

**SURF RIDER CONDOMINIUM  
ASSOCIATION INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Surf Rider Condominium Association, Inc.  
Pompano Beach, Florida

### ***Report on the Financial Statements***

We have audited the accompanying balance sheet of Surf Rider Condominium Association, Inc. (the "Association"), as of December 31, 2017, and the related statements of revenues and expenses and changes in fund balance, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 auditor's judgment, including the assessment of the risks of material misstatement on 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Surf Rider Condominium Association, Inc. as of December 31, 2017, 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.

## **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 Revenues and Expenses – Operating and Tax Funds - Budget Comparison on page 11, which is the responsibility of the Association's management, is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## **Disclaimer of Opinion on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that supplemental information on future major repairs and replacement on page 12 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.

*Caballero Fierman Llerena + Garcia, LLP*

Caballero Fierman Llerena + Garcia, LLP  
Miramar, Florida  
March 30, 2018

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## **BASIC FINANCIAL STATEMENTS**

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**SURF RIDER CONDOMINIUM ASSOCIATION, INC.**  
**BALANCE SHEET**  
**December 31, 2017**

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Tax Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$ 1,145,817	\$ 768,436	\$ 2,991	\$ 1,917,244
Maintenance assessment receivable - net of allowance for doubtful accounts of \$74,685	36,957	-	-	36,957
Prepaid expenses	39,304	-	-	39,304
Management office, net of \$28,406 accumulated depreciation	16,594	-	-	16,594
Office equipment, net of \$12,141 accumulated depreciation	34,825	-	-	34,825
Other assets	164	-	-	164
Interfund receivable (payable)	190,599	(217,457)	26,858	-
<b>Total Assets</b>	<u>\$ 1,464,260</u>	<u>\$ 550,979</u>	<u>\$ 29,849</u>	<u>\$ 2,045,088</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 34,040	\$ -	\$ -	\$ 34,040
Prepaid maintenance assessments	582,959	-	-	582,959
Other	13,765	-	-	13,765
<b>Total Liabilities</b>	630,764	-	-	630,764
<b>Fund Balance</b>	<u>833,520</u>	<u>550,979</u>	<u>29,825</u>	<u>1,414,324</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 1,464,284</u>	<u>\$ 550,979</u>	<u>\$ 29,825</u>	<u>\$ 2,045,088</u>

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

**SURF RIDER CONDOMINIUM ASSOCIATION, INC.**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Tax Fund</u>	<u>Total</u>
<b>REVENUES</b>				
Maintenance and reserve assessments - net	\$ 969,361	\$ 126,216	\$ -	\$ 1,095,577
Cost reimbursement	88,000	-	-	88,000
Property tax assessment	25	-	45,428	45,453
Late fee and other	2,460	-	-	2,460
Rental income	169,344	-	-	169,344
Legal deed backs	91,500	-	-	91,500
Interest income	3,222	2,084	-	5,306
Other income	31,984	-	-	31,984
Laundry income	4,158	-	-	4,158
<b>Total Revenues</b>	<u>1,360,054</u>	<u>128,300</u>	<u>45,428</u>	<u>1,533,782</u>
<b>EXPENSES</b>				
Salaries and related costs	\$ 361,980	-	-	\$ 361,980
Utilities	147,716	-	-	147,716
Insurance	126,646	-	-	126,646
Repairs and maintenance	161,295	-	-	161,295
Bad debt expense	35,374	-	1,583	36,957
Administrative and other operating	66,296	-	-	66,296
Legal and collections	17,873	-	-	17,873
Bank services and credit card fees	16,756	-	167	16,923
Contracted services	212,502	-	-	212,502
Office and computer supplies	4,567	-	79	4,646
Dues and subscriptions	61	-	-	61
Building exterior	-	-	-	-
Parking lot	-	8,114	-	8,114
Pool	-	4,461	-	4,461
Interior/common areas	-	92,590	-	92,590
Real estate taxes	19	-	60,553	60,572
<b>Total Expenses</b>	<u>1,151,085</u>	<u>105,165</u>	<u>62,382</u>	<u>1,318,632</u>
<b>Excess (Deficit) of Revenues over Expenses</b>	208,969	23,135	(16,954)	215,150
<b>Fund Balance - Beginning of Year</b>	803,744	383,560	14,779	1,202,083
Fund balance transfers and adjustments	(179,193)	144,284	32,000	(2,909)
<b>Fund Balance - End of Year</b>	<u>\$ 833,520</u>	<u>\$ 550,979</u>	<u>\$ 29,825</u>	<u>\$ 1,414,324</u>

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



**SURF RIDER CONDOMINIUM ASSOCIATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Tax Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Maintenance assessments	\$ 969,361	\$ 126,216	\$ -	\$ 1,095,577
Cost reimbursement	88,000	-	-	88,000
Property tax assessment	-	-	45,428	45,428
Interest income	3,222	2,084	-	5,306
Rental income	169,344	-	-	169,344
Legal deed backs	91,500	-	-	91,500
Other income received	38,602	-	-	38,602
Cash paid for insurance	(118,157)	-	-	(118,157)
Cash paid for payroll	(359,988)	-	-	(359,988)
Cash paid for utilities	(147,716)	-	-	(147,716)
Cash paid for repairs, maintenance and replacement	(147,591)	(105,165)	-	(252,756)
Cash paid for property taxes	-	-	(60,553)	(60,553)
Cash paid for other activities, net	(240,138)	-	(1,829)	(241,967)
<b>Net Cash Provided by (used in) Operating Activities</b>	<u>346,439</u>	<u>23,135</u>	<u>(16,954)</u>	<u>352,620</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets	(2,574)	-	-	(2,574)
<b>Net Cash Used in Investing Activities</b>	<u>(2,574)</u>	<u>-</u>	<u>-</u>	<u>(2,574)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Net interfund transfers, borrowings (payments)	(146,291)	132,803	10,579	(2,909)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<u>(146,291)</u>	<u>132,803</u>	<u>10,579</u>	<u>(2,909)</u>
<b>Net Increase (Decrease) in Cash</b>	197,574	155,937	(6,375)	347,137
<b>Cash - Beginning of Year</b>	<u>948,243</u>	<u>612,499</u>	<u>9,366</u>	<u>1,570,108</u>
<b>Cash - End of Year</b>	<u>\$ 1,145,817</u>	<u>\$ 768,436</u>	<u>\$ 2,991</u>	<u>\$ 1,917,245</u>

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

**SURF RIDER CONDOMINIUM ASSOCIATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Tax Fund</u>	<u>Total</u>
<b>RECONCILIATION OF EXCESS (DEFICIT) OF REVENUES OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
<b>Excess (Deficit) of Revenues</b>				
<b>Over Expenses</b>	\$ 208,969	\$ 23,135	\$ (16,954)	\$ 215,150
<b>Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided by (used in) operating activities</b>				
Depreciation	10,368	-	-	10,368
(Increase) decrease in:				
Maintenance assessment receivable	(36,957)	-	-	(36,957)
Prepaid insurance	11,194	-	-	11,194
Other assets	3,901	-	-	3,901
Increase (decrease) in:				
Accounts payable and accrued expenses	(39,600)	-	-	(39,600)
Accrued income tax	182,052	-	-	182,052
Prepaid assessment	-	-	-	-
Other liabilities	6,512	-	-	6,512
<b>Total Adjustments</b>	<u>137,470</u>	<u>-</u>	<u>-</u>	<u>137,470</u>
<b>Net Cash Provided by (used in) Operating Activities</b>	<u>\$ 346,439</u>	<u>\$ 23,135</u>	<u>\$ (16,954)</u>	<u>\$ 352,620</u>

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

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**SURF RIDER CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31,**

**NOTE 1 – NATURE OF OPERATIONS SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Surf Rider Condominium Association, Inc. (Association) is a not-for-profit corporation organized in accordance with the laws of the state of Florida to manage and maintain the property of the Surf Rider Interval Ownership Resort located in Pompano Beach, Florida. Each unit is owned by 51 week owners and owners have a fee simple title for an interval of time (e.g., timeshare). The Association consists of 51 units less a unit purchased from the developer to use as an office; therefore, available unit weeks total 2,550.

**Fund Accounting**

The Association prepares its financial statements on the accrual basis utilizing fund accounting for the operating, replacement, and tax funds. The operating fund includes maintenance assessments paid by owners to meet the regular, recurring operating costs of the Association which are generally at the discretion of the Board of Directors and the property manager. The reserves or replacement fund is composed of assessments paid by unit owners restricted for designated future major repairs and replacements. The tax fund is used to accumulate and pay annual property tax assessments. Interfund receivable (payable) balances are the result or timing differences related to transfers between the various funds.

**Cash and Cash Equivalents**

The Association considers all highly liquid financial instruments purchased with maturities of three months or less to be cash and cash equivalents. The Association maintains the majority of its cash and cash equivalents in a financial institution which is covered by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2017, the total amount of cash and cash equivalents exceeding FDIC limits was approximately \$182,456. Company management believes that the risk of loss with respect to financial institutions has been reduced by choosing strong institutions with which to do business.

**Property and Equipment**

Each unit owner has an undivided ownership interest in the common elements of the condominium. The common elements are defined within the Declaration of Condominium as the portion of the condominium property including the land, buildings, pool, recreation areas and related facilities, as well as the furnishings and interiors which are included in the units. Accordingly, the common elements included in the original Declaration of Condominium and improvements made thereto are not included in the accompanying balance sheet of the Association since they are owned by the unit owners in common and not by the Association itself.

The Association has capitalized an administrative apartment with an original cost of \$45,000 and records corresponding depreciation using the straight-line method over an estimated useful life of forty years. Purchases of pool, maintenance items, and other insignificant items are utilized as common property and are expensed in the period incurred. Major repairs and replacements are typically recorded through the replacement fund (reserves) and are expensed in the period incurred.

Software and a computer server are being depreciated using the straight-line method over an estimated useful life of five years. Other computer equipment is depreciated using the straight-line method over an estimated useful life of three years.

**Use of Estimates**

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 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.

**SURF RIDER CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31,**

**NOTE 2 – ASSOCIATION – OWNED WEEKS**

The Association has been deeded delinquent and foreclosed unit weeks and holds them for resale and are available for renting. At December, 31, 2017, the Association had 773 owned units.

The Association owned weeks are not billed as part of annual assessments. For 2017, these unbilled unit weeks totaled \$474,090 of the \$1,218,541 budgeted assessment revenues including the reserve fund portion.

**NOTE 3 – MEMBERS’ ASSESSMENTS**

Assessments to owners are based on the annual budget and are to be allocated based on the percentage of unit ownership as defined in the Declaration of Condominium. For 2017, assessments were payable annually in January at an amount ranging from \$571 to \$688 per unit which included a portion for funding the reserve fund for future major repairs and replacements. For 2018, assessments have been increased to an amount ranging from \$584 to \$698.

It is the Association's policy to record an allowance for doubtful accounts based on its collection experience related to assessments. Consequently, it records an allowance for all assessments from prior years leaving a net amount of zero for accounts receivable. It is the Association's policy to initiate collection action, place liens, and foreclose on units that have assessments that are significantly in arrears (generally over 90 days past the January 1 due date each year). These receivables are charged off to the allowance for doubtful accounts only after the completion of foreclosure procedures. The Association has delinquent assessments due from unit owners, which were considered in estimating the allowance for doubtful accounts. As of December 31, 2017, the allowance for doubtful accounts was \$74,685.

Due to their uncertainty, it is the Association's policy not to record late, legal, and other delinquent collection fees until received. This policy, along with the Association's allowance for doubtful accounts above, make it feasible that a change in estimate is reasonably possible in the future and any such change may be significant.

**NOTE 4 – INCOME TAXES**

The Association qualifies as a "Homeowners Association" within the definition of Internal Revenue Code Section 528 and, accordingly, may elect to exempt income derived from unit owners from taxation. This election is available annually and each year's election is independent with respect to prior and future tax years. For 2017, the Association filed its income tax return utilizing Form 1120-H and there was no income tax due on its net non-membership income (i.e., taxable income). Generally, Association income tax returns remain subject to examination by the Department of Treasury for tax years 2016, 2015 and 2014. However, no notice has been received that any of these years will be examined as of the date of these financial statements.

**NOTE 5 – COST REIMBURSEMENT**

The Association entered into an informal agreement with an unrelated neighboring association (the "SurfSider") whereby the Association provides front desk, housekeeping, and basic maintenance services. For 2017, the reimbursement received from SurfSider totaled \$88,000 related to these services.

**SURF RIDER CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31,**

**NOTE 6 – RESERVE FUND (REPLACEMENT FUND)**

The legislature of the State of Florida has enacted certain statutes relating to condominium and time share associations. As a result, all associations are required to include in their annual budget reserve accounts for future major repairs and replacements.

The funding program of the Association was included in the proposed budget for 2017, which was presented to unit owners at a general meeting. At this meeting, the Board of Directors voted to fund the reserves in the amount of \$172,000 for 2018. Funding requirements are determined by estimating the replacement costs, useful lives, and remaining lives of the specific reserve component items and, using this information, to calculate the annual funding requirements. The calculation is based on the straight line method for the individual reserve items. Interest earned on the investments held in or for the reserve fund is allocated between the reserve items on a pro rata basis.

A professional independent reserve study to determine the estimated replacement costs, useful lives, and remaining life of Association common property has not been conducted. The amount for the reserve fund were determined by the Board of Directors during the budgeting process in November 2014. The estimated replacement costs and components or future major repairs and replacements identified by the Board of Directors and management may be different than the actual future components and amounts required for these items and such variations may be significant. Therefore, when repair or replacement fund are needed, the Association has the right to increase regular assessments, pass special assessments, obtain financing, and/ or delay major repairs and replacements until funds are available. The following is a summary of activity in the reserve fund for the year ended December 31, 2017:

<u>Components</u>	<u>Balance</u> <u>01/01/17</u>	<u>Assessment</u> <u>Allocations</u> <u>(A)</u>	<u>Expenditures</u>	<u>Interest</u>	<u>Transfers</u>	<u>Balance</u> <u>12/31/17</u>
Roof Replacement	\$ 81,158	\$ 10,000	\$ -	\$ -	-	\$ 91,158
Building Exterior	6,567	10,000		-	-	16,567
Parking Lot	-	3,000	(8,114)	-	8,500	3,386
Pool, Spa, deck & Equip.	716	25,000	(4,461)	-	5,000	26,255
Elevators	77,715	-	-	-	-	77,515
Apartment Refurbishing & Common Areas	8,075	124,000	(92,590)	-	85,000	124,485
Hurricane Insurance Deductible	206,620	-	-	-	-	206,620
Unallocated interest	<u>2,909</u>	<u>-</u>	<u>-</u>	<u>2,084</u>	<u>-</u>	<u>4,993</u>
<b>Total</b>	<b><u>\$ 383,561</u></b>	<b><u>\$ 172,000</u></b>	<b><u>\$ (105,165)</u></b>	<b><u>\$ 2,084</u></b>	<b><u>\$ 98,500</u></b>	<b><u>\$ 550,979</u></b>

(A) Includes a transfer from the operating fund of \$45,784

**NOTE 7 – OFFICE EQUIPMENT**

Office equipment consists of the following at December 31, 2017:

Software	\$ 26,640
Computer equipment	<u>20,326</u>
	46,966
Less: Accumulated depreciation	<u>12,141</u>
	<b><u>\$ 34,825</u></b>

**SURF RIDER CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31,**

**NOTE 8 – PROPERTY TAX ASSESSMENTS**

Property taxes are assessed as part of the annual maintenance assessments and are allocated to unit weeks based on their proportionate share of the unit's real estate tax assessment. Payments received from the unit owners are required to be deposited into a tax escrow account and paid annually to the Broward County, Florida property appraiser. The property taxes are to be transferred and paid subsequent to year-end and must be paid on behalf of all unit owners, regardless of delinquency. Property taxes for 2017 were billed with the 2017 maintenance assessments.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

The Association has entered into various short-term contractual agreements with outside vendors and service providers to maintain its common property and to administer the Association. These contracts have different expiration dates and renewal terms.

Under insurance coverages expiring in 2018, the Association is liable for a 3% deductible under its insurance coverage for windstorm and hurricane damage. Based on the insured value of approximately \$7,943,000 on its property under the policy the Association would be responsible for the deductible of approximately \$238,000 and any amount of loss incurred in excess of insured limits or coverage.

**NOTE 10 – INTERFUND RECEIVABLE (PAYABLE)**

The interfund receivable (payable) shown on the balance sheet represents funds collected by the Association for taxes and reserve funding and placed initially in the operating fund for ultimate transfer to these funds.

**NOTE 11 – FUND BALANCE TRANSFERS**

During 2017, \$144,284 was transferred from the operating fund to the reserve fund to pay for major capital improvements made to the property in 2017. In addition, \$32,000 was transferred from the operating fund to the tax fund to cover property taxes.

**NOTE 12 – FAIR VALUE**

There are no changes made to the carrying value of assets or liabilities on the financial statements. All assets and liabilities are short term in nature and their carrying values approximate fair value.

**NOTE 13 – RELATED PARTY TRANSACTIONS**

The Association's Resort (Property) Manager, also provides legal services through his law firm, which is currently operated by family members. Total expenses paid to this law firm for legal and other related services amounted to approximately \$17,593 in 2017.

**NOTE 14 – DATE OF MANAGEMENT'S REVIEW**

Management has evaluated subsequent events through March 30, 2018, which was the date the financial statements were available to be issued. There were no events identified during this review that required adjustment to or disclosure within these financial statements.

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**SUPPLEMENTARY INFORMATION**

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**SURF RIDER CONDOMINIUM ASSOCIATION, INC.**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

The Association's governing documents require that funds be accumulated for future major repairs and replacements. The Board of Directors has complied with this requirement: however, it has not had a formal reserve study prepared. Funds are accumulated in the Replacement Fund (reserves) based on estimates of future needs for major repairs and replacements of common property components. Inflation rates are considered in the future estimates when those estimates are being developed. Actual expenditures may vary from estimated future expenditures and the variations may be material. If 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.

The following table of estimated replacement costs, estimated original lives, and estimated remaining useful lives is based on the estimates developed and provided by the Board of Directors.

	<b>Estimated Replacement Cost</b>	<b>Estimated Original Life</b>	<b>Estimated Remaining Life</b>	<b>Beginning Balance 1/1/2017</b>	<b>Assessment Allocation</b>	<b>Expenditures</b>	<b>Interest</b>	<b>Transfers</b>	<b>Ending Balance 12/31/2017</b>
Roof Replacement	\$ 250,000	25	17	\$ 81,158	\$ 10,000	\$ -	\$ -	\$ -	\$ 91,158
Building Exterior	100,000	10	4	6,567	10,000	-	-	-	16,567
Parking Lot	50,000	20	5	-	3,000	(8,114)	-	8,500	3,386
Pool, Spa, Deck & Equipment	20,000	10	8	716	25,000	(4,461)	-	5,000	26,254
Elevator Refurbishing	75,000	15	5	77,515	-	-	-	-	77,515
Apartment Refurbishing & Common Areas	1,240,000	10	8	8,076	124,000	(92,590)	-	85,000	124,486
Hurricane Insurance Deductible	200,000	1	1	206,620	-	-	-	-	206,620
Unallocated interest				2,909			2,084	-	4,993
<b>Total</b>	<b>\$ 1,935,000</b>			<b>383,561</b>	<b>\$ 172,000</b>	<b>\$ (105,165)</b>	<b>\$ 2,084</b>	<b>\$ 98,500</b>	<b>\$ 550,979</b>

See Independent Auditors' Report.

**SURF RIDER CONDOMINIUM ASSOCIATION, INC.**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENSES - OPERATING AND TAX FUND**  
**BUDGET COMPARISON**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Actual	Budget (Unaudited)	Variance Over/(Under)
<b>REVENUES</b>			
Maintenance assessments - net	\$ 969,361	\$ 918,322	\$ 51,039
Cost reimbursement	88,000	88,000	-
Property tax assessment	45,453	48,074	(2,621)
Late fee and other	2,460	12,000	(9,540)
Rental income	169,344	71,000	98,344
Legal deed backs	91,500	15,000	76,500
Interest income	3,222	4,500	(1,278)
Other income	31,984	27,550	4,434
Laundry income	4,158	6,400	(2,242)
<b>Total Revenues</b>	<b>1,405,482</b>	<b>1,190,846</b>	<b>214,636</b>
<b>EXPENSES</b>			
<u>Salaries and Related Costs</u>			
Housekeeping labor	\$ 149,934	\$ 142,693	\$ (7,241)
Maintenance labor	60,489	58,240	(2,249)
Administration labor	321,129	322,624	1,495
FICA/Medicare	21,218	25,365	4,147
Taxes-IRS	2,758	2,000	(758)
Taxes - State U.C.	4,371	4,347	(24)
Taxes - Federal U.C.	971	1,300	329
Health Insurance and workers compensation insurance	9,007	12,500	3,493
Payroll Processing Fees	2,976	2,800	(176)
	<u>572,853</u>	<u>571,869</u>	<u>(984)</u>
<u>Utilities</u>			
Electricity	51,555	57,275	5,720
Water	43,377	38,500	(4,877)
Gas	21,082	10,000	(11,082)
Garbage	8,098	9,000	902
Internet	3,930	3,400	(530)
Telephone - Office	7,973	5,900	(2,073)
Cable	11,701	12,000	299
	<u>147,716</u>	<u>136,075</u>	<u>(11,641)</u>
Insurance	126,646	150,225	23,579
<u>Repairs and Maintenance</u>			
Maintenance & Supplies	54,092	32,000	(22,092)
Security	23,398	-	(23,398)
Elevator Service Contract	3,491	6,092	2,601
Housekeeping - Supplies	15,632	25,000	9,368
Pest, Sewer, Fire	9,060	8,201	(859)
Lawn Maintenance	12,466	15,000	2,534
Software Maintenance	2,465	5,520	3,055
Uniforms	-	1,500	1,500
Pool Expenses	21,941	18,000	(3,941)
Depreciation	10,369	1,500	(8,869)
Beach Supplies	375	750	375
	<u>153,289</u>	<u>113,563</u>	<u>(39,726)</u>
<u>Overhead Costs</u>			
Auditing	11,000	11,000	-
Advertising	9,116	10,000	884
Auto	-	-	-
Bad Debts	36,957	58,000	21,043
Bank Charges & Credit Card Processing Fees	16,923	10,000	(6,923)
Legal Foreclosures	-	2,500	2,500
Legal	17,873	10,000	(7,873)
Computer consultant	9,635	12,000	2,365
Computer supplies	4,646	5,000	354
Office Supplies	15,337	15,000	(337)
Surf Rider Activities	15,707	12,500	(3,207)
Licenses & Permits	6,652	7,000	348
Miscellaneous	4,612	2,000	(2,612)
Property Taxes	60,572	61,714	1,142
Board Expenses	3,933	2,400	(1,533)
	<u>212,963</u>	<u>219,114</u>	<u>6,151</u>
<b>Total Expenses</b>	<b>1,213,467</b>	<b>1,190,846</b>	<b>(22,621)</b>
<b>Excess of Revenues over Expenses</b>	<b>\$ 192,015</b>	<b>\$ -</b>	<b>\$ 192,015</b>

See Independent Auditors' Report.