

**Ocean Ritz Owners'
Association, Inc.**

**FINANCIAL STATEMENTS (AND
SUPPLEMENTARY INFORMATION)**

December 31, 2019



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Ocean Ritz Owners' Association, Inc.
Table of Contents
December 31, 2019

REPORT

Independent Accountants' Review Report.....	1
---	---

FINANCIAL STATEMENTS

Balance Sheet.....	3
--------------------	---

Statement of Revenue, Expenses and Changes in Fund Balance	4
--	---

Statement of Cash Flows	5
-------------------------------	---

Notes to Financial Statements	6
-------------------------------------	---

SUPPLEMENTARY INFORMATION

Schedule of Changes in Accumulated Funds for Future Major Repairs and Replacements	15
--	----

Schedule of Operating Fund Revenue and Expenses – Actual vs. Budget.....	16
--	----

Supplementary Information on Future Major Repairs and Replacements	17
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors and Members of
Ocean Ritz Owners' Association, Inc.
Panama City Beach, Florida

We have reviewed the accompanying financial statements of Ocean Ritz Owners' Association, Inc., which comprise the balance sheet as of December 31, 2019, and the related statements of revenue, expenses and changes in fund balance 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 entity 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.

Accountants' 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.

Accountants' 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

The accompanying supplementary information included in the schedule of changes in accumulated funds for future major repairs and replacements and in the schedule of operating fund revenue and expenses – actual vs. budget is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. We have compiled the supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting Review Services Committee of the AICPA. We have not audited or reviewed the supplementary information, and we do not express an opinion, a conclusion, nor provide any assurance on it.

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 17 be presented to supplement the basic financial statements. Such information, although not a required 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. Such information is the responsibility of management. We have compiled the supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on it.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Fort Walton Beach, Florida
August 26, 2020

Ocean Ritz Owners' Association, Inc.
Balance Sheet

December 31,

2019

	Operating Fund	Replacement Fund	Hurricane Fund	Total
Assets				
Cash	\$ 65,096	\$ 344,168	\$ -	\$ 409,264
Accounts receivable	1,862	-	-	1,862
Prepaid expenses	59,403	-	-	59,403
Interfund balance	-	72,099	109,257	181,356
Total assets	\$ 126,361	\$ 416,267	\$ 109,257	\$ 651,885
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 24	\$ 38,000	\$ 128,217	\$ 166,241
Prepaid assessments	10,882	-	-	10,882
Performance obligation	-	378,267	-	378,267
Interfund balance	181,356	-	-	181,356
Total liabilities	192,262	416,267	128,217	736,746
Fund balance (deficit)	(65,901)	-	(18,960)	(84,861)
Total liabilities and fund balance	\$ 126,361	\$ 416,267	\$ 109,257	\$ 651,885

See accompanying notes and independent accountants' review report.

Ocean Ritz Owners' Association, Inc.
Statement of Revenue, Expenses and Changes in Fund Balance

For the year ended December 31,

2019

	Operating Fund	Replacement Fund	Hurricane Fund	Total
Revenue				
Regular assessments	\$ 378,000	\$ 117,779	\$ -	\$ 495,779
Special assessment	-	-	189,000	189,000
Beach service income	30,000	-	-	30,000
Interest income	-	192	-	192
Miscellaneous income	6,325	-	-	6,325
Office rent	3,500	-	-	3,500
Registration fees	16,720	-	-	16,720
Total revenue	434,545	117,971	189,000	741,516
Expenses				
Administrative	47,189	-	-	47,189
Courtesy patrol	7,688	-	-	7,688
Insurance	67,584	-	-	67,584
Maintenance and repairs	229,418	94,317	237,829	561,564
Utilities	161,500	-	-	161,500
Total expenses	513,379	94,317	237,829	845,525
Excess (Deficit) of Revenue over Expenses	(78,834)	23,654	(48,829)	(104,009)
Beginning Fund Balance, Restated	12,933	-	6,215	19,148
Interfund Transfer	-	(23,654)	23,654	-
Ending Fund Balance (Deficit)	\$ (65,901)	\$ -	\$ (18,960)	\$ (84,861)

See accompanying notes and independent accountants' review report.

Ocean Ritz Owners' Association, Inc.
Statement of Cash Flows

For the year ended December 31,

2019

	Operating Fund	Replacement Fund	Hurricane Fund	Total
Operating Activities				
Excess (deficit) of revenue over expenses	\$ (78,834)	\$ 23,654	\$ (48,829)	\$ (104,009)
Changes in operating assets and liabilities:				
Accounts receivable	7,402	-	-	7,402
Insurance proceeds receivable	-	-	650,000	650,000
Prepaid expenses	(21,561)	-	-	(21,561)
Interfund balances	169,786	(33,429)	(136,357)	-
Accounts payable	24	38,000	(488,468)	(450,444)
Insurance finance agreement	(27,079)	-	-	(27,079)
Prepaid assessments	(2,082)	-	-	(2,082)
Performance obligation	-	(4,379)	-	(4,379)
Net cash provided (used) by operating activities	47,656	23,846	(23,654)	47,848
Financing activities				
Interfund transfer	-	(23,654)	23,654	-
Net cash provided (used) by financing activities	-	(23,654)	23,654	-
Net Increase in Cash	47,656	192	-	47,848
Cash at Beginning of Year	17,440	343,976	-	361,416
Cash at End of Year	\$ 65,096	\$ 344,168	\$ -	\$ 409,264

See accompanying notes and independent accountants' review report.

Ocean Ritz Owners' Association, Inc. **Notes to Financial Statements**

NOTE 1: DESCRIPTION OF THE ORGANIZATION

Ocean Ritz Owners' Association, Inc. ("Association"), a Florida not-for-profit corporation, was formed September 3, 2003. Membership in the Association consists of the 63 residential units of this Florida condominium. The condominium is located on approximately two acres in Panama City Beach, Florida.

The Association was organized for the purpose of maintaining and protecting the elements owned by the unit owners in common, including grounds, building exteriors, roofs, elevators, parking areas, swimming pool, pool patio, spa, and lobby. Disposition of common area property requires consent of the members in accordance with the Association's governing documents and Florida Statutes.

All policy decisions, including the annual budget and owners' assessments, are formulated by the Board of Directors. Major decisions are referred to the general Association membership before action is taken, when so required by the governing documents of the Association.

The Association is self-managed. The Association does not operate a rental program; instead, individual unit owners have contracted with various real estate companies to lease their individual rental units.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs)

Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Ocean Ritz Owners' Association, Inc. Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds

The Association is a not-for-profit organization which employs the fund method of accounting in order to properly account for restrictions on the expenditures resulting from actions of the Board of Directors, the Association voting membership, or Florida Statute. The financial statements segregate the accounting for such funds as either Operating, Replacement or Hurricane Funds. At the end of the year, excess funds are retained by the fund generating such excess during the year.

The Operating Fund is used to account for financial resources available for the general operation of the Association. Disbursements from the Operating Fund are generally at the discretion of the Board of Directors.

The Replacement Fund is generally used to account for assessments made for major repair and replacement of common property and related expenses. Disbursements from the Replacement Fund may only be utilized in accordance with Florida Statutes and the purposes established by the Board of Directors and the Association membership. Interest income earned in the Replacement Fund becomes part of the pooled components.

The Hurricane Fund is generally used to account for the revenues and expenses related to the damage sustained as a result of Hurricane Michael in October 2018. Disbursements from the Hurricane Fund are generally made at the direction of the Manager and the Board of Directors.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly-liquid debt instruments with an original maturity of 90 days or less.

Accounts Receivable from Owners and Allowance for Doubtful Accounts

Accounts receivable from owners are reported at the outstanding balance due from owners, net of any allowance for doubtful accounts. The Association provides an allowance for doubtful accounts based on experience and analysis of individual accounts. When specific accounts are determined to be uncollectable, they are written off by charging the allowance and crediting the receivable. Since management considers all receivables to be collectible at December 31, 2019, no allowance has been established at this time.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the Balance Sheet. These items will be expensed over the applicable usage period.

Ocean Ritz Owners' Association, Inc. Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalization and Depreciation

Real property acquired by the Association is capitalized when it (a) is used to generate significant cash flows from members on the basis of usage or from nonmembers or (b) can be disposed of for cash with the Association retaining the proceeds. Real property acquired by the Association that does not meet these guidelines is not capitalized, and accordingly, replacements, major repairs, and improvements to this property are not capitalized; instead, they are reported as expenses in the fund making the expenditure. Real property that has not been capitalized is identified in Note 1.

Personal property acquired by the Association is capitalized at cost. It is depreciated over its estimated useful life using the straight-line method of depreciation. At December 31, 2019, personal property capitalized by the Association consists of equipment at a cost of \$2,288 and is fully depreciated.

Contract Assets and Liabilities

Contract assets represent revenue recognized in excess of amounts billed. No such amounts are reported on the Balance Sheet as of December 31, 2019. Contract liabilities represent revenue collected in advance of the contract period or amounts billed in excess of revenue recognized. These liabilities are reported on the Balance Sheet as prepaid assessments and performance obligation liabilities.

Revenue Recognition

Effective January 1, 2019, the Association adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. This topic requires the recognition of revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue is recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. For purposes of this Association, the definition of customers includes the Association's members.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 26, 2020. See Note 11 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Ocean Ritz Owners' Association, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Guidance

In May 2014, the Financial Accounting Standards Board (FASB) issued new accounting guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification. The Association elected to adopt the revenue recognition standard effective January 1, 2019 using the modified retrospective method. This method allows the standard to be adopted retrospectively through a cumulative adjustment recognized upon adoption. The cumulative adjustment recorded upon adoption of ASC 606 consisted of changes in the recognition of replacement fund assessments, and accordingly the accumulated funds for future major repairs and replacements are now largely classified as a performance obligation liability and not fund balance. As a result, the Association has restated its beginning fund balance as follows:

<i>December 31,</i>	2019
Beginning replacement fund balance, before restatement	\$ 382,646
Cumulative effect of change in accounting principle	(382,646)
Beginning replacement fund balance, as restated	\$ -

NOTE 3: OWNERS' ASSESSMENTS

Revenues and expenses are allocated to the unit owners equally, and accordingly, assessment fees are established using this formula. The monthly rate for 2019 was \$550. Budgeted regular assessments were \$491,400, of which \$113,400 was allocated to the Replacement Fund.

The following table reconciles budgeted regular assessments to the amounts recognized as assessment revenue in the Statement of Revenue, Expenses, and Changes in Fund Balance:

<i>For the year ended December 31,</i>	2019		
	Operating Fund	Replacement Fund	Total
Budgeted regular assessments	\$ 378,000	\$ 113,400	\$ 491,400
Add releases from performance obligation	-	4,379	4,379
Total assessments	\$ 378,000	\$ 117,779	\$ 495,779

Ocean Ritz Owners' Association, Inc. Notes to Financial Statements

NOTE 3: OWNERS' ASSESSMENTS (Continued)

The Association levied a special assessment totaling \$189,000 during the year ended December 31, 2019 to cover the expected deductible related to its Hurricane Michael insurance claim and replenish the reserve funds if those funds are used for repairs. The special assessment had a due date of April 30, 2019, and individual owner assessments were \$3,000 per unit. As of December 31, 2019, the Association had incurred hurricane repairs exceeding the special assessment, therefore, the entire amount of the special assessment has been recognized as revenue in the accompanying Statement of Revenue, Expenses and Changes in Fund Balance.

NOTE 4: REVENUE RECOGNITION

As disclosed in Note 2 to the financial statements, the Association's customers consist of its members, which are unit owners within the condominium. The contracts between these customers and the Association primarily relate to maintaining, managing and providing access to the property and amenities owned in common by the unit owners.

Performance Obligations

The Association's revenue is derived primarily from assessments to its members and income resulting from beach service and interest.

The Association generally recognizes its revenue from contracts with customers over time with the exception of reserve assessments, which are being recognized at a point in time. As of December 31, 2019, the Association has reported a performance obligation liability totaling \$378,267, relating to the future major repair and/or replacement of specific components of common property. The assessments related to this performance obligation are generally reported in the Replacement Fund and will be recognized as revenue at the point in time when the funds are expended for their designated purpose.

Interest income is not subject to ASC 606 and is recognized in the period it is earned. In addition, beach service income is not subject to ASC 606 and is recognized at the point in time when the service is provided.

Significant Judgments

For those revenue items recognized over time, the Association generally utilizes the input method of measurement, where revenue is recognized based on the Association's efforts towards the satisfaction of a performance obligation. For operating fund amounts, revenue is recognized as time elapses and the Association performs routine maintenance, protection and management of the common area property. For replacement and hurricane fund amounts, the Association recognizes revenue at the point in time when reserve expenses are incurred.

Ocean Ritz Owners' Association, Inc.
Notes to Financial Statements

NOTE 4: REVENUE RECOGNITION (Continued)

Disaggregated Revenue

The Association derives its revenue from various activities and sources having different qualitative factors that may affect the amount, timing, or uncertainty of revenues and cash flows. The following chart contains disaggregated revenue information that reflects these qualitative factors.

<i>For the year ended December 31,</i>	2019
<i>Recognized over time</i>	
Operating fund assessments	\$ 378,000
<i>Recognized at a point in time</i>	
Replacement fund assessments	117,779
Special assessments	189,000
Miscellaneous income	6,325
Registration fees	16,720
Not subject to ASC Topic 606	
Office rent	3,500
Beach service	30,000
Interest income	192
Total revenue	\$ 741,516

The following table presents information about accounts receivable, contract assets, and contract liabilities:

<i>For the year ended December 31,</i>	2019
Accounts receivable - beginning balance	\$ 9,264
Accounts receivable - ending balance	1,862
Contract assets - no beginning or ending balance for the year	
Contract liabilities	
Prepaid assessments - beginning balance	12,964
Prepaid assessments - ending balance	10,882
Performance obligation liabilities - beginning balance	382,646
Performance obligation liabilities - ending balance	378,267

Ocean Ritz Owners' Association, Inc. Notes to Financial Statements

NOTE 5: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents and Florida Statutes require the Association to accumulate funds for future major repairs and replacements, unless otherwise decided by the voting membership. The Association has adopted a program to accumulate funds for estimated future major repairs and replacements through regular assessments. Accumulated funds are held in separate bank accounts and are generally not available for expenditures for normal operations. However, as discussed in Note 10, at December 31, 2019, the Operating Fund owes the Replacement Fund approximately \$72,099.

The Board of Directors annually reviews the major components of common property. As a part of this review, the Board re-evaluates the estimated remaining useful lives and the estimated replacement costs of each of the components of the Replacement Fund. Where applicable, licensed contractors and architects are consulted regarding useful lives and replacement costs. The Board of Directors last performed a review of the estimated replacement costs, remaining lives and funding requirements for the reserve components in 2019 based on an internal study performed by the Board in 2016.

The Association is funding for future major repairs and replacements over the estimated useful lives of the components based on their study's estimates of replacement costs and considering amounts previously accumulated in the Replacement Fund. Accordingly, the funding requirement of \$113,400, based on the Board's fully funded plan, has been included in the 2019 budget.

Actual expenditures may vary from the estimated amounts and the variations may be significant. Therefore, amounts accumulated in the Replacement Fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right to increase regular assessments, to levy special assessments, or it may delay major repairs and replacements until funds are available.

NOTE 6: INCOME TAXES

The Association elected to file its tax return for 2019 as a regular corporation on Form 1120. As such the Association must comply with Internal Revenue Code (IRC) Section 277, which applies to certain membership organizations. Under IRC Section 277, the Association is required to separate membership income and expenses from nonmembership income and expenses. Each component is taxed separately; however, net membership income is exempt from taxation if certain elections are made. For the year ended December 31, 2019, the Association had a net nonmembership loss of \$9,875, which can be carried forward indefinitely to offset net nonmembership income in a future year, if needed. In addition, the Association has a net nonmembership loss carryover from prior years totaling \$27,483 that can be carried forward indefinitely to offset future net nonmembership income, if needed. No federal or state taxes are due for 2019.

Ocean Ritz Owners' Association, Inc.

Notes to Financial Statements

NOTE 6: INCOME TAXES (Continued)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association's policy is to record interest expense or penalties related to income tax in (operating) expense. For the year ended December 31, 2019, no interest or penalties were paid or accrued. The Association is subject to routine audits by taxing jurisdictions; however, there are no audits for any tax periods in progress. The Association's management believes it is no longer subject to income tax examinations for years prior to 2016.

NOTE 7: CREDIT RISK

The Association assesses regular and special assessments to its members. It is the Association's policy to turn over significantly past due accounts for collection and to file liens against the individual condominium units. Should the collection of any such liens be enforced by the sale of the unit, the collectability of the receivable is dependent on the quick sale market value of the unit, and the amount of any such other liens which have priority. Market value may be influenced by the real estate market in Panama City Beach, Florida.

The Association maintains cash accounts with local financial institutions. At times, the balances at these institutions may exceed the FDIC insured limit.

NOTE 8: WINDSTORM DEDUCTIBLE

The insurance policy for windstorm coverage renewed in November 2019. The deductible amount for named hurricane storms is estimated at \$407,000, which represents 2% of the insured value of the building.

NOTE 9: HURRICANE MICHAEL

The Association sustained significant damage to its common property as a result of Hurricane Michael which made landfall in the Florida panhandle on October 10, 2018. As a result of the damage, the Association is in the process of negotiating an insurance claim with its carrier for a significant amount. The Association received a payment of \$650,000 during the year ended December 31, 2019, which had been accrued as a receivable during fiscal year 2018.

Ocean Ritz Owners' Association, Inc.
Notes to Financial Statements

NOTE 9: HURRICANE MICHAEL (Continued)

The Association has accrued related repairs for any expenses through the date of this report. The Association reported \$643,785 and \$237,829 of expenses for the year ended December 31, 2018 and 2019, respectively. At December 31, 2019, \$128,217 has yet to be paid and is accrued in Accounts payable on the accompanying Balance Sheet.

Additional insurance proceeds and related repair expenses are possible, but the outcome of negotiations with the Association's insurance carrier are unknown as of the date of this report.

NOTE 10: INTERFUND BALANCE

Florida Statutes section 718.112(2)(f)3 states that reserves accumulated for capital expenditures and deferred maintenance "shall be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a majority vote [of the members] at a duly called meeting of the association." As of December 31, 2019, the Operating Fund owes \$72,099 to the Replacement Fund due to the use of reserves to pay for the general operation of the Association. The use of the reserve funds in this manner has not been approved by the members of the Association.

NOTE 11: SUBSEQUENT EVENTS

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Association. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

Subsequent to year end, the Association entered into a contract totaling \$131,836 for the resurfacing of the parking deck area. The contract is expected to be completed in the spring of 2020.



SUPPLEMENTARY INFORMATION

Ocean Ritz Owners' Association, Inc.
Schedule of Changes in Accumulated Funds for Future Major Repairs and Replacements

For the year ended December 31,

2019

Component	Beginning Balance	Additions	Subtractions	Interfund transfer	Ending Balance
Fire Safety Systems					
Fire Alarm System Modernization			\$ (38,000)		
Mechanical Equipement					
Elevator Mechanical Modernization			(44,649)		
Pool & Spa					
Pool & Spa Equipment Allowance			(5,683)		
Pool Deck Brick Pavers			(3,442)		
Pool Deck Fencing & Gates			(2,543)		
Total pooled Items	\$ 382,646	\$ 113,592	\$ (94,317)	\$ (23,654)	\$ 378,267

December 31,

2019

Performance obligation liability	\$ 378,267
Replacement fund balance	-
Total	\$ 378,267

See independent accountants' review report.

Ocean Ritz Owners' Association, Inc.
Schedule of Operating Fund Revenue and Expenses – Actual vs. Budget

<i>Year ended December 31,</i>	2019		
	Actual	Budget	Variance - Favorable (Unfavorable)
Revenue			
Regular assessments	\$ 378,000	\$ 378,000	\$ -
Beach service income	30,000	30,000	-
Miscellaneous income	6,325	1,656	4,669
Office rent	3,500	6,000	(2,500)
Registration fees	16,720	16,994	(274)
Total revenue	434,545	432,650	1,895
Expenses			
Administrative	47,189	48,835	1,646
Courtesy patrol	7,688	1,000	(6,688)
Insurance	67,584	59,840	(7,744)
Maintenance and repairs	229,418	181,775	(47,643)
Utilities	161,500	141,200	(20,300)
Total expenses	513,379	432,650	(80,729)
Excess (deficit) of revenue over expenses	\$ (78,834)	\$ -	\$ (78,834)

See independent accountants' review report.

Ocean Ritz Owners' Association, Inc.
Supplementary Information on Future Major Repairs and Replacements

Components	Estimated Remaining Useful Life (Years)	Estimated Replacement Cost	Accumulated Funds at December 31, 2019
Common Area Interiors			
Fitness Equipment	3	\$ 11,400	
Flooring, Tile	12	36,058	
Renovation Allowance, Elevator Cabs	7	30,000	
Renovation Allowance, Restrooms	12	12,675	
Exterior Doors			
Exterior Doors Replacement	12	48,750	
Fire Safety Systems			
Fire Alarm System Modernization	12	160,650	
Fire Pump Repair/Replacement	22	78,500	
Mechanical Equipment			
Domestic Water Pumps/Equipment	12	25,200	
Elevator Mechanical Modernization	15	420,000	
Generator Repair/Replacement	5	42,300	
Trash Chutes & Doors Replacement	22	78,430	
Painting & Waterproofing			
Paint Building Exteriors	4	327,600	
Pavement			
Concrete Paving	2	18,000	
Pool & Spa			
Pool & Spa Equipment Allowance	2	10,000	
Pool & Spa Interior Resurfacing	0	14,095	
Pool Deck Brick Pavers	17	13,650	
Pool Deck Fencing & Gates	10	9,360	
Railings			
Railings Repair/Replacement	17	148,800	
Roofs			
Roof Replacement, Flat	7	84,430	
Roof Replacement, Metal	12	10,630	
Total		\$ 1,580,527	\$ 378,267

See independent accountants' review report.