAL
CONDOMINIUM 1
FOR THE PERIOD MAY 1, 2021 TO APRIL 30, 2022

	<u>Budget</u> <i>(unaudited)</i>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
ADMINISTRATIVE			
Management fees	\$ -	\$ -	\$ -
Administrative fee	-	-	-
Division fees	240	240	-
Accounting	-	-	-
Legal	-	-	-
Bad debt	-	-	-
Postage	-	-	-
Income tax expense	-	-	-
Interest expense	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total administrative	<u>240</u>	<u>240</u>	<u>-</u>
INSURANCE	<u>-</u>	<u>-</u>	<u>-</u>
REPAIRS AND MAINTENANCE			
Elevators	12,750	4,860	7,890
Fire sprinklers/inspections	7,180	3,519	3,661
Landscaping/irrigation	15,360	15,106	254
Plant/tree replacement	1,200	238	962
Roof maintenance treatment	-	-	-
Maintenance - buildings	5,319	5,832	(513)
	<u> </u>	<u> </u>	<u> </u>
Total repairs and maintenance	<u>41,809</u>	<u>29,555</u>	<u>12,254</u>
OPERATING EXPENSES			
Electricity	1,800	1,783	17
Waste disposal	4,280	4,232	48
Janitorial service	11,712	11,520	192
Dryer vent cleaning	960	953	7
Pest control	1,560	1,940	(380)
Telephone	1,356	1,318	38
Water/sewer	27,000	26,649	351
	<u> </u>	<u> </u>	<u> </u>
Total operating expenses	<u>48,668</u>	<u>48,395</u>	<u>273</u>
Total expenses before allocation	90,717	78,190	12,527
Allocation of Association expenses	<u>105,422</u>	<u>84,086</u>	<u>21,336</u>
Total expenses	<u>\$ 196,139</u>	<u>\$ 162,276</u>	<u>\$ 33,863</u>

SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND EXPENSES - BUDGET TO ACTUAL
CONDOMINIUM 2
FOR THE PERIOD MAY 1, 2021 TO APRIL 30, 2022

	<u>Budget</u> <i>(unaudited)</i>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
ADMINISTRATIVE			
Management fees	\$ -	\$ -	\$ -
Administrative fee	-	-	-
Division fees	240	240	-
Accounting	-	-	-
Legal	-	-	-
Bad debt	-	-	-
Postage	-	-	-
Income tax expense	-	-	-
Interest expense	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total administrative	<u>240</u>	<u>240</u>	<u>-</u>
INSURANCE	<u>-</u>	<u>-</u>	<u>-</u>
REPAIRS AND MAINTENANCE			
Elevators	12,750	6,085	6,665
Fire sprinklers/inspections	7,180	8,700	(1,520)
Landscaping/irrigation	15,360	15,105	255
Plant/tree replacement	1,200	169	1,031
Roof maintenance treatment	-	-	-
Maintenance - buildings	5,319	7,904	(2,585)
	<u>5,319</u>	<u>7,904</u>	<u>(2,585)</u>
Total repairs and maintenance	<u>41,809</u>	<u>37,963</u>	<u>3,846</u>
OPERATING EXPENSES			
Electricity	1,800	1,712	88
Waste disposal	4,280	4,232	48
Janitorial service	11,712	11,520	192
Dryer vent cleaning	960	954	6
Pest control	1,560	1,940	(380)
Telephone	1,356	1,318	38
Water/sewer	27,000	26,107	893
	<u>27,000</u>	<u>26,107</u>	<u>893</u>
Total operating expenses	<u>48,668</u>	<u>47,783</u>	<u>885</u>
Total expenses before allocation	90,717	85,986	4,731
Allocation of Association expenses	<u>105,422</u>	<u>84,086</u>	<u>21,336</u>
Total expenses	<u>\$ 196,139</u>	<u>\$ 170,072</u>	<u>\$ 26,067</u>

SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND EXPENSES - BUDGET TO ACTUAL
CONDOMINIUM 3
FOR THE PERIOD MAY 1, 2021 TO APRIL 30, 2022

	<u>Budget</u> <i>(unaudited)</i>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
ADMINISTRATIVE			
Management fees	\$ -	\$ -	\$ -
Administrative fee	-	-	-
Division fees	240	240	-
Accounting	-	-	-
Legal	-	-	-
Bad debt	-	-	-
Postage	-	-	-
Income tax expense	-	-	-
Interest expense	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total administrative	<u>240</u>	<u>240</u>	<u>-</u>
INSURANCE	<u>-</u>	<u>-</u>	<u>-</u>
REPAIRS AND MAINTENANCE			
Elevators	12,750	4,725	8,025
Fire sprinklers/inspections	7,180	3,236	3,944
Landscaping/irrigation	15,360	15,106	254
Plant/tree replacement	1,200	-	1,200
Roof maintenance treatment	-	-	-
Maintenance - buildings	5,319	12,234	(6,915)
	<u>5,319</u>	<u>12,234</u>	<u>(6,915)</u>
Total repairs and maintenance	<u>41,809</u>	<u>35,301</u>	<u>6,508</u>
OPERATING EXPENSES			
Electricity	1,800	1,841	(41)
Waste disposal	4,280	4,232	48
Janitorial service	11,712	11,520	192
Dryer vent cleaning	960	953	7
Pest control	1,560	1,940	(380)
Telephone	1,356	1,318	38
Water/sewer	27,000	26,789	211
	<u>27,000</u>	<u>26,789</u>	<u>211</u>
Total operating expenses	<u>48,668</u>	<u>48,593</u>	<u>75</u>
Total expenses before allocation	90,717	84,134	6,583
Allocation of Association expenses	<u>105,422</u>	<u>84,086</u>	<u>21,336</u>
Total expenses	<u>\$ 196,139</u>	<u>\$ 168,220</u>	<u>\$ 27,919</u>

SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND EXPENSES - BUDGET TO ACTUAL
CONDOMINIUM 4
FOR THE PERIOD MAY 1, 2021 TO APRIL 30, 2022

	<u>Budget</u> <i>(unaudited)</i>	<u>Actual</u>	Variance Favorable (Unfavorable)
ADMINISTRATIVE			
Management fees	\$ -	\$ -	\$ -
Administrative fee	-	-	-
Division fees	240	240	-
Accounting	-	-	-
Legal	-	-	-
Bad debt	-	-	-
Postage	-	-	-
Income tax expense	-	-	-
Interest expense	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total administrative	<u>240</u>	<u>240</u>	<u>-</u>
INSURANCE	<u>-</u>	<u>-</u>	<u>-</u>
REPAIRS AND MAINTENANCE			
Elevators	12,750	5,895	6,855
Fire sprinklers/inspections	7,180	13,854	(6,674)
Landscaping/irrigation	15,360	15,106	254
Plant/tree replacement	1,200	-	1,200
Roof maintenance treatment	-	-	-
Maintenance - buildings	5,319	3,426	1,893
	<u>5,319</u>	<u>3,426</u>	<u>1,893</u>
Total repairs and maintenance	<u>41,809</u>	<u>38,281</u>	<u>3,528</u>
OPERATING EXPENSES			
Electricity	1,800	1,713	87
Waste disposal	4,280	4,232	48
Janitorial service	11,712	11,520	192
Dryer vent cleaning	960	953	7
Pest control	1,560	1,940	(380)
Telephone	1,356	1,317	39
Water/sewer	27,000	26,444	556
	<u>27,000</u>	<u>26,444</u>	<u>556</u>
Total operating expenses	<u>48,668</u>	<u>48,119</u>	<u>549</u>
Total expenses before allocation	90,717	86,640	4,077
Allocation of Association expenses	<u>105,422</u>	<u>84,086</u>	<u>21,336</u>
Total expenses	<u>\$ 196,139</u>	<u>\$ 170,726</u>	<u>\$ 25,413</u>

SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND EXPENSES - BUDGET TO ACTUAL
CONDOMINIUM 5
FOR THE PERIOD MAY 1, 2021 TO APRIL 30, 2022

	<u>Budget</u> <i>(unaudited)</i>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
ADMINISTRATIVE			
Management fees	\$ -	\$ -	\$ -
Administrative fee	-	-	-
Division fees	240	240	-
Accounting	-	-	-
Legal	-	-	-
Bad debt	-	-	-
Postage	-	-	-
Income tax expense	-	-	-
Interest expense	-	-	-
	<u>240</u>	<u>240</u>	<u>-</u>
Total administrative	<u>240</u>	<u>240</u>	<u>-</u>
INSURANCE	<u>-</u>	<u>-</u>	<u>-</u>
REPAIRS AND MAINTENANCE			
Elevators	12,750	6,474	6,276
Fire sprinklers/inspections	7,180	5,590	1,590
Landscaping/irrigation	15,360	15,106	254
Plant/tree replacement	1,200	58	1,142
Roof maintenance treatment	-	-	-
Maintenance - buildings	5,319	10,274	(4,955)
	<u>41,809</u>	<u>37,502</u>	<u>4,307</u>
Total repairs and maintenance	<u>41,809</u>	<u>37,502</u>	<u>4,307</u>
OPERATING EXPENSES			
Electricity	1,800	1,628	172
Waste disposal	4,280	4,232	48
Janitorial service	11,712	11,520	192
Dryer vent cleaning	960	953	7
Pest control	1,560	2,339	(779)
Telephone	1,356	1,318	38
Water/sewer	27,000	27,693	(693)
	<u>48,668</u>	<u>49,683</u>	<u>(1,015)</u>
Total operating expenses	<u>48,668</u>	<u>49,683</u>	<u>(1,015)</u>
Total expenses before allocation	90,717	87,425	3,292
Allocation of Association expenses	<u>105,422</u>	<u>84,086</u>	<u>21,336</u>
Total expenses	<u>\$ 196,139</u>	<u>\$ 171,511</u>	<u>\$ 24,628</u>

SOUTHMONT COVE AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND EXPENSES - BUDGET TO ACTUAL
NEIGHBORHOOD
FOR THE PERIOD MAY 1, 2021 TO APRIL 30, 2022

	<u>Budget</u> <i>(unaudited)</i>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
ADMINISTRATIVE			
Management fees	\$ -	\$ -	\$ -
Administrative fee	1,200	176	1,024
Division fees	60	61	(1)
Accounting	6,650	5,450	1,200
Legal	2,500	1,002	1,498
Bad debt	5,000	-	5,000
Postage	900	1,100	(200)
Income tax expense	-	-	-
Interest expense	3,500	1,072	2,428
	<u>19,810</u>	<u>8,861</u>	<u>10,949</u>
Total administrative			
INSURANCE	<u>507,300</u>	<u>411,569</u>	<u>95,731</u>
REPAIRS AND MAINTENANCE			
Fire sprinklers/inspections	-	-	-
Landscaping/irrigation	-	-	-
Plant/tree replacement	-	-	-
Roof maintenance treatment	-	-	-
Elevator maintenance	-	-	-
Maintenance - buildings	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total repairs and maintenance	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES			
Electricity	-	-	-
Waste disposal	-	-	-
Janitorial service	-	-	-
Dryer vent cleaning	-	-	-
Pest control	-	-	-
Telephone	-	-	-
Water/sewer	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses before allocation	527,110	420,430	106,680
Allocation of Association expenses	<u>(527,110)</u>	<u>(420,430)</u>	<u>(106,680)</u>
Total expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>