

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.

FINANCIAL STATEMENTS

MARCH, 31 2019 AND 2018



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Seapointe Village Master Association, Inc.
Wildwood Crest, New Jersey

We have audited the accompanying financial statements of Seapointe Village Master Association, Inc. (the "Master Association") which comprise the balance sheet as of March 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.

Auditors' 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 auditors' 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Master Association as of March 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 Summarized Comparative Information

We have previously audited the Seapointe Village Master Association, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 21, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2018, is consistent in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of revenues, expenses and allocation to funds as compared to budget on pages 12 and 13 are presented for purposes of additional analysis, and are 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. 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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of information on future major repairs and replacements on pages 14 through 20 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 for the year ended March 31, 2019 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.



Certified Public Accountants

Conshohocken, Pennsylvania
August 22, 2019

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
BALANCE SHEETS
MARCH 31, 2019 AND 2018

	2019			2018	
	Operating Fund	Deferred Maintenance Fund	Replacement Fund	Total	Total
ASSETS					
Cash and cash equivalents	\$ 246,469	\$ 146,763	\$ 1,350,506	\$ 1,743,738	\$ 706,591
Prepaid expenses and other assets	49,341	-	-	49,341	46,164
Property and equipment, net	1,361,394	-	-	1,361,394	1,373,869
Due from villages	42,612	-	-	42,612	4,858
Interfund balances	-	107,012	180,035	287,047	155,191
	<u>\$ 1,699,816</u>	<u>\$ 253,775</u>	<u>\$ 1,530,541</u>	<u>\$ 3,484,132</u>	<u>\$ 2,286,673</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ 51,639	\$ -	\$ 500,205	\$ 551,844	\$ 45,331
Line of credit, net	-	-	776,963	776,963	-
Payroll expenses and taxes payable	15,269	-	-	15,269	10,668
Due to villages	-	-	-	-	2,621
Interfund balances	287,047	-	-	287,047	155,191
TOTAL LIABILITIES	<u>353,955</u>	<u>-</u>	<u>1,277,168</u>	<u>1,631,123</u>	<u>213,811</u>
FUND BALANCE					
Board designated funds	-	253,775	253,373	507,148	789,066
Undesignated funds	1,345,861	-	-	1,345,861	1,283,796
TOTAL FUND BALANCE	<u>1,345,861</u>	<u>253,775</u>	<u>253,373</u>	<u>1,853,009</u>	<u>2,072,862</u>
	<u>\$ 1,699,816</u>	<u>\$ 253,775</u>	<u>\$ 1,530,541</u>	<u>\$ 3,484,132</u>	<u>\$ 2,286,673</u>

See accompanying notes.

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
 YEARS ENDED MARCH 31, 2019 AND 2018

	2019			2018	
	Operating Fund	Deferred Maintenance Fund	Replacement Fund	Total	Total
REVENUES					
Master fees from villages	\$ 2,042,075	\$ 32,000	\$ 151,666	2,225,741	\$ 2,180,988
Reimbursements from villages	218,175	-	-	218,175	181,632
Initial assessments	31,053	-	-	31,053	16,215
Special assessments	-	-	1,447,882	1,447,882	-
Interest income	-	1,057	3,034	4,091	2,837
Service charges	92,100	-	-	92,100	88,860
Parking charges	7,318	-	-	7,318	7,814
Owner service charges	13,425	-	-	13,425	11,675
Beach tags and recreation fees	9,250	-	-	9,250	6,038
Vending commissions	3,873	-	-	3,873	2,743
Lease fees - beach hut	31,000	-	-	31,000	28,000
Other Income	-	-	-	-	19
TOTAL REVENUES	2,448,269	33,057	1,602,582	4,083,908	2,526,821
EXPENSES					
Administrative	406,739	-	-	406,739	496,054
Payroll and employee expenses	1,102,571	-	-	1,102,571	1,085,632
Utilities and insurance	460,280	-	-	460,280	441,465
Residential and maintenance services	373,062	19,833	-	392,895	447,479
Major repairs and replacements	43,552	-	1,897,724	1,941,276	72,393
TOTAL EXPENSES	2,386,204	19,833	1,897,724	4,303,761	2,543,023
REVENUES (UNDER) OVER EXPENSES	62,065	13,224	(295,142)	(219,853)	(16,202)
FUND BALANCE, BEGINNING	1,283,796	240,551	548,515	2,072,862	2,089,064
FUND BALANCE, ENDING	\$ 1,345,861	\$ 253,775	\$ 253,373	\$ 1,853,009	\$ 2,072,862

See accompanying notes.

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
 STATEMENTS OF CASH FLOWS
 YEARS ENDED MARCH 31, 2019 AND 2018

	2019			2018	
	Operating Fund	Deferred Maintenance Fund	Replacement Fund	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Revenues over (under) expenses	\$ 62,065	\$ 13,224	\$ (295,142)	\$ (219,853)	\$ (16,202)
Adjustments to reconcile revenues over (under) expenses to net cash operating activities					
Depreciation expense	12,475	-	-	12,475	18,239
Amortization of debt finance costs	-	-	2,500	2,500	-
(Increase) decrease in assets					
Due from/to villages	(40,375)	-	-	(40,375)	1,988
Prepaid expenses and other assets	(3,177)	-	-	(3,177)	(41,164)
Increase (decrease) in liabilities					
Accounts payable and accrued expenses	6,308	-	500,205	506,513	(4,459)
Payroll taxes and payroll expenses payable	4,601	-	-	4,601	4,595
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>41,897</u>	<u>13,224</u>	<u>207,563</u>	<u>262,684</u>	<u>(37,003)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from line of credit	-	-	784,463	784,463	-
Payment of deferred financing costs	-	-	(10,000)	(10,000)	-
Interfund (repayments) borrowings, net	131,856	2,600	(134,456)	-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>131,856</u>	<u>2,600</u>	<u>640,007</u>	<u>774,463</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	173,753	15,824	847,570	1,037,147	(37,003)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>72,716</u>	<u>130,939</u>	<u>502,936</u>	<u>706,591</u>	<u>743,594</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 246,469</u>	<u>\$ 146,763</u>	<u>\$ 1,350,506</u>	<u>\$ 1,743,738</u>	<u>\$ 706,591</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Interest paid	\$ -	\$ -	\$ 2,553	\$ 2,553	\$ -

See accompanying notes.

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

NOTE 1 NATURE OF ORGANIZATION

Seapointe Village Master Association, Inc. (the "Master Association") is a statutory condominium association incorporated in the State of New Jersey and located in the Diamond Beach section of Wildwood Crest, New Jersey. The purpose of the Master Association is to provide for the maintenance, management and operation of common property and recreational facilities. The Master Association consists of the unit owners of seven constituent villages ("Villages"): Seapointe Village I through V, Seapointe Village VII and Single Family Homes at Seapointe Village.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Master 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 Master Association maintains its accounts using fund accounting. Disbursements from the operating fund are generally at the discretion of the board of directors and property manager. Disbursements from the replacement fund generally may be made only for designated purposes. 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 Master Association.

Deferred Maintenance Fund

This fund is used to accumulate financial resources in order to perform maintenance services which occur less frequently than annually.

Replacement Fund

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

Member Assessments

The Villages are subject to monthly assessments to provide funds for the Master Association's operating expenses, maintenance services, future capital acquisitions and major repairs and replacements. The annual budget and assessments of the villages are determined by the board of directors and are approved by the owners. Any excess assessments at year end are retained by the Master Association for use in the succeeding year.

During the year ended March 31, 2019, estimated special assessments for an exterior replacement project were prepaid in the amount of \$1,447,882 and recorded as revenue since project expenditures were incurred. During the year ending March 31, 2020, any additional special assessments will be calculated, approved, and the remaining revenue and receivables recorded accordingly.

Cash and Cash Equivalents

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

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

In accordance with prevalent industry practice, the Master Association's policy is not to capitalize real property directly associated with individual units, or part of the fee simple ownership of the individual units. Also in accordance with prevalent industry practice, the Master Association's policy is to capitalize all equipment, personal property and real property not directly associated with the units to which it has title and to which it (1) has the right to sell and retain proceeds of, or (2) can use the property to generate significant cash flows on the basis of usage. Property and equipment that meet the preceding requirements are capitalized at cost and depreciated using the straight-line method over estimated useful lives. All other costs of repair and replacement are expensed as incurred or charged to the replacement fund if provided for therein.

As of March 31, 2019 and 2018, property not capitalized consists of sidewalks, roadways, parking areas and open areas. The Master Association received these common elements in a non-monetary transaction with the developers. Since the use and disposition of these properties are restricted or governed by the Master Association's legal documents, no amounts have been capitalized or reflected on the accompanying balance sheets.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Master Association to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Interest Earned

The Master Association's policy is to allocate all interest earned on replacement and deferred maintenance cash accounts and investments to the corresponding replacement funds and deferred maintenance funds.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"), which provides guidance for revenue recognition. ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets. ASU 2014-09 supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") Topic 605, "Revenue Recognition," and most industry-specific guidance. ASU 2014-09 also supersedes some cost guidance included in ASC Subtopic 605-35, "Revenue Recognition—Construction-Type and Production-Type Contracts." The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which a company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under the current guidance. These judgments and estimates include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separate performance obligation.

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

In August 2015, the FASB issued ASU 2015-14 "Revenue from Contracts with Customers" ("ASU 2015-14"), which delays the effective date of ASU 2014-09 by one year. ASU 2014-09, as amended by ASU 2015-14, is effective for our fiscal year beginning January 1, 2019, and, at that time, we expect to adopt the new standard under the modified retrospective approach. Management is currently evaluating the impact that the adoption of ASU 2014-09, as amended by ASU 2015-14, may have on the financial statements and disclosures.

NOTE 3 INCOME TAXES

Under the Internal Revenue Code, the Master Association may be taxed as a Condominium Management Association at its election, or as a regular corporation. The Master Association may select either method in any year and will generally select the method that results in the lowest tax due. A method selected in one year affects only that year and the Master Association is free to select either method in future years. By filing as a regular corporation, an association is generally taxed at a lower rate than by filing as a Condominium Management Association.

For the years ended March 31, 2019 and 2018, the Master Association has elected to be taxed as a Condominium Management Association. For each of the years ended March 31, 2019 and 2018, there were no income taxes based on the comparison of non-membership income to non-membership expenses.

The Master Association is incorporated pursuant to Title 15 of the New Jersey Statutes and therefore is not liable for New Jersey corporation business income tax.

The Master Association follows the guidance for accounting for uncertainty in income taxes. The Master Association had no unrecognized tax benefits at March 31, 2019 and 2018. The Master Association's Federal income tax returns prior to fiscal year 2016 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The Master Association recognizes interest and penalties associated with tax matters as operating expenses and includes accrued interest and penalties with accrued expenses in the balance sheet. There were no penalties and interest during the years ended March 31, 2019 and 2018.

NOTE 4 LINE OF CREDIT

The Association established a line of credit of up to \$3,500,000 with a bank in December 2018. Payments are due in variable installments of interest at a rate indexed monthly to 1-month LIBOR plus 1.88%, with a floor of 3.99% (the effective rate was 4.36% as of March 31, 2019). The Association is required to maintain a reserve account with the lender maintaining a minimum average monthly balance of \$200,000. On December 2019, the outstanding balance will convert to a term loan with a maturity date of February 2025. Payments on the term loan will be due in monthly installments of principle and interest for five years at a fixed rate to be determined upon conversion comprised of adding the margin rate to the index rate and rounding up to the next highest 1/8th percent, subject to a floor of 4.70%. The amount outstanding on the line of credit was \$784,463 as of March 31, 2019.

Interest incurred on the loan totaled \$5,053 for the year ended March 31, 2019.

Borrowings under the note are collateralized by the assets and future revenues of the Association.

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 MARCH 31, 2019 AND 2018

NOTE 4 LINE OF CREDIT (continued)

Loan Finance Fees

The Association incurred loan finance fees in the amount of \$10,000, which will be amortized over the term of the note over a period of five years resulting in an expense of \$2,000 annually.

NOTE 5 REPLACEMENT FUND

The Master Association's governing documents require that funds accumulate for future major repairs and replacements. At March 31, 2019 and 2018, accumulated fund balances are \$253,373 and \$240,551, respectively. Replacement funds are held in separate accounts and are generally not available for expenditures or operating purposes.

The board of directors is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimate of those lives and current replacement costs considering amounts previously accumulated in the replacement fund. For the years ended March 31, 2019 and 2018, the board of directors funded \$1,599,548 and \$226,000 in total monthly assessments and \$3,034 and \$2,228 in interest income for the basic annual contribution, respectively.

Funds are being accumulated in the replacement fund based upon estimated costs for repairs and replacement of common property components. Actual expenditures 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 for major repairs and replacements. If additional funds are needed, the Master Association has the right to increase regular assessments, levy special assessments, or delay such repairs and replacements until funds are available.

NOTE 6 CONCENTRATION OF CREDIT RISK

At times, the Master Association maintains cash in accounts in excess of the FDIC insured amount.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31:

	<u>2019</u>	<u>2018</u>	<u>Estimated Useful Lives</u>
Land	\$ 1,275,000	\$ 1,275,000	-
Improvements	26,519	26,519	27.5 years
Furniture, fixtures and equipment	<u>252,194</u>	<u>252,194</u>	5 - 10 years
	1,553,713	1,553,713	
Less accumulated depreciation	<u>(192,319)</u>	<u>(179,844)</u>	
Property and equipment, net	<u>\$ 1,361,394</u>	<u>\$ 1,373,869</u>	

Depreciation expense totaled \$12,475 and \$18,239 for the years ended March 31, 2019 and 2018, respectively.

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

NOTE 8 MASTER FEES FROM VILLAGES

All Villages are obligated to collect the Master Association fees from their individual unit owners, and remit the amounts to the Master Association. The following represent the amount of master fees paid during the years ended March 31:

	<u>2019</u>	<u>2018</u>
Seapointe Village I Condominium Association, Inc.	\$ 466,080	\$ 457,392
Seapointe Village II Condominium Association, Inc.	466,080	457,392
Seapointe Village III Condominium Association, Inc.	332,880	326,712
Seapointe Village IV Condominium Association, Inc.	214,680	210,732
Seapointe Village V Condominium Association, Inc.	315,581	307,104
Single Family Homes at Seapointe Village	105,600	103,440
Seapointe Village VII Condominium Association, Inc.	<u>324,840</u>	<u>318,216</u>
 Total master fees from villages	 <u>\$ 2,225,741</u>	 <u>\$ 2,180,988</u>

NOTE 9 INITIAL ASSESSMENTS

In accordance with the board of directors' policy, each initial member of the association must contribute revenue to the Master Association at the time of settlement an amount equivalent to two months' maintenance assessments. Initial assessments totaled \$31,053 and \$16,215 the years ended March 31, 2019 and 2018, respectively.

NOTE 10 REIMBURSEMENTS FROM VILLAGES

The Master Association pays for various office, maintenance, and custodial expenses, which are allocated to the Villages and included in revenue as reimbursements for the Villages. Revenues totaled \$218,175 and \$181,632 for the years ended March 31, 2019 and 2018, respectively.

NOTE 11 AMENITIES USAGE FEE

The Master Association charges an amenities usage fee to an unrelated association. The monthly commitment was approximately \$7,600 and indexed for inflation, not to exceed 5% per annum. Income, which is included in service charges in the statements of revenues, expenses and changes in fund balance, was approximately \$92,000 for each of the years ended March 31, 2019 and 2018, respectively. The commitment has no stated expiration date.

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

NOTE 12 COMMITMENT

On October 25, 2018, the Association executed a contract with a contractor for a pool and spa replacement project which will occur until approximately July 2019. The contract amount is approximately \$3,200,000 with \$1,360,000 earned and paid at March 31, 2019. An installment payment of \$349,000 was accrued along with a retainage liability totaling \$151,000 as of March 31, 2019. The balance on the contract of approximately \$1,840,000 was remitted in June 2019.

NOTE 13 SUBSEQUENT EVENTS

The Master Association has evaluated events or transactions that have occurred after March 31, 2019 (the financial statement date) through August 22, 2019, the date the financial statements were available to be issued. During the period, the Master Association did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

SUPPLEMENTARY INFORMATION

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
SCHEDULES OF REVENUES, EXPENSES AND ALLOCATION TO FUNDS
AS COMPARED TO BUDGET
YEAR ENDED MARCH 31, 2019

	2019		Variance Favorable (Unfavorable)	2018
	Actual	Budget (Unaudited)		Actual
REVENUES				
Master fees from villages	\$ 2,225,741	\$ 2,225,196	\$ 545	\$ 2,180,988
Reimbursements from villages	218,175	170,000	48,175	181,632
Initial assessments	31,053	19,000	12,053	16,215
Special assessments	1,447,882	-	1,447,882	-
Interest income	4,091	-	4,091	2,837
Service charges, parking, and IBIS	112,843	112,350	493	108,349
Beach tags and pool fees	9,250	7,000	2,250	6,038
Vending commissions	3,873	2,500	1,373	2,743
Lease fees - beach hut	31,000	31,000	-	28,000
Other income	-	-	-	19
TOTAL REVENUES	4,083,908	2,567,046	1,516,862	2,526,821
EXPENSES AND FUND ALLOCATIONS				
ADMINISTRATIVE				
Management fees	260,200	255,000	(5,200)	252,720
Bad debts expense	-	-	-	6,016
Bank service charges	-	-	-	12
Depreciation expense	12,475	7,460	(5,015)	18,239
Dues and subscriptions	-	500	500	310
Gifts and contributions	97	-	(97)	29
Licenses and permits	304	1,500	1,196	2,919
Meeting expenses	3,809	2,000	(1,809)	1,164
Office supplies and expense	21,256	19,000	(2,256)	26,619
Postage and delivery	11,916	5,000	(6,916)	5,719
Professional fees	67,935	49,000	(18,935)	153,016
Printing and reproduction	233	-	(233)	-
Rent	19,500	19,500	-	19,500
Taxes and fees	8,964	9,100	136	9,001
Travel and entertainment	50	-	(50)	790
TOTAL ADMINISTRATIVE	406,739	368,060	(38,679)	496,054
PAYROLL AND EMPLOYEE EXPENSES				
Salaries and wages	928,503	910,000	(18,503)	906,528
Payroll taxes	120,625	126,600	5,975	120,062
Group insurance and benefits	53,443	54,000	557	59,042
TOTAL PAYROLL AND EMPLOYEE EXPENSES	1,102,571	1,090,600	(11,971)	1,085,632
UTILITIES AND INSURANCE				
Cable TV	13,889	15,000	1,111	14,829
Electricity	116,455	112,000	(4,455)	107,241
Gas	46,504	42,000	(4,504)	44,314
Insurance	139,388	145,900	6,512	139,247
Telephone	17,916	19,000	1,084	18,572
Water and sewer	126,128	117,000	(9,128)	117,262
TOTAL UTILITIES AND INSURANCE	460,280	450,900	(9,380)	441,465

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
SCHEDULES OF REVENUES, EXPENSES AND ALLOCATION TO FUNDS
AS COMPARED TO BUDGET (CONTINUED)
YEAR ENDED MARCH 31, 2018

	2019		Variance Favorable (Unfavorable)	2018
	Actual	Budget (Unaudited)		Actual
RESIDENTIAL AND MAINTENANCE SERVICES				
Custodial supplies and materials	107,380	90,500	(16,880)	121,638
Damaged insured loss contingency	801	-	(801)	2,148
Exterminator	8,933	9,000	67	10,134
Heating, ventilation and air-conditioning	1,231	-	(1,231)	790
Landscaping	125,151	131,000	5,849	127,151
Pool, spa and lagoon supplies and maintenance	67,831	70,000	2,169	69,987
Repairs and maintenance	30,177	51,000	20,823	83,306
Security supplies and equipment	12,407	10,000	(2,407)	5,940
Trash collection	25,801	20,000	(5,801)	14,814
Uniforms	13,183	11,000	(2,183)	11,571
TOTAL RESIDENTIAL AND MAINTENANCE SERVICES	392,895	392,500	(395)	447,479
MAJOR REPAIRS AND REPLACEMENTS				
Licenses and permits	71,772	-	(71,772)	-
Professional fees	251,259	-	(251,259)	-
Recreation facilities	33,542	-	(33,542)	32,116
Equipment repairs	21,720	-	(21,720)	29,846
Exterior maintenance	1,553,814	-	(1,553,814)	-
Interior maintenance	4,116	-	(4,116)	10,431
Interest expense	5,053	-	(5,053)	-
TOTAL MAJOR REPAIRS AND REPLACEMENTS	1,941,276	-	(1,941,276)	72,393
TOTAL EXPENSES	4,303,761	2,302,060	(2,001,701)	2,543,023
REVENUES (UNDER) OVER EXPENSES	(219,853)	264,986	(484,839)	(16,202)
DEFERRED MAINTENANCE FUND ALLOCATIONS				
Allocated assessments	32,000	32,000	-	32,000
Allocated interest income	1,057	-	1,057	609
Administrative expenses	-	-	-	(3)
Residential and maintenance services	(19,833)	-	(19,833)	(18,361)
TOTAL DEFERRED MAINTENANCE FUND ALLOCATIONS	13,224	32,000	(18,776)	14,245
REPLACEMENT FUND ALLOCATIONS				
Allocated assessments	151,666	232,986	(81,320)	226,000
Special assessments	1,447,882	-	1,447,882	-
Allocated interest income	3,034	-	3,034	2,228
Major repairs and replacements	(1,897,724)	-	(1,897,724)	(215,721)
TOTAL REPLACEMENT FUND ALLOCATIONS	(295,142)	232,986	(528,128)	12,507
TOTAL FUND ALLOCATIONS, NET OF EXPENSES	(281,918)	264,986	(546,904)	26,752
REVENUES (UNDER) OVER EXPENSES, NET OF FUND ALLOCATIONS	\$ 62,065	\$ -	\$ 62,065	\$ (42,954)

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An independent engineer conducted a study in October of 2017 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from licensed contractors who inspected the 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, but they do take into account the effect of inflation of 2% between the date of the study and the date 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.

Components	Updated 2017 Schedule (unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Paving:		
2' Cap —Asphalt Pavement	0	\$ 222,800
Decorative Concrete Pavers (Ibis Ln Cir over 2 yrs)	3	116,269
Decorative Concrete Pavers (Plaza Deck & Remaining, over 4 yrs)	18	388,749
Concrete Sidewalk (Ibis Pool & Playground)	20	33,575
Concrete Sidewalk (Plaza Deck)	18	152,320
Stamped Concrete (Ibis Pool & Playground)	20	31,488
Colored Concrete Pool Deck-Centre Court	15	61,360
Colored Concrete Pool Deck-Garden	8	31,020
Colored Concrete Pool Deck-Ocean Side	18	26,100
Concrete Hot Tub Deck-Ocean Side	0	9,000
Concrete Walkways	25	23,350
Concrete Walkways	26	36,300
Concrete Walkways	27	3,000
Concrete Walkways	28	8,875
Illumination:		
20' Aluminum Street Lights (over 5 yrs)	10	178,750
Plaza Bollard Lighting	13	19,000
Bollard Lighting-Walkways	13	19,000

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Components	Updated 2017 Schedule (unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Fencing:		
10' High Vinyl Chainlink - Tennis Ct.	10	11,840
4' High Vinyl Chainlink - Tennis Ct.	10	3,750
4' High Aluminum Fence (Ibis Pool & Playground)	15	21,105
4' High Aluminum Fence (Centre Court)	1	30,870
4' High Tubular Post & Railing (Centre Court)	2	2,782
4' High Aluminum Fence (Garden Pool)	0	19,656
4' High Aluminum Fence (Ocean Side)	13	50,400
6' Vinyl Chainlink Fence (Pool Heaters)	1	911
8' High Vinyl Privacy Fence	15	18,813
4' Vinyl Fence (Townhomes 400, 500 & 600)	20	14,418
5' Vinyl Fence (Townhomes 300, 500, 600 & 700)	20	7,893
6' Vinyl Fence (Townhomes 300 Series)	20	10,940
7' Vinyl Fence (Townhomes 300 Series)	20	5,784
6' Vinyl Fence - Dune Drive	16	53,385
6' Vinyl Fence - (behind 100 & 200 bldg. Townhomes)	18	17,503
6' Vinyl Fence - (behind 300, 700, & 800 bldg. Townhomes)	20	28,394
6' Wood Fence (Dune Drive)	0	4,920
Retaining Walls:		
Poured Concrete Retaining Wall (west elevation of tennis court)	25	8,700
Concrete Field Stone Retaining Wall (Ibis pool area)	17	26,862
Concrete Field Stone Retaining Wall (Garden)	17	53,276
Timber Retaining Wall: Replace w/ Seg. Block (South Beach, SW corner)	10	4,029
Masonry Concrete Retaining Wall: CMU block, stucco finish (over 5 yrs)	10	145,668
Ceramic Tile (masonry concrete retaining walls)	2	6,930
Aluminum Railing	2	10,700

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Components	Updated 2017 Schedule (unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Recreation:		
Tennis Court Resurface	0	17,600
Tennis Court Reconstruction	10	110,000
Basketball Court Resurface	0	8,800
Basketball Court Reconstruction	10	55,000
Tot Lot & Swing Set	8	25,000
Wood Edging	14	300
Pool Coping & Waterline Tile - Ibis Pool/Spa	4	13,200
Pool Resurfacing - Ibis Pool/Spa	0	7,533
Pool Coping & Waterline Tile - Centre Court	3	35,400
Pool Resurfacing - Centre Court	0	8,469
Pool Coping & Waterline Tile - Garden	5	9,900
Pool Resurfacing - Garden	0	6,480
Pool Coping & Waterline Tile - Ocean Side	8	25,800
Pool / Spa Resurfacing - Ocean Side	0	25,650
Ibis Exterior Components:		
Pool Furnishings	2	20,000
6" Aluminum Gutters	10	1,639
4" x 3" Aluminum Leaders	10	996
Single Aluminum & Glass Door	15	1,425
Double Aluminum & Glass Doors	15	4,650
Sliding Glass Doors (9' x 8')	15	7,000
Ibis Interior Components:		
Vinyl Composite Floor Tile	20	1,828
Ceramic Floor & Wall Tile (1" x 1")	28	5,002
Acoustical Ceiling Tile	20	1,828
Restroom Renovation	10	8,500
Ibis Mechanical Components:		
Pool Filters & Pumps	8	26,350
Pool Heaters - 325K Btu	13	6,500
Electric Water Heater - 40 Gallon	2	1,000
HVAC	10	15,500

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Components	Updated 2017 Schedule (unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Centre Court Exterior Components:		
Composite Decking	15	7,200
Wooden Pedestrian Bridge (over pool)	0	13,000
Pool Equipment Shed	10	3,000
Centre Court Mechanical:		
Spa Heater	4	2,350
Spa Filter & Pump	4	3,500
Pool Heaters - 399K Btu	5	3,850
Pool Heaters - 399K Btu	10	3,850
Pool Heater - 299K Btu	14	3,300
Pool Filters & Pumps	5	16,500
Garden Exterior Components:		
Pool Furnishings	3	20,000
Composite Bench	11	2,150
Garden Mechanical Components:		
Pool Heater - 250K Btu	14	3,275
Pool Heater - 399K Btu	3	3,850
Pool Heater - 399K Btu	12	3,850
ADA Pool Chair Lift	8	8,000
Pool Filters & Pumps	9	16,500
Ocean Side Exterior Components:		
Lounge Chairs (\$8000 allowance every other year)	0	8,000
Picnic Tables/Umbrellas	11	17,100
Composite Decking (over 3 yrs)	7	318,600
Composite Modular Rollout Decking	15	51,560
Composite Modular Rollout Decking Extension	21	12,374
Composite Modular Rollout Decking Extension	24	9,881

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Components	Updated 2017 Schedule (unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Ocean Side Mechanical:		
ADA Pool Chair Lift	0	8,000
Pool Heaters	5	3,000
Pool Heaters	12	3,000
Pool Heaters - 175K Btu	5	5,300
Pool Heaters - 175K Btu	12	2,650
Pool Pumps and Filters	5	13,650
A/C Condenser (Pinnacle Common Area)	16	2,150
A/C Condenser (North Beach Management Office)	18	3,350
Miscellaneous Sitework:		
Trash / Recycling Receptacles (over 7 yrs)	7	14,400
Shower Towers	2	35,000
Tiki Huts (12 EA every 3 years)	5	56,000
BBQ Grills (3 EA every year)	3	8,400
Storage Sheds: 10' x 12' (Beach Area)	19	3,700
Storage Sheds: 10' x 12' (Beach Area)	11	3,700
Storage Sheds: 10' x 12' (Beach Area)	1	3,700
Storage Shed: 30' x 20' (windows, doors, garage doors, siding, roofing)	25	16,250
Wood Gazebo: Wood Roof System (large)	3	4,500
Wood Gazebo: Wood Roof System (small)	0	2,250
Restroom Renovation - Beach	0	16,000
Composite Benches / Steel Frame	13	12,000
Lagoons and Components (over 2 yrs)	0	53,000
Lagoons and Components (over 5 yrs)	10	476,250
Steel Dumpsters (over 7 yrs)	0	42,900
Steel Dumpsters	27	6,600
Steel Dumpsters	28	4,950
Beach Wheelchairs	0	10,000
Beach Wheelchairs	18	10,000

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Components	Updated 2017 Schedule (unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Miscellaneous Mechanical:		
Access Gates & Controllers (over 4 yrs)	0	20,200
Access Gates (Seaview Avenue Entrance)	12	8,915
Card Reader System	3	38,200
Parking Meters	1	10,575
Gatehouse HVAC Split System (Furnace & A/C Condenser)	13	5,000
Vehicles:		
Golf Carts	2	3,000
Golf Carts	8	9,000
Kubota Tractor w/ Front Loader	8	40,000
Kubota Tractor w/ Front Loader	13	40,000
Food Concession Trailer	12	90,000
Pinnacle Exterior:		
Double Glass-Paneled Door w/ Sidelights (east elevation)	9	8,650
Automatic Double Glass Door (east elevation vestibule)	8	9,000
Single Glass-Paneled Doors (game room & pinnacle room)	9	4,000
Pinnacle Interior Finishes Meeting Room:		
Carpet	11	7,958
Acoustical Ceiling Tiles	5	1,478
Furniture	0	15,000
Kitchen Amenities	0	1,000
Ceramic Tile	5	784
Exercise Room:		
Interlocking Rubber Tiles	12	4,399
Exercise Equipment (over 3 yrs)	7	35,850
Acoustical Ceiling Tile	24	1,478
Game Room:		
Carpet	1	4,244
Acoustical Ceiling Tiles	24	1,277

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Components	Updated 2017 Schedule (unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Miscellaneous:		
Security System - (Cameras)	5	15,000
Sauna Heater	0	2,550
Cedar Sauna Finish	20	5,880
Steam Generator	6	3,385
Restroom Facilities:		
Ceramic Tile - (Men & Women's)	15	26,484
Acoustical Ceiling Tile	24	1,261
Restroom Renovation	5	26,500
Hallways:		
Ceramic Tile	15	3,572
Office (North Beach):		
Carpet	7	1,850
Office Furniture	6	13,500
GRAND TOTAL		<u>\$ 4,184,215</u>