

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2018



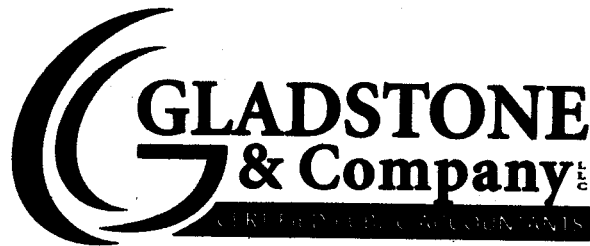
GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Grand Isles Master Homeowners Association, Inc.
Wellington, Florida

We have audited the accompanying financial statements of Grand Isles Master Homeowners Association, Inc., which comprise the balance sheets as of December 31, 2018, and the related statements of revenues and expenses, and changes in fund balance (deficit) and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
Grand Isles Master Homeowners Association, Inc.
Wellington, Florida

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Isles Master Homeowners Association, Inc., as of December 31, 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating expenses on pages 11 to 13, the schedule of operating revenues and expenses - budget vs. actual - master on pages 14 and 15, and the schedule of operating revenues and expenses - budget vs. actual - carmel on page 16 are 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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements on pages 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Gladstone & Company, LLC
Certified Public Accountants
Sunrise, Florida
March 23, 2019

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
BALANCE SHEET
December 31, 2018

	Operating Fund	Replacement Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 142,938	\$ 192,237	\$ 335,175
Certificates of Deposit	-	121,592	121,592
Member Assessments Receivable (Net of Allowance for Doubtful Accounts of \$15,000)	26,814	-	26,814
Prepaid Insurance	6,600	-	6,600
Prepaid Expenses	2,740	-	2,740
Due from Operating Fund	-	5,105	5,105
Due to Replacement Fund	(5,105)	-	(5,105)
 Total Assets	\$ 173,987	\$ 318,934	\$ 492,921

LIABILITIES AND FUND BALANCE (DEFICIT)

LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 98,900	\$ -	\$ 98,900
Prepaid Member Assessments	82,122	-	82,122
 Total Liabilities	181,022	-	181,022
 FUND BALANCE (DEFICIT)			
Master	\$ 31,265	\$ 247,634	\$ 278,899
Carmel	(38,300)	71,300	33,000
 Total Fund Balance (Deficit)	(7,035)	318,934	311,899
 Total Liabilities and Fund Balance (Deficit)	\$ 173,987	\$ 318,934	\$ 492,921

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

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE (DEFICIT)
For the Year Ended December 31, 2018

	Operating Fund	Replacement Fund	Total
REVENUES			
Member Assessments	\$ 1,232,297	\$ 182,527	\$ 1,414,824
Median Maintenance Income	7,500	-	7,500
Late Fees and Owner Interest Income	12,582	-	12,582
Fines	7,553	-	7,553
Legal Fee Recovery	5,137	-	5,137
Insurance Claim Proceeds	-	26,307	26,307
Orientation Fees	10,800	-	10,800
Gate Card Income and Pool Key Income	12,066	-	12,066
Rental Home Contribution	7,500	-	7,500
Interest Income	39	1,602	1,641
	<u>1,295,474</u>	<u>210,436</u>	<u>1,505,910</u>
EXPENSES			
Administrative	100,830	-	100,830
Contract Services	800,454	-	800,454
Repairs and Maintenance	68,852	-	68,852
Grounds Maintenance	157,007	-	157,007
Utilities	69,367	-	69,367
Carmel Expenses	150,604	-	150,604
Reserve Expenses	-	119,845	119,845
	<u>1,347,114</u>	<u>119,845</u>	<u>1,466,959</u>
Excess (Deficiency) of Revenues over Expenses	(51,640)	90,591	38,951
Fund Balance - Beginning of Year	<u>44,605</u>	<u>228,343</u>	<u>272,948</u>
Fund Balance (Deficit) - End of Year	<u>\$ (7,035)</u>	<u>\$ 318,934</u>	<u>\$ 311,899</u>

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

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

	Operating Fund	Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (Deficiency) of Revenues over Expenses	\$ (51,640)	\$ 90,591	\$ 38,951
Adjustments to Reconcile Excess (Deficiency) of Revenues over Expenses to Net Cash Provided by Operating Activities:			
Bad Debt Expense	8,412	-	8,412
(Increase) Decrease in Assets:			
Member Assessments Receivables, Net	4,518	-	4,518
Prepaid Insurance	(1,195)	-	(1,195)
Prepaid Expenses	2,864	-	2,864
Interfund Borrowings	(2,999)	2,999	-
Increase in Liabilities:			
Accounts Payable and Accrued Expenses	29,620	-	29,620
Prepaid Member Assessments	13,137	-	13,137
Net Cash Provided by Operating Activities	2,717	93,590	96,307
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemptions of Certificates of Deposit, Net of (Acquisitions)	-	8,661	8,661
Net Cash Provided by Financing Activities	-	8,661	8,661
Net Increase in Cash and Cash Equivalents	2,717	102,251	104,968
Cash and Cash Equivalents - Beginning of Year	140,221	89,986	230,207
Cash and Cash Equivalents - End of Year	\$ 142,938	\$ 192,237	\$ 335,175
SUPPLEMENTAL INFORMATION			
Income Taxes Paid	\$ -	\$ -	\$ -
Interest Paid	\$ -	\$ -	\$ -

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

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

1. **Organization** - Grand Isles Master Homeowners Association, Inc. (the "Association"), was incorporated as a not-for-profit corporation on March 22, 1996, in the State of Florida for the purpose of maintaining and preserving the common areas of the Association. Grand Isles Master Homeowners Association, Inc. consists of 611 residential units located in Wellington, Florida.

The community of Carmel, consisting of 183 residential units, is a sub division within the Grand Isles Master Homeowners Association, Inc. Their monthly maintenance assessments include specific recreation area amenities (pool, etc.) that are for the sole benefit of Carmel owners.

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

3. **Basis of Accounting** - The books and records are maintained on the accrual basis of accounting which recognizes revenues when earned, regardless of when received, and expenses when incurred, regardless of when paid, which is in accordance with accounting principles generally accepted in the United States of America.

4. **Use of Estimates in the Preparation of Financial Statements** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

5. **Member Assessments** - Member assessments are billed monthly based upon their proportionate share of ownership and are recognized as revenue on a pro rata basis over the period covered by the billing. Member assessments are based upon estimates of amounts necessary to provide funds for the Association's operating expenses and future major repairs and replacements. Assessments receivable from members are reported at the outstanding balance due from the members. It is the Association's policy to retain legal counsel and place liens on the units of members whose assessments are delinquent. Any excess assessments at year end are retained by the Association for reduction of member assessments in future years.

6. **Interest Income** - The Board of Directors' policy is to allocate to the operating and replacement funds all interest earned on their respective cash and cash equivalent and investment accounts.

7. **Recognition of Assets and Depreciation Policy** - Real and personal common property acquired by the original homeowners from the developer and related improvements to such property are not recognized on the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association.

8. **Cash and Cash Equivalents** - For purposes of the December 31, 2018 balance sheets and statements of cash flows for the year then ended, the Association considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2018

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

9. **Income Taxes** - The Association may be taxed either as a homeowners' association or as a regular corporation. This election is made annually taking into account the best interest of the Association. For the year ended December 31, 2018, the Association elected to file as a homeowners' association in accordance with Internal Revenue Service Code section 528. Under that section, the Association excludes from taxation exempt function income, which generally consists of revenue from assessments to owners. The Association's investment income and other nonexempt income are subject to tax at a rate of 30%, net of any applicable expenses.

Under federal and state income tax laws, an entity's income tax returns are subject to examination by the applicable taxing authorities. The time period during which a return may be selected by a taxing authority for examination generally ends at the later of three years after the initial due date of the return or three years after the return is filed. At December 31, 2018, the Association's tax years that remain subject to examination are 2015 through 2017.

10. **Concentration of Credit Risk** - Financial instruments which potentially subject the Association to concentrations of credit risk are primarily cash and assessments receivable. The Association invests its excess cash in both deposits and high quality short-term liquid money market instruments with major financial institutions, and the carrying value approximates market value. The Association has not experienced losses related to these investments. The Association believes it is not exposed to any significant credit risk on cash and assessments receivable.

11. **Comprehensive Income** - ASC 220 (formerly SFAS No. 130) requires "a full set of general-purpose financial statements to be expanded to include the reporting of comprehensive income." Comprehensive income is comprised of two components, net income and other comprehensive income. For the year ended December 31, 2018, there were no items that qualify as comprehensive income.

12. **Fair Value of Financial Instruments** - The carrying amounts of cash, receivables, and payables approximate their fair values due to their short-term maturities.

13. **Recently Issued Accounting Guidance, Not Yet Adopted** - In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, "Leases". This standard will affect all entities that lease assets and will require lessees to recognize a lease liability and a right-of-use asset for all leases (except short-term leases that have a duration of less than one year) as of the date on which the lessor makes the underlying asset available to the lessee. For non-public entities, such as the Association, the new standard is effective for annual periods beginning after December 15, 2019. While the adoption of this standard could result in an increase to the Association's reported assets and liabilities, the Association has not yet determined the full impact that the adoption of this standard will have on its financial statements and related disclosures.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers". This new guidance will replace most existing U.S. GAAP guidance on this topic. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services.

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS (Continued)
 December 31, 2018

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

13. Recently Issued Accounting Guidance, Not Yet Adopted (Continued) In August 2015, the FASB issued ASU No. 2015-14, which deferred, by one year, the effective date for the revenue reporting standard. Additionally, in March 2016, the FASB issued ASU No. 2016-08, "Revenue from Contracts with Customers, Principal versus Agent Considerations (Reporting Revenue Gross versus Net)" clarifying the implementation guidance on principal versus agent considerations. Specifically, an entity is required to determine whether the nature of a promise is to provide the specified good or service itself (that is, the entity is a principal) or to arrange for the good or services to be provided to the customer by the other party (that is, the entity is an agent). The determination influences the timing and amount of revenue recognition. For non-public entities, such as the Association, these new ASUs are effective for annual periods beginning after December 15, 2018. The Association is evaluating the impact that these ASUs will have on its financial statements and related disclosures.

NOTE B - REPLACEMENT FUND

The Association has established reserves. Accumulated funds are held in separate savings accounts and are generally not available for expenditures for normal operations.

The following disclosure is made in accordance with Florida Statute 720.303(6)(c)2:

THE BUDGET OF THE ASSOCIATION PROVIDES FOR LIMITED VOLUNTARY DEFERRED EXPENDITURE ACCOUNTS, INCLUDING CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE, SUBJECT TO LIMITS ON FUNDING CONTAINED IN OUR GOVERNING DOCUMENTS. BECAUSE THE OWNERS HAVE NOT ELECTED TO PROVIDE FOR RESERVE ACCOUNTS PURSUANT TO SECTION 720.303(6), FLORIDA STATUTES, THESE FUNDS ARE NOT SUBJECT TO THE RESTRICTIONS ON USE OF SUCH FUNDS SET FORTH IN THAT STATUTE, NOR ARE RESERVES CALCULATED IN ACCORDANCE WITH THAT STATUTE.

The activity in the replacement fund was as follows:

Component	Balance 01/01/18	Assessments	Insurance Claim Proceeds	Interest Income	Expenses	Balance 12/31/18
MASTER						
General	\$166,776	\$ 143,896	\$ 26,307	\$ -	\$(107,106)	\$229,873
Capital Improvements / Emergency	11,633	5,000	-	-	(3,376)	13,257
Storm Damage / Insurance Deductible	625	9,600	-	-	(8,250)	1,975
Interest Income	1,208	-	-	1,322	-	2,530
	<u>180,242</u>	<u>158,496</u>	<u>26,307</u>	<u>1,322</u>	<u>(118,732)</u>	<u>247,635</u>
CARMEL						
General	36,454	23,031	-	-	(1,113)	58,372
Capital Improvements / Emergency	11,464	1,000	-	-	-	12,464
Interest Income	183	-	-	280	-	463
	<u>48,101</u>	<u>24,031</u>	<u>-</u>	<u>280</u>	<u>(1,113)</u>	<u>71,299</u>
	<u>\$228,343</u>	<u>\$ 182,527</u>	<u>\$ 26,307</u>	<u>\$ 1,602</u>	<u>\$(119,845)</u>	<u>\$318,934</u>

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2018

NOTE B - REPLACEMENT FUND (Continued)

The Board of Directors had a study conducted by professional engineers in May, 2017 to estimate the remaining useful lives and the replacement costs of the components of common property. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. Accordingly, the funding requirements of \$182,527 and \$198,211 have been included in the 2018 and 2019 budgets, respectively.

NOTE C - ASSOCIATION INSURANCE DEDUCTIBLES

Common property of the Association is located in South Florida, an area proven geographically prone to hurricanes. The Association's insurance policies define deductibles and exclusions which will yield uncovered costs if common property damage claims occur. If additional funds are needed to replace or repair common property, the Association has the right, subject to governing documents, to increase regular assessments, pass special assessments, borrow funds or delay major repairs and replacements until funds are available.

NOTE D - CERTIFICATES OF DEPOSIT

At December 31, 2018, the Association had \$121,592 in certificates of deposit with various interest rates and maturity dates in 2019. It is the intent of the Association to hold these certificates until maturity. If these certificates are liquidated prior to maturity, they would be subject to market fluctuations and possibly early withdrawal penalties.

NOTE E - UNCERTAINTIES FOR INCOME TAXES

The Association follows ASC Topic 740, "Income Taxes" in accounting for uncertain tax positions. The Association has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Association has taken no uncertain tax position that require adjustment to the financial statements to comply with the provisions of this guidance.

NOTE F - OTHER COMMITMENTS AND CONTINGENCIES

The Association has contracted with various vendors for various services to maintain the common property related to certain administrative, building operations and maintenance, and contract expenses. These contracts are approved, as necessary, by the Board of Directors and have varying expiration dates and renewal terms.

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2018

NOTE G - LITIGATION

The Association is a party to various legal actions normally associated with homeowner associations, such as the collection of delinquent assessments and covenant compliance matters, the aggregate effect of which, in management's opinion, would not be material to the future financial condition of the Association.

NOTE H - INSURANCE CLAIM PROCEEDS

In August 2018, the Association had a lightning strike and experienced damages for which the Association received \$26,307 from their insurance carrier. The repairs were completed as of December 31, 2018. The proceeds and the repairs are reflected in the replacement fund.

NOTE I - UNINSURED CASH BALANCES

The Association maintains its cash balances at one major financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018, the Association's uninsured cash balances total \$104,453. The Association believes it is not exposed to any significant credit risk on cash and has not incurred losses related to these investments.

NOTE J - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 23, 2019, the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF OPERATING EXPENSES
For the Year Ended December 31, 2018

EXPENSES	<u>(Actual)</u>
ADMINISTRATIVE	
Audit Expense	\$ 4,900
Bad Debt Expense	8,412
Bank Fees	745
Community Activities	4,717
Coupon Expense	1,992
Insurance	26,356
Legal Fees	47,786
Licenses and Fees	375
Miscellaneous	1,046
Office Expense	3,601
Web Hosting	<u>900</u>
 Total Administrative	 <u>100,830</u>
 CONTRACT SERVICES	
Cable Television	273,735
Gatehouse Attendants	136,020
Holiday Lights	6,997
Janitorial Service	27,562
Lake Maintenance	21,197
Landscaping Maintenance	169,964
Management Fees	72,462
Pest Control	1,745
Pool Maintenance and Repairs	14,140
Sheriff Patrols	<u>76,632</u>
 Total Contract Services	 <u>800,454</u>

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF OPERATING EXPENSES (continued)
 For the Year Ended December 31, 2018

EXPENSES	<u>(Actual)</u>
REPAIRS and MAINTENANCE	
Air Conditioning	2,017
Cleaning Supplies	1,745
Clicker and Key	845
Fire Safety	2,799
Fitness Center	2,573
Gate	13,669
General	4,109
Golf Cart	1,333
Irrigation Maintenance	6,270
Irrigation Repairs	21,403
Lighting Electrical	7,127
Pressure Cleaning	4,775
Road and Sign	97
Unit Maintenance	<u>90</u>
 Total Repairs and Maintenance	 <u>68,852</u>
 GROUNDS MAINTENANCE	
Ficus Hedge Replacements	52,214
Hurricane Preparation and Cleanup	1,250
Landscape Extra / Whitefly	6,776
Landscape Replacement	16,708
Queen Palm Replacements	5,825
Recreation Area Repairs	1,852
Tree Trimming Replacement	<u>72,382</u>
 Total Grounds Maintenance	 <u>157,007</u>
 UTILITIES	
Electricity	52,084
Telephone and Internet	11,813
Trash	1,639
Water and Sewer	<u>3,831</u>
 Total Utilities	 <u>69,367</u>

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF OPERATING EXPENSES (continued)
 For the Year Ended December 31, 2018

EXPENSES	<u>(Actual)</u>
CARMEL EXPENSES	
Audit Expense	2,100
Electricity	8,547
Insurance	2,833
Irrigation Maintenance	7,948
Irrigation Repairs	22,335
Janitorial	11,830
Landscape Maintenance	38,395
Landscape Replacement	2,224
Licenses and Fees	250
Lighting Repairs and Maintenance	860
Management Fees	31,921
Pest Control	771
Pool Maintenance and Repairs	15,553
Recreation Area Repairs and Maintenance	1,154
Water and Sewer	<u>3,883</u>
Total Carmel Expenses	<u>150,604</u>
TOTAL EXPENSES	<u>\$ 1,347,114</u>

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION

MASTER

SCHEDULE OF OPERATING REVENUES AND EXPENSES - BUDGET VS. ACTUAL

For the Year Ended December 31, 2018

	Operating Fund	Budget (Unaudited)	Variance (Unaudited)
REVENUES			
Member Assessments	\$ 1,102,608	\$ 1,102,608	\$ -
Median Maintenance Income	7,500	7,500	-
Late Fees and Owner Interest Income	12,582	5,000	7,582
Fines	7,553	-	7,553
Legal Fee Recovery	5,137	4,000	1,137
Orientation Fees	10,800	11,000	(200)
Gate Card and Pool Key Income	12,066	3,000	9,066
Bank Interest Reserve	-	100	(100)
Rental Home Contribution	7,500	4,000	3,500
Repayment from Carmel Reserves	-	4,000	(4,000)
Interest Income	39	25	14
	<u>1,165,785</u>	<u>1,141,233</u>	<u>24,552</u>
Total Revenues			
EXPENSES			
ADMINISTRATIVE			
Administrative Storage	-	500	500
Audit Expense	4,900	5,600	700
Bad Debt Expense	8,412	23,000	14,588
Bank Fees	745	3,000	2,255
Barcode Expense	-	1,000	1,000
Community Activities	4,717	6,000	1,283
Coupon Expense	1,992	3,000	1,008
Insurance	26,356	27,000	644
Legal Fees	47,786	45,000	(2,786)
Licenses and Fees	375	810	435
Miscellaneous	1,046	2,000	954
Office Expense	3,601	9,720	6,119
Operating Budget Shortfall	-	32,556	32,556
Other	-	191	191
Repayment to Master Reserve	-	7,000	7,000
Studies (Reserve and Insurance)	-	1,400	1,400
Web Hosting	900	1,000	100
	<u>100,830</u>	<u>168,777</u>	<u>67,947</u>
Total Administrative			
CONTRACT SERVICES			
Cable Television	273,735	258,000	(15,735)
Gatehouse Attendants	136,020	125,000	(11,020)
Holiday Lights	6,997	-	(6,997)
Janitorial Service	27,562	28,000	438
Lake Maintenance	21,197	22,000	803
Landscaping Maintenance	169,964	170,000	36
Management Fees	72,462	58,994	(13,468)
Pest Control	1,745	2,000	255
Pool Maintenance and Repairs	14,140	12,000	(2,140)
Sheriff Patrols	76,632	86,112	9,480
	<u>800,454</u>	<u>762,106</u>	<u>(38,348)</u>
Total Contract Services			

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION
 MASTER

SCHEDULE OF OPERATING REVENUES AND EXPENSES - BUDGET VS. ACTUAL (continued)
 For the Year Ended December 31, 2018

EXPENSES	Operating Fund	Budget (Unaudited)	Variance (Unaudited)
REPAIRS and MAINTENANCE			
Air Conditioning	2,017	3,000	983
Cleaning Supplies	1,745	-	(1,745)
Clicker and Key	845	1,000	155
Fire Safety	2,799	3,600	801
Fitness Center	2,573	1,500	(1,073)
Gate	13,669	6,000	(7,669)
General	4,109	2,750	(1,359)
Golf Cart	1,333	1,500	167
Guardhouse	-	2,000	2,000
Irrigation Maintenance	6,270	10,000	3,730
Irrigation Repairs	21,403	-	(21,403)
Lighting Electrical	7,127	5,000	(2,127)
Pressure Cleaning	4,775	9,000	4,225
Road and Sign	97	500	403
Unit Maintenance	90	1,000	910
Total Repairs and Maintenance	68,852	46,850	(22,002)
GROUNDS MAINTENANCE			
Hurricane Preparation and Cleanup	1,250	15,000	13,750
Ficus Hedge Replacements	52,214	30,000	(22,214)
Landscape Extra / Whitefly	6,776	14,000	7,224
Landscape Replacement	16,708	10,000	(6,708)
Queen Palm Replacements	5,825	5,000	(825)
Recreation Area Repairs	1,852	5,000	3,148
Tree Trimming Replacement	72,382	9,000	(63,382)
Total Grounds Maintenance	157,007	88,000	(69,007)
UTILITIES			
Electricity	52,084	57,000	4,916
Telephone and Internet	11,813	11,000	(813)
Trash	1,639	2,000	361
Water and Sewer	3,831	5,500	1,669
Total Utilities	69,367	75,500	6,133
Total Expenses	1,196,510	1,141,233	(55,277)
(Deficiency) of Revenues over Expenses	\$ (30,725)	\$ -	\$ (30,725)
Fund Balance - Beginning of Year	61,990		
Fund Balance - End of Year	\$ 31,265		

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION

CARMEL

SCHEDULE OF OPERATING REVENUES AND EXPENSES - BUDGET VS. ACTUAL

For the Year Ended December 31, 2018

	Operating Fund	Budget (Unaudited)	Variance (Unaudited)
REVENUES			
Member Assessments - Carmel	129,689	129,689	-
Other	-	129	(129)
Total Revenues	<u>129,689</u>	<u>129,818</u>	<u>(129)</u>
EXPENSES			
Audit Expense	2,100	1,400	(700)
Electricity	8,547	9,500	953
Fire Safety Repairs and Maintenance	-	50	50
Insurance	2,833	3,000	167
Irrigation Maintenance	7,948	13,600	5,652
Irrigation Repairs	22,335	-	(22,335)
Janitorial	11,830	12,000	170
Landscape Maintenance	38,395	42,000	3,605
Landscape Replacement	2,224	1,000	(1,224)
Lighting Repairs and Maintenance	860	500	(360)
Licenses and Fees	250	-	(250)
Management Fees	31,921	28,163	(3,758)
Operating Budget Shortfall	-	1,405	1,405
Pest Control	771	700	(71)
Pool Maintenance and Repairs	15,553	8,500	(7,053)
Pressure Cleaning	-	1,000	1,000
Recreation Area Repairs and Maintenance	1,154	1,000	(154)
Repayment to Operating Budget	-	4,000	4,000
Water and Sewer	3,883	2,000	(1,883)
Total Expenses	<u>150,604</u>	<u>129,818</u>	<u>(20,786)</u>
(Deficiency) of Revenues over Expenses	\$ (20,915)	\$ -	\$ (20,915)
Fund Balance (Deficit) - Beginning of Year	<u>(17,385)</u>		
Fund Balance (Deficit) - End of Year	<u>\$ (38,300)</u>		

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
 December 31, 2018
 (Unaudited)

The Board of Directors had a study conducted by professional engineers in May, 2017 to estimate the remaining useful lives and the replacement costs of the components of common property.

The following table is based on the study and present the significant information about the components of common property.

<u>Components</u>	<u>Estimated Useful Lives (Years)</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Replacement Costs</u>	<u>2019 Reserve Contribution</u>
MASTER				
Site and Grounds	1 - 50	0 - 31	\$ 1,325,600	\$ -
Clubhouse and Guardhouse	4 - 40	0 - 22	306,700	-
Mechanical / Electrical / Plumbing	5 - 20	1 - 13	132,600	-
Exterior Amenities	5 - 30	0 - 25	<u>356,000</u>	<u>-</u>
			<u>2,120,900</u>	<u>191,789</u>
CARMEL				
Pool and Recreation Facilities	5 - 30	0 - 12	<u>175,350</u>	<u>6,422</u>
TOTAL			<u>\$ 2,296,250</u>	<u>\$ 198,211</u>