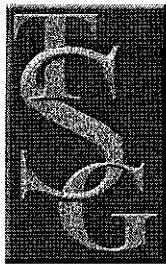


PALM BEACH LANDINGS CONDOMINIUM
ASSOCIATION, INC.
FORT MYERS, FLORIDA
REVIEWED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
December 31, 2016

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THE SPIRES GROUP, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Palm Beach Landings Condominium Association, Inc.

We have reviewed the accompanying financial statements of Palm Beach Landings Condominium Association, Inc., which comprise the balance sheet as of December 31, 2016 and the related statements of revenues, expenses, changes in fund balance, statement of replacement fund activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion on the Financial Statements

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with the accounting principles generally accepted in the United States of America. Our review was not conducted for the purpose of forming an opinion on the financial as a whole. The Schedule of Operating Revenues and Expenses Budget to Actual on page 15-18, are presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from the information that is the representation of management. We have not audited or reviewed the supplementary, and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 19 is to 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 not audited, reviewed, or compiled the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on it.

The Spires Group P.A.

The Spires Group, P.A.

Fort Myers, Florida

February 19, 2017

**PALM BEACH LANDINGS CONDOMINIUM
ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2016**

	FUNDS		
	Operating	Replacement	Total
ASSETS			
Cash	\$ 105,098	\$ 24,893	\$ 129,991
Certificate of Deposit	-	51,998	51,998
Accounts Receivable - Owners (net)	5,612	-	5,612
Prepaid Insurance	28,918	-	28,918
Land	220,525	-	220,525
Property and Equipment (net of accumulated depreciation of \$54,029)	11,953	-	11,953
Due from replacement fund	22,459	-	22,459
Total assets	<u>\$ 394,565</u>	<u>\$ 76,891</u>	<u>\$ 471,456</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accrued payroll	1,426	-	1,426
Prepaid Maintenance Fees	54,788	-	54,788
Security Deposit	700	-	700
Due to operating fund	-	22,459	22,459
Total liabilities	<u>56,914</u>	<u>22,459</u>	<u>79,373</u>
FUND BALANCES	<u>337,651</u>	<u>54,432</u>	<u>392,083</u>
Total liabilities and fund balances	<u>\$ 394,565</u>	<u>\$ 76,891</u>	<u>\$ 471,456</u>

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

**PALM BEACH LANDINGS CONDOMINIUM
ASSOCIATION, INC.
STATEMENT OF REVENUES AND EXPENSES
FOR THE PERIOD ENDED DECEMBER 31, 2016**

	FUNDS		
	Operating	Replacement	Total
<u>REVENUES</u>			
Assessments	\$ 318,033	\$ 94,767	\$ 412,800
Gate card	250	-	250
Gate remote	215	-	215
Key building	28	-	28
Application fees	1,960	-	1,960
Interest liened unit	364	-	364
Late fees	975	-	975
Dog registration	750	-	750
Legal fees recoverable	1,943	-	1,943
Office rental income	2,930	-	2,930
Unit rental	9,250	-	9,250
Interest	1	30	31
Total Revenues	<u>336,699</u>	<u>94,797</u>	<u>431,496</u>
<u>EXPENSES</u>			
Administration	15,842	-	15,842
Building Maintenance	26,789	-	26,789
Grounds Maintenance	21,093	-	21,093
Insurance	46,801	-	46,801
Payroll expense	80,436	-	80,436
Utilities	104,079	-	104,079
Unit expense	5,406	-	5,406
Depreciation	3,985	-	3,985
Reserve expense	-	129,724	129,724
Total Expenses	<u>304,431</u>	<u>129,724</u>	<u>434,155</u>
Excess of revenues over (under) expenses	<u>\$ 32,268</u>	<u>\$ (34,927)</u>	<u>\$ (2,659)</u>

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

**PALM BEACH LANDINGS CONDOMINIUM
ASSOCIATION, INC.
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE PERIOD ENDED DECEMBER 31, 2016**

	FUNDS		
	Operating	Replacement	Total
FUND BALANCES - December 31, 2015	\$ 305,383	\$ 89,359	\$ 394,742
Excess of revenues over (under) expenses	<u>32,268</u>	<u>(34,927)</u>	<u>(2,659)</u>
FUND BALANCES - December 31, 2016	<u>\$ 337,651</u>	<u>\$ 54,432</u>	<u>\$ 392,083</u>

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

**PALM BEACH LANDINGS CONDOMINIUM
ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2016**

	FUNDS		
	Operating	Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash collected from assessments	\$ 319,984	\$ 94,767	\$ 414,751
Other income	6,513	-	6,513
Unit rental	9,250	-	9,250
Office rental	2,930		2,930
Interest income	1	30	31
Cash paid to suppliers	<u>(300,158)</u>	<u>(129,724)</u>	<u>(429,882)</u>
Net cash provided by operating activities	<u>38,520</u>	<u>(34,927)</u>	<u>3,593</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interfund transfers	(2,645)	2,645	-
Net cash provided by financing activities	<u>(2,645)</u>	<u>2,645</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Reinvest into CD	-	(16)	(16)
Net cash provided by financing activities	<u>-</u>	<u>(16)</u>	<u>(16)</u>
Net increase in cash	35,875	(32,298)	3,577
CASH - December 31, 2015	<u>69,223</u>	<u>57,191</u>	<u>126,414</u>
CASH - December 31, 2016	<u>\$ 105,098</u>	<u>\$ 24,893</u>	<u>\$ 129,991</u>

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

**PALM BEACH LANDINGS CONDOMINIUM
ASSOCIATION, INC.
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED DECEMBER 31, 2016**

RECONCILIATION OF REVENUES OVER (UNDER) EXPENSES TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES

	FUNDS		
	<u>Operating</u>	<u>Replacement</u>	<u>Total</u>
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Revenues over (under) expenses	32,268	(34,927)	(2,659)
Depreciation	3,985	-	3,985
Adjustments:			
(Increase) decrease in:			
Accounts Receivable			
Owners	(1,135)	-	(1,135)
Prepaid Insurance	(320)	-	(320)
Increase (decrease) in:			
Accrued payroll	636	-	636
Prepaid Assessments	3,086	-	3,086
	<u>3,086</u>	<u>-</u>	<u>3,086</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ 38,520</u>	 <u>\$ (34,927)</u>	 <u>\$ 3,593</u>

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

**PALM BEACH LANDINGS CONDOMINIUM
ASSOCIATION, INC.
STATEMENT OF REPLACEMENT FUND ACTIVITIES
FOR THE PERIOD ENDED DECEMBER 31, 2016**

<u>Components</u>	<u>Fund Balance 1/1/2016</u>	<u>Fund Transfers</u>	<u>Additions To Fund</u>	<u>Charges to fund</u>	<u>Fund Balance 12/31/2016</u>
Pooled funding	\$ 89,359	\$(129,694)	\$ 94,767	\$ -	\$ 54,432
Generator	-	17,870	-	(17,870)	-
Unit re-pipe	-	71,815	-	(71,815)	-
Pool heater	-	2,889	-	(2,889)	-
Interior painting	-	37,150	-	(37,150)	-
Interest	-	(30)	30	-	-
Totals	<u>\$ 89,359</u>	<u>\$ -</u>	<u>\$ 94,797</u>	<u>\$(129,724)</u>	<u>\$ 54,432</u>

Interest income of \$ 30 earned on the replacement funds in 2016 is included in the additions to fund.

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

PALM BEACH LANDINGS CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - THE ASSOCIATION

Palm Beach Landings Condominium Association, Inc. (the "Association"), which is located in Fort Myers, Florida was incorporated on December 31, 1985, under Chapter 718 of the Florida Statutes as a not-for-profit organization, to operate and maintain the common property of the Association. The Association consists of 96 residential units located on approximately 5 acres including a pool, boat docks, a recreation room and gate. The owners of all units in the condominium are the only members.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Funds Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. The accounting policies that affect the more significant elements of the Association's financial statements are summarized below. These policies have been applied on a consistent basis.

The Association uses the fund method of accounting, on the accrual basis, which requires the funds, such as operating funds and replacement funds for future repairs and replacements, be classified separately for accounting and reporting purposes.

Fund accounting is helpful in segregating funds having restrictions on their use. The operating fund is used to account for financial resources available for the general operations of the Association. Disbursements from the operating fund are generally at the discretion of the Board of Directors and Property Manager, for recurring costs of operation. The replacement fund is used to accumulate financial resources designated for future major repairs and replacements. Expenditures from this fund are restricted to those items for which assessments were levied.

Interest earned on the replacement fund is retained in the replacement fund and allocated among the various components.

Accounts Receivable

The Association's current policy is to assess each unit owner a fixed amount per quarter, based on the annual budget determined by the Board of Directors (the "Board"). Each unit owner is assessed based on his proportionate share of ownership in the common elements. Accounts receivable - owners at the balance sheet date represents fees due from the unit owners. The Association's policy is to retain legal counsel and place liens on the properties that are delinquent. As of December 31, 2016 the Association has no owners, other than the unit the Association foreclosed on, that was more than 2 quarters delinquent. The one-unit owner is in bankruptcy and the courts have determined a repayment structure. Accordingly, the Association has not elected to set up an allowance for uncollectible accounts as of December 31, 2016.

Cash and Cash equivalent

For purposes of reporting cash flows, the Association considers all short-term highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

PALM BEACH LANDINGS CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

The Association follows prevalent industry practice, as contained in the “Real Estate – Common Interest Realty Association Topic of the FASB ASC” in accounting for the common property of the Association. Property that is not directly associated with the units is capitalized only if the Association has title or other evidence of ownership of the property, and either the Association can dispose of the property at the discretion of the Board or the property is used by the Association to generate significant cash flows from members on the basis of usage or from nonmembers. (See Note 10 and 11)

The Association’s accounting policy is to capitalize the cost of personal property with an estimated useful life in excess of one year and to depreciate such property over the estimated remaining life of the asset using the straight-line method. The Association has elected to capitalize anything with a value of \$1,000 or greater.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 end of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – ACCOUNTS RECEIVABLE OWNERS

Accounts receivable – owners consisted of the following as of December 31, 2016:

Account Receivable – Owners	\$ 5,612
Allowance for Uncollectible	(-)
Account Receivable – Owners (net)	<u>\$ 5,612</u>

NOTE 4 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

Florida Statutes require the Association to accumulate funds for future major repairs and replacements and later statutes required funds be accumulated for any item for which the deferred maintenance expenses or replacement cost is greater than \$10,000 unless the reserves are waived or reduced by the unit owners. The funds are segregated and held primarily in interest bearing accounts and are not available for expenditures for normal operations. Interest income earned in the replacement fund is retained in the replacement fund.

The Board reviewed the replacement fund components in 2016 to estimate the remaining useful lives and the replacement costs of the components of common property. Where applicable, licensed contractors and reserve fund experts were consulted regarding useful lives and current replacement costs.

PALM BEACH LANDINGS CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4 – FUTURE MAJOR REPAIRS AND REPLACEMENTS (CONTINUED)

The unit owners approved the pooled method of accounting for the replacement fund. Under this method, the replacement costs and remaining lives for each item are determined. The required funding is based on the pooled or cumulative balance as of the end of the year and the pooled estimated time remaining. Under this method, additions and expenses are not allocated to a specific replacement fund component.

Actual expenditures may vary from the estimated future replacement costs and these variances could be material. Consequently, the amounts accumulated in the replacement fund may not be adequate to fund the major repairs and replacements. If additional funds are needed, the Association may, subject to membership approval, increase regular assessments, or delay major repairs or replacements until funds are available, or the Board may pass special assessments.

NOTE 5 - CONCENTRATION OF CREDIT RISK

The Association maintains accounts at various financial institutions in the form of bank deposits which, at times, may exceed federally-insured limits of \$250,000. The Association has not experienced any losses on such accounts and believes it is not exposed to any significant risk on cash.

NOTE 6 – INCOME TAXES

The Association is subject to federal and state income taxes. Annually, the Association may qualify and elect to be treated as a tax exempt organization under Section 528 of the Internal Revenue Code. Under this election, revenue from maintenance fees, reserve and special assessments (exempt-function income) is not subject to state or federal income taxes. However, income that is not exempt-function is federally taxed at a 30% rate (after a \$100 exemption) and is exempt from Florida income tax. If the Association does not qualify and/or make this election, it is taxed as a regular corporation under the provisions of Internal Revenue Code Section 277. This section provides that the excess of income from members is used to offset next year expenses or returned to the member to avoid being taxed. The Association is taxed on all non-member income net of allocable expenses. The Association has elected to use form 1120H of Internal Revenue Code Section 528 and incurred \$0 Federal and State tax liability.

The Association uses the standard Accounting for Uncertainty in Income Taxes. It is the Association's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by "a-more-likely-than-not" threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for 2016. Currently, the statute of limitations remains open for tax returns filed subsequent to and including 2013; however, no IRS or Florida Department of Revenue examinations are in process or anticipated.

NOTE 7 – CERTIFICATE OF DEPOSITS

The Association has elected to invest a portion of their reserves funds into certificate of deposits to receive a higher interest rate on those funds.

The following is the certificate of deposit the Association has for the year ended December 31, 2016:

PALM BEACH LANDINGS CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 7 – CERTIFICATE OF DEPOSITS (CONTINUED)

<u>Description</u>	<u>Current Market Value</u>
Bank of America - 04/23/17 - 0.03%	\$51,998

NOTE 8 - ASSESSMENTS CHARGES TO UNIT OWNERS

Pursuant to the Declaration of Condominium and Bylaws of the Association, regular and special assessments are allocated to each unit owner. During the year ended December 31, 2016, the Association assessed members \$828.21 per quarter to fund operations and \$246.79 to fund the reserve for future repairs and replacements. Each member shares equally in the operating costs.

NOTE 9 – ASSESSMENTS RECEIVED IN ADVANCE

The prepaid assessments consist of 2017 maintenance fees received prior to January 1, 2017. At the balance sheet date, there was \$54,788 of prepaid assessments.

NOTE 10 – PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2016, consisted of:

	<u>Estimated Useful Life</u>	<u>Costs</u>
Equipment	7 years	\$ 4,489
Furniture and fixtures	7 years	33,600
Unit A608	7 years	27,893
Land		220,525
Less: accumulated depreciation		<u>(54,029)</u>
		<u>\$ 232,478</u>

Depreciation expenses for the year ended December 31, 2016, was \$3,985.

NOTE 11 – FORECLOSED UNIT

The Association during 2013 foreclosed on unit A608 so they can rent the unit to cover future quarterly assessment and recover previous uncollected assessments. The Association does not own the unit outright because the bank still has a mortgage on the unit. In July of 2013, the Association started renting the unit for \$700 a month and in August of 2016 increased it to \$800 to apply against quarterly fees of the unit. The Association has capitalized the outstanding balance on the unit plus all costs in preparing the unit to be rented. The Association is depreciating the capitalized amount over 7 years.

The Association also collected from the renter a \$700 security deposit which is recorded on the balance sheet as of December 31, 2016.

NOTE 12 – SUBSEQUENT EVENTS

Management has assessed subsequent events through February 18, 2017, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**PALM BEACH LANDINGS CONDOMINIUM
ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUE AND EXPENSES
BUDGET TO ACTUAL - OPERATING FUND
DECEMBER 31, 2016**

	2016		
	ACTUAL	BUDGET	VARIANCE
REVENUES			
Assessments	\$ 318,033	\$ 318,034	\$ (1)
Gate card	250	300	(50)
Gate remote	215	150	65
Key building	28	70	(42)
Application fees	1,960	2,500	(540)
Interest - other	1	101	(100)
Late fees	975	1,000	(25)
Interest liened unit	364	-	364
Dog registration	750	450	300
Legal fees recovered	1,943	-	1,943
Office rental income	2,930	4,000	(1,070)
Unit rental	9,250	9,000	250
Total revenues	<u>336,699</u>	<u>335,605</u>	<u>1,094</u>
EXPENSES			
<u>Administration</u>			
Access device	1,030	1,000	30
Accounting fees	2,759	3,000	(241)
Application processing	200	200	-
Bank charges	366	250	116
Division fees	507	450	57
Dues & subscriptions	101	-	101
Legal	2,545	5,000	(2,455)
License fees	150	600	(450)
Office supplies	1,113	1,200	(87)
Postage	731	800	(69)
Travel expenses	374	400	(26)
TV, internet & telephone	5,876	5,600	276
Website	90	-	90
Contingency	-	10,000	(10,000)
Total administration	<u>15,842</u>	<u>28,500</u>	<u>(12,658)</u>

See Independent Accountants Review Report.

**PALM BEACH LANDINGS CONDOMINIUM
ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUE AND EXPENSES
BUDGET TO ACTUAL - OPERATING FUND (CONTINUED)
DECEMBER 31, 2016**

EXPENSES (continued)	2016		
	ACTUAL	BUDGET	VARIANCE
<u>Building Maintenance</u>			
Building maintenance	5,829	7,600	(1,771)
Domestic water pump maintenance	1,049	2,000	(951)
Electrical repairs	799	1,500	(701)
Elevator maintenance	4,350	5,500	(1,150)
Fire equipment maintenance	3,210	2,000	1,210
LPG gas	984	130	854
Generator maintenance	1,192	1,870	(678)
HVAC repairs	2,367	1,500	867
Janitorial supplies	1,068	1,000	68
Plumber	195	-	195
Pest control	2,800	2,800	-
Plumbing repairs	139	5,000	(4,861)
Roof repairs	1,775	1,000	775
Unit damage expense	80	1,000	(920)
Vent & chute cleaning	952	1,000	(48)
Total building maintenance	<u>26,789</u>	<u>33,900</u>	<u>(7,111)</u>
<u>Grounds Maintenance</u>			
Dock repair	-	500	(500)
Fertilizer	2,700	2,700	-
Gate repairs	2,538	1,500	1,038
Grounds maintenance miscellaneous	1,409	2,500	(1,091)
Irrigation	18	1,000	(982)
Landscaping	1,386	1,110	276
Lawn equipment & supplies	796	2,000	(1,204)
Pool maintenance	9,686	7,000	2,686
Tree trimming	2,560	2,000	560
Total grounds maintenance	<u>21,093</u>	<u>20,310</u>	<u>783</u>
<u>Insurance</u>			
Insurance - appraisal	1,802	-	1,802
Insurance - flood	10,328	10,100	228
Insurance - property & liability	23,677	27,000	(3,323)
Insurance - wind	10,994	11,000	(6)
Total insurance	<u>46,801</u>	<u>48,100</u>	<u>(1,299)</u>

See Independent Accountants Review Report.

**PALM BEACH LANDINGS CONDOMINIUM
ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUE AND EXPENSES
BUDGET TO ACTUAL - OPERATING FUND (CONTINUED)
DECEMBER 31, 2016**

EXPENSES (continued)	2016		
	ACTUAL	BUDGET	VARIANCE
<u>Payroll expenses</u>			
Maintenance wages - other	24,137	23,920	217
Managers salary	48,419	48,000	419
Payroll taxes	5,502	5,500	2
Safety equipment	-	100	(100)
Unemployment taxes	98	200	(102)
Workers compensation insurance	2,280	2,700	(420)
Total payroll expense	80,436	80,420	16
<u>Utilities</u>			
Electric A	6,641	7,500	(859)
Electric C	6,330	6,500	(170)
Electric commons	8,766	9,500	(734)
Sewer	48,482	57,500	(9,018)
Bulk pickup	2,279	1,000	1,279
Recycling	1,248	1,250	(2)
Regular pickup	7,938	8,000	(62)
Utilities admin fee	2,036	2,100	(64)
Water	20,359	23,585	(3,226)
Total utilities	104,079	116,935	(12,856)
<u>Unit Expense</u>			
A608 legal	300	1,300	(1,000)
Condo dues	4,300	4,300	-
Division fees	189	140	49
Insurance	617	700	(83)
Repairs	-	1,000	(1,000)
Total unit expense	5,406	7,440	(2,034)

See Independent Accountants Review Report.

**PALM BEACH LANDINGS CONDOMINIUM
ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUE AND EXPENSES
BUDGET TO ACTUAL - OPERATING FUND (CONTINUED)
DECEMBER 31, 2016**

EXPENSES (continued)	2016		
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
<u>Depreciation</u>			
Depreciation expense	3,985	-	3,985
Total depreciation expense	<u>3,985</u>	<u>-</u>	<u>3,985</u>
Total expenses	<u>304,431</u>	<u>335,605</u>	<u>(31,174)</u>
Excess of revenues over (under) expenses	<u>\$ 32,268</u>	<u>\$ -</u>	<u>\$ 32,268</u>

See Independent Accountants Review Report.

**PALM BEACH LANDINGS CONDOMINIUM
ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL EXPENDITURES AND
DEFERRED MAINTENANCE FUNDING REQUIREMENTS
DECEMBER 31, 2016**

The following table is based on the management's reserve calculation performed in 2016, and presents significant information about the components of common property:

<u>Components</u>	<u>Estimated Life</u>	<u>Estimated Remaining Life</u>	<u>Estimated Current Replacement Cost</u>	<u>2017 Statutory Funding</u>
Docks	20	12	\$ 201,012	\$ -
Fire safety systems	25	4-19	267,559	-
Grounds	15	-	8,000	-
Interior renovations	10	1-8	213,393	-
Lighting	10-25	0-4	15,359	-
Insurance	1	1	10,000	-
Mechanical/HVAC	12-40	0-22	247,948	-
Painting/waterproofing	8-9	7	120,445	-
Plumbing/Piping	40	1-3	169,000	-
Pool & spa	10-25	1-16	49,834	-
Pavement	25	-	80,975	-
Railings	40	2	130,560	-
Roof	25	10	486,706	-
Security	20-25	0-15	69,844	-
Pooled funding	1	1	-	130,795
Total			<u>\$ 2,070,635</u>	<u>\$ 130,795</u>

The Pooling Method calculates the minimum annual contributions necessary to fund reserve components based on the above schedule of estimated useful lives and replacement costs. The last independent reserve study was performed in January 2009 and the reporting period utilized 28 years to include all reserve components. Based on the analysis of annual economic conditions, an estimate was established that construction costs of the reserve components will increase at approximately 3.50% per year. The Board reviews this each year to see if anything has changed or needs to be adjusted.