

**SEA WINDS CONDOMINIUM
ASSOCIATION OF
ST. AUGUSTINE BEACH, INC.**

**Financial Statements
Supplementary Information
and
Independent Auditors' Report
For the Year Ended June 30, 2014**

PRELIMINARY DRAFT

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JUNE 30, 2014

SEA WINDS CONDOMINIUM ASSOCIATION OF ST. AUGUSTINE BEACH, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sea Winds Condominium Association of St. Augustine Beach, Inc.
St. Augustine, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Sea Winds Condominium Association of St. Augustine Beach, Inc. (the "Association"), which comprise the balance sheet as of June 30, 2014, 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 of material misstatement.

An audit includes 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 qualified audit opinion.

Basis for Qualified Opinion

The Association operates a rental program under Chapter 509 of the Florida Statutes, for the benefit of the owners. We were unable to obtain sufficient appropriate evidence to perform an audit of the rental fund activity related to rental proceeds and distributions to owners. Accordingly, it was not practicable for us to extend our audit of the rental fund beyond the amounts recorded.

INDEPENDENT AUDITORS' REPORT

JUNE 30, 2014

SEA WINDS CONDOMINIUM ASSOCIATION OF ST. AUGUSTINE BEACH, INC.

Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the rental activity referred to in the preceding paragraph been susceptible to satisfactory audit tests, the financial statements referred to above present fairly, in all material respects, the financial position of Sea Winds Condominium Association of St. Augustine Beach, Inc. as of June 30, 2014, 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The "Comparison of Operating Fund Revenues and Expenses to Budget" on pages 11-12 and the "Schedule of Rental Fund Revenues and Expenses" on page 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. The information, except for that portion marked "unaudited," has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The 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 the "Supplementary Information on Future Major Repairs and Replacements" on page 14 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.

St. Augustine, Florida
January 13, 2015

Balance Sheet

At June 30, 2014

Sea Winds Condominium Association of St. Augustine Beach, Inc.

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Rental Fund</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents:				
Unrestricted cash	\$10,035		\$117,820	\$127,855
Restricted cash			70,711	70,711
Designated cash		\$261,262		261,262
Total cash and cash equivalents	<u>10,035</u>	<u>261,262</u>	<u>188,531</u>	<u>459,828</u>
Assessments receivable, net of allowance for doubtful accounts of \$38,000	32,464			32,464
Special assessment receivable (2005), net of allowance for doubtful accounts of \$80,550	21,201			21,201
Interfund receivable/(payable)	(52,362)	77,707	(25,405)	
Prepaid insurance	8,315			8,315
Prepaid expenses	5,312			5,312
Total current assets	<u>25,025</u>	<u>338,969</u>	<u>163,126</u>	<u>527,120</u>
Utility deposits	<u>2,400</u>			<u>2,400</u>
Total assets	<u>\$27,425</u>	<u>\$338,969</u>	<u>\$163,126</u>	<u>\$529,520</u>
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable and accrued expenses	\$15,906		\$62,300	\$78,206
Prepaid assessments	6,239			6,239
Prepaid rents			43,676	43,676
Security deposits			27,035	27,035
Current portion of loan payable	<u>57,860</u>			<u>57,860</u>
Total current liabilities	<u>80,005</u>		<u>133,011</u>	<u>213,016</u>
Loan payable, net of current portion	24,155			24,155
Fund balances	<u>(76,735)</u>	<u>\$338,969</u>	<u>30,115</u>	<u>292,349</u>
Total liabilities and fund balances	<u>\$27,425</u>	<u>\$338,969</u>	<u>\$163,126</u>	<u>\$529,520</u>

Statement of Revenues, Expenses and Changes in Fund Balances

For the Year Ended June 30, 2014

Sea Winds Condominium Association of St. Augustine Beach, Inc.

	Operating Fund	Replacement Fund	Rental Fund	Total
Revenues				
Member assessments	\$361,960	\$100,510		\$462,470
Late fees and owners' interest	9,147			9,147
Interest income		71		71
Rental management fees			\$51,834	51,834
Cleaning income			35,935	35,935
Cleaning and other reimbursements			11,502	11,502
Registration processing fees			8,460	8,460
Miscellaneous income	254		105	359
	<u>371,361</u>	<u>100,581</u>	<u>107,836</u>	<u>579,778</u>
Total revenues				
Expenses				
General and administrative	149,325		5,742	155,067
Repairs, maintenance and cleaning	78,513		52,553	131,066
Payroll and contract services	91,754		35,560	127,314
Utilities	106,168			106,168
Major repairs and replacements		122,171		122,171
	<u>425,760</u>	<u>122,171</u>	<u>93,855</u>	<u>641,786</u>
Total expenses				
Surplus/(deficit) of revenues over expenses	(54,399)	(21,590)	13,981	(62,008)
Interfund transfer	15,000		(15,000)	
Fund balances, beginning of year	<u>(37,336)</u>	<u>360,559</u>	<u>31,134</u>	<u>354,357</u>
Fund balances, end of year	<u><u>(\$76,735)</u></u>	<u><u>\$338,969</u></u>	<u><u>\$30,115</u></u>	<u><u>\$292,349</u></u>

Statement of Cash Flows

For the Year Ended June 30, 2014

Sea Winds Condominium Association of St. Augustine Beach, Inc.

	Operating Fund	Replacement Fund	Rental Fund	Total
Cash flows from operating activities:				
Member assessments	\$393,590	\$56,614		\$450,204
Other receipts	24,401			24,401
Interest income		71		71
Rental proceeds			\$168,947	168,947
Cash paid to suppliers and owners	(430,058)	(122,171)	(55,047)	(607,276)
Net cash provided by/(used in) operating activities	<u>(12,067)</u>	<u>(65,486)</u>	<u>113,900</u>	<u>36,347</u>
Cash flows from financing activities:				
Loan repayments	(53,760)			(53,760)
Net cash provided by/(used in) financing activities	<u>(53,760)</u>			<u>(53,760)</u>
Increase/(decrease) in cash	(65,827)	(65,486)	113,900	(17,413)
Cash and interest bearing deposits, Beginning of year	<u>75,862</u>	<u>326,748</u>	<u>74,631</u>	<u>477,241</u>
End of year	<u>\$10,035</u>	<u>\$261,262</u>	<u>\$188,531</u>	<u>\$459,828</u>
Adjustments to reconcile surplus/(deficit) of revenues over expenses to net cash provided by/(used in) operating activities:				
Surplus/(deficit) of revenues over expenses	(\$54,399)	(\$21,590)	\$13,981	(\$62,008)
Interfund transfer	15,000		(15,000)	
<i>(Increase)/decrease in:</i>				
Assessments and accounts receivable	(7,452)			(7,452)
Special assessment receivable	17,346			17,346
Interfund receivable/(payable)	18,491	(43,896)	25,405	
Prepaid insurance	60			60
<i>Increase/(decrease) in:</i>				
Accounts payable and accrued expenses	(3,395)		28,403	25,008
Prepaid assessments	2,282			2,282
Prepaid rents and deposits			61,111	61,111
Net cash provided by/(used in) operating activities	<u>(\$12,067)</u>	<u>(\$65,486)</u>	<u>\$113,900</u>	<u>\$36,347</u>
Supplemental disclosures of cash flow information:				
Cash paid for interest				<u>\$9,987</u>
Cash paid for income taxes				<u>None</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

SEA WINDS CONDOMINIUM ASSOCIATION OF ST. AUGUSTINE BEACH, INC.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Sea Winds Condominium Association of St. Augustine Beach, Inc. (the "Association") is a statutory condominium association organized on July 15, 1983 as a not-for-profit corporation under the laws of the State of Florida, for the purposes of maintaining and preserving the common property of the Sea Winds Condominium located in St. Augustine Beach, St. Johns County, Florida. The condominium was developed by Seawinds Developers, a Florida general partnership (the "Developer"). The community consists of 11 buildings with a total of 80 units and a clubhouse in an area of approximately 10 acres. Common area includes: swimming pool, hot tub, tennis courts, roads, landscaping, lagoons and fountains, entranceways, and signage.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting means that revenues are recorded when they are earned and expenses are recorded when they are incurred. Assessments are considered earned during the year for which they are levied by the Board of Directors. The owners are assessed their share of the cost of maintaining and operating the common property. Many owners pay the assessments early. Early collections of assessments are shown as prepaid assessments on the balance sheet.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting, which requires that funds such as operating funds and funds designated for future major repairs and replacements be classified separately for accounting and reporting purposes. The assets, liabilities and fund balances of the Association are reported in three self-balancing fund groups.

The operating fund reflects the operating assessments paid by owners to meet the regular, recurring costs of operation. Expenditures from this fund are limited to those connected with the day-to-day operations.

The replacement fund is composed of assessments paid by owners to fund future major repairs and replacements. Interest earned on the replacement fund is retained in the fund net of applicable income taxes. These funds may be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a majority of owners.

The rental fund reflects the operating activity of the rental management provided by the Association to unit owners. Expenditures from this fund are limited to those connected with the operation of the rental management activity.

Concentration of Credit Risk

The Association's primary source of income is assessments paid by unit owners.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Association considers all monies deposited with financial institutions in checking and money market accounts and certificates of deposit to be cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

SEA WINDS CONDOMINIUM ASSOCIATION OF ST. AUGUSTINE BEACH, INC.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Assets and Depreciation Policy

The Association's policy for recognizing common property as assets in its balance sheet is to recognize (a) common personal property and (b) real property to which it has title and that it can dispose of for cash while retaining the proceeds. The Association does not have title to any real property. Tangible personal property acquired by using the Association's funds, if any, is recorded at cost and depreciated over its estimated useful life using the straight-line method of depreciation. Real property and common areas acquired from the Developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association.

Owners' Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. Prepaid assessments at the balance sheet date represent fees paid in advance by unit owners. The Association's policy is to retain legal counsel and place liens on the properties of condominium owners whose assessments become past due.

The annual budget and assessments of owners are determined by the Board of Directors. The Association retains excess operating funds at the end of the fiscal year, if any, for use in future periods.

Interest Income

Interest income earned by the replacement fund is retained in that fund. Other interest income earned by the operating fund is credited to that respective fund account.

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.

Donated Services

The Association's Board of Directors and its officers serve without compensation. The value of these services is not recorded in the financial statements.

Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities that represent financial instruments (none of which are held for trading purposes) approximate the value of such assets and liabilities.

NOTE 2 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through January 13, 2015, the date that the financial statements were available to be issued.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

SEA WINDS CONDOMINIUM ASSOCIATION OF ST. AUGUSTINE BEACH, INC.

NOTE 3 - OWNERS' ASSESSMENTS

Regular Assessments

Pursuant to the Declaration of Condominium, regular assessments are allocated to the unit owners in proportion to the size of the unit and the total number of units. For the year ended June 30, 2014, regular monthly assessments to unit owners ranged from \$442.43 to \$579.24. Of these monthly amounts, funds designated to the replacement fund ranged from \$96.16 to \$125.89. Delinquent assessments totaled \$70,464 at year end. As of June 30, 2014, an allowance for uncollectible assessments in the amount of \$38,000 has been recorded since collection of certain delinquent accounts and related expenses is doubtful.

Special Assessment

In 2005, the Board of Directors approved a special assessment totaling \$5,200,000 for building restoration and waterproofing. Owners had the option of paying in full or in monthly installments over ten years at an annual interest rate of 7.00%. At year end, the outstanding special assessment totaled \$101,751 and was due from three unit owners. As of June 30, 2014, an allowance for uncollectible assessments in the amount of \$80,550 has been recorded since collection is doubtful.

NOTE 4 - CONCENTRATION OF CREDIT RISK

Effective January 1, 2013, Federal Deposit Insurance Corporation ("FDIC") insurance covers up to \$250,000 (per tax identification number) for cash accounts. At June 30, 2014, the Association had \$174,564 in uninsured cash accounts, but has experienced no losses to date.

NOTE 5 - LOAN PAYABLE

On April 22, 2005, the Association entered into a loan agreement with BB&T Bank. Loan proceeds were used to fund the building restoration work (see Note 3). Monthly payments of \$5,089 are due at an annual interest rate of 7.00% until the maturity date of November 15, 2015. At June 30, 2014, the outstanding balance on this note was \$82,015, which is collateralized by future assessments to be collected from owners. Future obligations under this note are as follows:

For the year ended June 30,	2015	\$57,860
	2016	<u>24,155</u>
		<u>\$82,015</u>

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The Association may be periodically involved in legal actions and claims that arise as a result of events that occur in the normal course of operations. The financial statements do not include any adjustments for such actions. The Association also has entered into various contracts including landscaping, pest control, lawn care and other services. The Association employs on-site management.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

SEA WINDS CONDOMINIUM ASSOCIATION OF ST. AUGUSTINE BEACH, INC.

NOTE 6 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

On July 1, 2013, the Association entered into an agreement with Premium Assignment Corporation to finance its property and flood insurance premiums. The amount financed was \$91,051 at an annual interest rate of 3.84%. Eleven monthly payments of principal and interest in the amount of \$8,437 were due, beginning August 1, 2013. At June 30, 2014, this obligation had been paid in full.

NOTE 7 - FEDERAL AND STATE INCOME TAXES

Condominium associations may elect to be taxed as a regular corporation or as a homeowners association. The Association elected to be taxed as a regular corporation for the year ended June 30, 2014. As a regular corporation, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its non-membership income, such as investment earnings and net rental proceeds, at regular federal and state corporate rates. The Association's investment income and other nonexempt income were subject to tax. After the allocation of common expenses, there was no remaining federal or state taxable income.

The Association's federal income tax returns for 2011, 2012 and 2013 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. In addition, the Association's state tax returns for the same years are subject to examination by state tax authorities for similar time periods. However, the Association is not currently under audit nor has the Association been contacted by these jurisdictions.

NOTE 8 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents and Florida Statutes require that funds be presented in the proposed operating budget for future major repairs and replacements. Accumulated funds, which total \$338,969 at June 30, 2014, consist of cash in two bank accounts totaling \$261,262 and the sum of \$77,707 due from the operating fund.

The Association engaged an independent reserve analyst to conduct a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. That study was dated April 24, 2014 and recommended that the Association include reserve funding of \$108,163 in the 2014-2015 budget. The Board of Directors took guidance from the study and included replacement funding in the amount of \$100,500 in the 2014-2015 budget.

The table included in the unaudited "Supplementary Information on Future Major Repairs and Replacements" provides an analysis of the funding. Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, levy special assessments, or delay major repairs and replacements.

NOTE 9 - WINDSTORM INSURANCE

The Association is responsible for losses incurred by a named hurricane based upon a 5.00% deductible per building per calendar year as defined in its property insurance policy.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

SEA WINDS CONDOMINIUM ASSOCIATION OF ST. AUGUSTINE BEACH, INC.

NOTE 10 - RENTAL FUND

The Association operates a rental program under Chapter 509 of the Florida Statutes. The Association serves as the non-exclusive rental agent of the condominium units owned by members of the Association. As of June 30, 2014, the program was responsible for the rental management of 23 units. Operating revenues consist of management fees assessed on rentals collected on behalf of unit owners, cleaning and other fees charged to renters. Management fee rates vary based on the nature of the rental. For the year ended June 30, 2014, the rental fund was obligated to transfer \$15,000 to the operating fund, and at year end owed the operating fund the sum of \$25,405.

PRELIMINARY DRAFT

Comparison of Operating Fund Revenues and Expenses to Budget

For the Year Ended June 30, 2014

Sea Winds Condominium Association of St. Augustine Beach, Inc.

	Operating Fund	Unaudited Budget	Variance Over/(Under)
Revenues			
Member assessments	\$361,960	\$361,960	
Late fees and owners' interest	9,147		\$9,147
Miscellaneous income	254	500	(246)
Total revenues	<u>371,361</u>	<u>362,460</u>	<u>8,901</u>
Expenses			
<i>General and administrative</i>			
Bad debt expense	24,442	16,000	8,442
Bank charges	40	430	(290)
Computer and internet		2,000	(2,000)
Fees to the Division (DBPR)	320	320	
Insurance	102,039	103,460	(1,421)
Insurance financing costs	2,075		2,075
Interest expense	7,912	22,000	(14,088)
Legal and professional fees	5,200	7,000	(1,800)
Licenses, fees, taxes and penalties	1,494	750	744
Office and administrative	5,703	3,800	1,903
Total general and administrative	<u>149,325</u>	<u>155,760</u>	<u>(6,435)</u>
<i>Repairs, maintenance and cleaning</i>			
Building maintenance	16,873	5,000	11,873
Contingency		1,000	(1,000)
Grounds improvement	8,798	6,600	2,198
Lake contract	2,731	1,400	1,331
Landscape	29,738	24,000	5,738
Lift station maintenance	2,040	3,000	(960)
Pest control - exterior		2,400	(2,400)
Pest control - interior	1,920	2,000	(80)
Pool chemicals and supplies	4,660	5,700	(1,040)
Pool repairs	7,908	1,000	6,908
Security		3,000	(3,000)
Termite bond	3,845	3,900	(55)
Total repairs, maintenance and cleaning	<u>78,513</u>	<u>59,000</u>	<u>19,513</u>

Comparison of Operating Fund Revenues and Expenses to Budget (Continued)

For the Year Ended June 30, 2014

Sea Winds Condominium Association of St. Augustine Beach, Inc.

	Operating Fund	Unaudited Budget	Variance Over/(Under)
Expenses (Continued)			
<i>Payroll and contract services</i>			
Property management	\$31,011		\$31,011
On-site maintenance	29,763	\$35,000	(5,237)
On-site office administration	8,854	14,700	(5,846)
Payroll services	737		737
Accounting	21,389	13,000	8,389
Total payroll and contract services	91,754	62,700	29,054
<i>Utilities</i>			
Cable	41,000	42,000	(1,000)
Electricity	12,610	14,000	(1,390)
Phones and internet	2,950		2,950
Water and sewer	49,608	44,000	5,608
Total utilities	106,168	100,000	6,168
Total expenses	425,760	377,460	48,300
Deficit of revenues over expenses	(54,399)	(15,000)	(39,399)
Interfund transfer (from rental fund)	15,000	15,000	
Deficit of revenues over expenses, after interfund transfer	(\$39,399)	(\$39,399)	(\$39,399)

Schedule of Rental Fund Revenues and Expenses

For the Year Ended June 30, 2014

Sea Winds Condominium Association of St. Augustine Beach, Inc.

	<u>Rental Fund</u>
Revenues	
Rental management fees	\$51,834
Cleaning income	35,935
Cleaning reimbursements	2,565
Maintenance and supplies reimbursements	8,937
Registration processing fees	8,460
Sales tax discounts	105
Total revenues	<u>107,836</u>
Expenses	
<i>General and administrative</i>	
Advertising	749
Credit card processing fees	747
Legal and professional fees	675
Office and administrative	200
Website	3,371
Total general and administrative	<u>5,742</u>
<i>Repairs, maintenance and cleaning</i>	
Cleaning expenses	29,586
Laundry services	8,756
Linen and towel replacement	14,211
Total repairs, maintenance and cleaning	<u>52,553</u>
<i>Payroll and contract services</i>	
On-site maintenance	9,000
On-site office administration	26,560
Total payroll and contract services	<u>35,560</u>
Total expenses	<u>93,855</u>
Surplus of revenues over expenses	13,981
Interfund transfer (to operating fund)	<u>(15,000)</u>
Deficit of revenues over expenses, after interfund transfer	<u><u>(\$1,019)</u></u>

Supplementary Information on Future Major Repairs and Replacements

For the Year Ended June 30, 2014

Sea Winds Condominium Association of St. Augustine Beach, Inc.

The Board of Directors engaged an independent reserve analyst to conduct a study to determine the remaining useful life and the estimated replacement cost of each of the major components of common property. The following table is based upon this report, which was dated April 24, 2014, and presents significant information about the components of common property. The owners voted to establish the legal fund component during 2011.

Components	<u>Estimated Remaining Useful Life</u>	<u>Estimated Current Replacement Cost</u>	<u>Balance at 6/30/2013</u>	<u>Contributions</u>	<u>Interest Income</u>	<u>Expenditures</u>	<u>Balance at 6/30/2014</u>	<u>2014-2015 Approved Funding</u>
Roofs	3-28 years	\$714,544						
Painting and waterproofing	3-10 years	137,305						
Paving	1 year	102,340						
Building and grounds	1-29 years	1,241,056						
POOLED FUND			\$336,191	\$100,510	\$71	(\$122,171)	\$314,601	\$100,500
Legal fund			24,368				24,368	
Totals		<u>\$2,195,245</u>	<u>\$360,559</u>	<u>\$100,510</u>	<u>\$71</u>	<u>(\$122,171)</u>	<u>\$338,969</u>	<u>\$100,500</u>