

**AQUAVISTA OF PANAMA CITY BEACH OWNERS' ASSOCIATION, INC.**

**PANAMA CITY BEACH, FLORIDA**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2018 (AUDITED) AND 2017 (UNAUDITED)**

**AQUAVISTA OF PANAMA CITY BEACH OWNERS' ASSOCIATION, INC.**  
**PANAMA CITY BEACH, FLORIDA**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 (AUDITED) AND 2017 (UNAUDITED)**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Aquavista of Panama City Beach Owners' Association, Inc.  
Panama City Beach, Florida

We have audited the accompanying financial statements of Aquavista of Panama City Beach Owners' Association, Inc., which comprise the balance sheet as of December 31, 2018, and the related statement 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.

### Auditor's 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 of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Board of Directors  
Aquavista of Panama City Beach Owners' Association, Inc.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aquavista of Panama City Beach Owners' Association, Inc. as of December 31, 2018, 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.

### **Prior Period Financial Statements**

The 2017 financial statements were compiled by us and our report thereon, dated June 4, 2018, stated we did not audit or review those financial statements and, accordingly, express no opinion or other form of assurance on them.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 12 and 13 is presented for purposes of additional analysis and it is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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

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

*Tipton, Mauler, Garner & Chastain*

Panama City, Florida  
June 26, 2019

**AQUAVISTA OF PANAMA CITY BEACH OWNERS' ASSOCIATION, INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2018 (AUDITED) AND 2017 (UNAUDITED)**

**ASSETS**

	2018 (Audited)			2017 (Summarized and Unaudited)	
	Operating Fund	Special Assessment Fund	Reserve Fund	Total	Total
<b>Current Assets:</b>					
Cash - operating	\$ 207,592			\$ 207,592	\$ 191,380
Cash - restricted			\$ 516,611	516,611	418,025
Accounts receivable, net	52,645			52,645	756
Due from operating fund			34,457	34,457	0
Due from reserve fund				0	592
Prepaid expenses	8,339			8,339	2,915
Prepaid insurance	11,147			11,147	5,230
Total current assets	<u>279,723</u>	<u>\$ 0</u>	<u>551,068</u>	<u>830,791</u>	<u>618,898</u>
<b>Property and Equipment:</b>					
Furniture, fixtures, and equipment	4,622			4,622	4,622
Less accumulated depreciation	<u>(4,622)</u>			<u>(4,622)</u>	<u>(4,236)</u>
Net property and equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>386</u>
<b>Total Assets</b>	<u>\$ 279,723</u>	<u>\$ 0</u>	<u>\$ 551,068</u>	<u>\$ 830,791</u>	<u>\$ 619,284</u>

**LIABILITIES AND FUND BALANCES**

<b>Current Liabilities:</b>					
Accrued expenses	\$ 15,419			\$ 15,419	\$ 16,470
Prepaid assessments	72,026			72,026	54,872
Due to operating fund				0	592
Due from reserve fund	34,457			34,457	0
Income tax payable	1,618			1,618	2,933
Total current liabilities	<u>123,520</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>123,520</u>	<u>74,867</u>
Total liabilities	<u>123,520</u>	<u>0</u>	<u>0</u>	<u>123,520</u>	<u>74,867</u>
<b>Fund Balances:</b>					
Restricted			551,068	551,068	417,433
Unrestricted	156,203	0		156,203	126,984
Total fund balances	<u>156,203</u>	<u>0</u>	<u>551,068</u>	<u>707,271</u>	<u>544,417</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 279,723</u>	<u>\$ 0</u>	<u>\$ 551,068</u>	<u>\$ 830,791</u>	<u>\$ 619,284</u>

See independent auditor's report and the accompanying notes.

**AQUAVISTA OF PANAMA CITY BEACH OWNERS' ASSOCIATION, INC.**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2018 (AUDITED) AND 2017 (UNAUDITED)**

	2018 (Audited)			2017 (Summarized and Unaudited)	
	Operating Fund	Special Assessment Fund	Reserve Fund	Total	Total
<b>Revenues:</b>					
Assessments - operating	\$ 413,424			\$ 413,424	\$ 416,524
Assessments - reserve			\$ 186,000	186,000	182,900
Bad debt recovery	5,200			5,200	0
Beach service	16,500			16,500	16,500
Interest			2,198	2,198	609
Insurance proceeds (net of related expenses of \$93,614)	19,807			19,807	0
Finance charges	1,518			1,518	2,299
Miscellaneous income	2,597			2,597	1,095
Office rental income	3,745			3,745	6,075
Total revenues	<u>462,791</u>	<u>\$ 0</u>	<u>188,198</u>	<u>650,989</u>	<u>626,002</u>
<b>Expenses:</b>					
Accounting	3,850			3,850	10,350
Bad debt expense				0	3,540
Building maintenance	18,538			18,538	88,343
Cable - TV and internet	60,481			60,481	57,122
Depreciation	386			386	924
Elevator	21,287			21,287	24,687
Grounds maintenance	1,142			1,142	1,227
Income tax expense	3,838			3,838	2,933
Insurance	65,445			65,445	61,457
Interest	49			49	743
Legal fees	20,571			20,571	18,180
Licenses and fees	3,444			3,444	2,413
Maintenance mileage	280			280	495
Maintenance staff	83,484			83,484	85,825
Maintenance supplies	11,781			11,781	7,328
Management fee	28,548			28,548	23,102
Meeting expense				0	723
Miscellaneous	277			277	586
Office supplies and postage	1,267			1,267	2,001
Parking garage				0	1,028
Pest control	6,020			6,020	7,175
Pool maintenance	11,913			11,913	12,876
Professional fees				0	4,653
Security	4,366			4,366	4,743
Telephone	5,867			5,867	5,873
Utilities	80,278			80,278	76,105
Website	460			460	410
Reserve expenses -					
Elevator - cable				0	624
Elevator - hydraulic			780	780	0
Common area			4,980	4,980	57,602
Mechanical			4,315	4,315	22,746
Pool, hot tub, sauna			5,103	5,103	12,117
Roof			8,392	8,392	67,561
Other			30,993	30,993	0
Total expenses	<u>433,572</u>	<u>0</u>	<u>54,563</u>	<u>488,135</u>	<u>665,492</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenses</b>	29,219	0	133,635	162,854	(39,490)
<b>Fund Balances:</b>					
Beginning of year	126,984	0	417,433	544,417	583,907
End of year	<u>\$ 156,203</u>	<u>\$ 0</u>	<u>\$ 551,068</u>	<u>\$ 707,271</u>	<u>\$ 544,417</u>

See independent auditor's report and the accompanying notes.



**AQUAVISTA OF PANAMA CITY BEACH OWNERS' ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2018 (AUDITED) AND 2017 (UNAUDITED)**

	2018 (Audited)				2017 (Summarized and Unaudited)
	Operating Fund	Special Assessment Fund	Reserve Fund	Total	Total
<b>Cash Flows From Operating Activities:</b>					
Cash received from assessments	\$ 378,689		\$ 186,000	\$ 564,689	\$ 638,435
Cash received from insurance proceeds	113,421			113,421	0
Cash received from other revenues	29,560			29,560	25,969
Interest received			2,198	2,198	609
Income tax paid	(5,153)			(5,153)	(462)
Interest paid	(49)			(49)	(743)
Cash paid for supplies, services, utilities, etc.	(535,305)		(54,563)	(589,868)	(656,033)
<b>Net cash provided by (used in) operating activities</b>	<u>(18,837)</u>	<u>0</u>	<u>133,635</u>	<u>114,798</u>	<u>7,775</u>
<b>Cash Flows From Financing Activities:</b>					
Interfund transfers - net	35,049		(35,049)	0	0
<b>Net cash provided by (used in) financing activities</b>	<u>35,049</u>	<u>0</u>	<u>(35,049)</u>	<u>0</u>	<u>0</u>
<b>Net Increase in Cash and Cash Equivalents</b>	16,212	0	98,586	114,798	7,775
<b>Cash and Cash Equivalents at Beginning of Year</b>	191,380	0	418,025	609,405	601,630
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 207,592</u>	<u>\$ 0</u>	<u>\$ 516,611</u>	<u>\$ 724,203</u>	<u>\$ 609,405</u>
<b>Reconciliation of Excess (Deficiency) of Revenues Over (Under) Expenses to Net Cash Provided By (Used In) Operating Activities:</b>					
Excess (Deficiency) of Revenues Over (Under) Expenses	\$ 29,219	\$ 0	\$ 133,635	\$ 162,854	\$ (39,490)
<b>Adjustments to Reconcile Excess (Deficiency) of Revenues Over (Under) Expenses to Net Cash Provided By (Used In) Operating Activities:</b>					
Depreciation expense	386			386	924
Changes in assets and liabilities -					
Increase in accounts receivable, net	(51,889)			(51,889)	2,724
Increase in prepaid expenses	(5,424)			(5,424)	2,969
Increase in prepaid insurance	(5,917)			(5,917)	438
Increase in prepaid assessments	17,154			17,154	39,827
Decrease in accounts payable				0	(3,282)
Decrease in accrued expenses	(1,051)			(1,051)	1,194
Decrease in income tax payable	(1,315)			(1,315)	2,471
<b>Total adjustments</b>	<u>(48,056)</u>	<u>0</u>	<u>0</u>	<u>(48,056)</u>	<u>47,265</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>\$ (18,837)</u>	<u>\$ 0</u>	<u>\$ 133,635</u>	<u>\$ 114,798</u>	<u>\$ 7,775</u>

See independent auditor's report and the accompanying notes.

**AQUAVISTA OF PANAMA CITY BEACH OWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 (AUDITED) AND 2017 (UNAUDITED)**

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

*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. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund – This fund is used to account for financial resources available for the general operations of the Association.

Special Assessment Fund – This fund is used to accumulate financial resources designated for special projects as approved by the Association.

Reserve Fund – This fund is used to accumulate financial resources designated for future major repairs and replacements of designated common elements that require replacement less frequently than annually.

*Accounts Receivable:*

Association members are subject to quarterly assessments to provide funds for the Association's operating expenses and future capital acquisitions. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent. The Association's management has made an assessment of the collectability of receivables and determined that an allowance for uncollectible receivables of approximately \$2,000 and \$7,200 is needed as of December 31, 2018 and 2017, respectively. Total net accounts receivable for the year ended December 31, 2018 and 2017 amounted to \$52,645 and \$756, respectively.

*Revenue Recognition:*

The financial statements of the Association have been prepared on the accrual basis of accounting. Regular member assessments are recognized as revenue during the period for which they are assessed. Assessments received in advance of this period are reported as prepaid assessments on the balance sheet. Special assessments are recognized as revenue when the corresponding liabilities and expenses are incurred, with any excess revenue reported as deferred assessments on the balance sheet, unless otherwise directed by the Board and Members.



**AQUAVISTA OF PANAMA CITY BEACH OWNERS ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 (AUDITED) AND 2017 (UNAUDITED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Income Taxes:*

Condominium associations may elect to be taxed as regular corporations or as homeowners' associations. The Association elected to be taxed as a homeowners' association for the years ended December 31, 2018 and 2017. Under the election, the Association is generally taxed only on nonexempt function income (i.e. interest income, vending machine income, etc.) net of directly related expenses at a rate of 30%. For the years ended December 31, 2018 and 2017, the Association incurred income tax of \$3,838 and \$2,933, respectively.

*Property and Equipment:*

Real property and common areas acquired from the developer and related improvements to such property (i.e. roof, swimming pool, parking lots, etc.) 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. Generally only property, furnishings and equipment for which the Association holds title to is recorded as an asset of the Association. Such property and equipment are recorded at cost and are depreciated principally by the straight-line method over the estimated useful lives of individual assets. Estimated useful lives are generally five years for both furniture and equipment. Depreciation expense for the years ended December 31, 2018 and 2017 was \$386 and \$924, respectively.

*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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Statement of Cash Flows:*

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

*Prior Year Summarized Comparative Financial Information:*

The financial statements include certain prior-year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2017 of the prior year, from which the summarized information was derived.

**AQUAVISTA OF PANAMA CITY BEACH OWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 (AUDITED) AND 2017 (UNAUDITED)**

**NOTE 2 – NATURE OF ASSOCIATION**

The Aquavista of Panama City Beach Owners' Association, Inc. is a not for profit homeowners association (not a non-profit 501c Organization) that incorporated in the State of Florida on May 24, 1984. The Association is responsible for the operation and maintenance of the common property and is supported by quarterly assessment fees. Membership in the Association is limited to the owners of units in the Aquavista Condominium which consists of 28 three bedroom units and 56 two bedroom units located on 3.86 acres in Panama City Beach, Florida. The governing body consists of a Board of Directors elected by the members.

**NOTE 3 – CONCENTRATION OF 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 its bank accounts at financial institutions in Panama City, Florida. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each financial institution. At December 31, 2018 and 2017, the Association had \$126,752 and \$44,038, respectively, of uninsured cash balances.

**NOTE 4 – RESTRICTED CASH**

Restricted cash represents cash required to be used for specified purposes only and is, therefore, unavailable for operating purposes. Details are as follows:

	<u>12/31/18</u>	<u>12/31/17</u>
Reserve Fund cash restricted to use in repairing or replacing identified common elements	\$ 516,611	\$ 418,025

**NOTE 5 – RESERVE FUND**

Florida condominium regulations require that the proposed annual budget include reserve funds for deferred maintenance and replacement. Funding of the reserves may be waived by a proper vote of the Association membership on an annual basis. The Association's budget for the years 2018 and 2017 required that \$186,000 and \$182,900, respectively, of the total annual assessments be allocated to such reserves. It is the Board's policy to fund reserves and to accumulate interest earned on such funds as a separate component of the Reserve Fund.



**AQUAVISTA OF PANAMA CITY BEACH OWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 (AUDITED) AND 2017 (UNAUDITED)**

**NOTE 5 – RESERVE FUND (Continued)**

During 2017, the Association engaged an independent consultant who conducted a study to estimate the remaining useful lives and the replacement costs of the various reserve components. The Association is funding reserves based on the study's estimates of current replacement costs, considering amounts previously accumulated in the Reserve Fund, for 2018 and 2017. The estimated replacement costs do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. If additional funds are needed for deferred maintenance or replacement and such accounts have not been adequately funded, the Association may increase the quarterly assessments of the unit owners, pass special assessments, or delay repairs until funds are available. The Association does not allocate interest earnings to the individual reserve components.

**NOTE 6 – ANNUAL BUDGET AND OWNERS' ASSESSMENTS**

The Association's by-laws require that the Board of Directors adopt a budget each year for common operating expenses and reserves. If the operating (excluding reserves) budget determined by the Board of Directors should exceed 115% of the prior year's operating budget, the unit owners have a right to call a special meeting to vote on the budget. Assessments are made against the unit owners for their share of the budget. Such assessments are due in quarterly installments. For the period December 31, 2018, the quarterly assessment per unit type was \$1,688 and \$1,976 for two bedroom and three bedroom units, respectively.

For the period December 31, 2017, the quarterly assessment per unit type was \$1,688 and \$1,976, for two bedroom and three bedroom units, respectively.

**NOTE 7 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash paid during the year for:

	<u>12/31/18</u>	<u>12/31/17</u>
Interest	\$ 49	\$ 743
Income taxes	5,153	462



**AQUAVISTA OF PANAMA CITY BEACH OWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 (AUDITED) AND 2017 (UNAUDITED)**

**NOTE 8 – NOTES PAYABLE**

In 2018, the Association did not finance its insurance premiums.

In January 2017, the Association contracted with Premium Assignment Corporation for the payment of the Association's umbrella, directors and officers, and property insurance policies. The note is secured by policy premiums and bears an interest rate of 6.08%. The note is payable in nine monthly installments of \$3,319. The entire outstanding balance of \$29,129 was paid in 2017.

**NOTE 9 – TAX STATUS**

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service and State taxing agencies. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

**NOTE 10 – WIND INSURANCE DEDUCTIBLE**

For the years 2018 and 2017, the Association's wind insurance policy carried deductibles as follows: 3% for hurricane only, \$25,000 for all other wind, and \$5,000 for all other perils.

**NOTE 11 – CONTRACTS AND OBLIGATIONS**

On June 1, 2014 the Association entered into a contract with Comcast for the installation, maintenance and operation of a broadband communications system for the premises of the Association property. The agreement is for a term of 5 years and will be automatically renewed for successive periods of 2 years unless either party provides the other with a minimum 60 days' notice of its intention not to renew at the end of the then current term.

**NOTE 12 – INSURANCE PROCEEDS AND EXPENSES**

In early 2018, the Association sustained flooding of stack 4 and 5 on the west side which was caused by failure of an ice maker and hot water heater. As of December 31, 2018, the Association received \$63,421 in insurance proceeds and incurred \$63,421 in related expenses. The Association does not expect to receive additional insurance proceeds or incur additional expenses.

**AQUAVISTA OF PANAMA CITY BEACH OWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 (AUDITED) AND 2017 (UNAUDITED)**

**NOTE 12 – INSURANCE PROCEEDS AND EXPENSES (Continued)**

On May 28, 2018, the Association was impacted by Storm Alberto causing water damage to the east side elevators. As of December 31, 2018, the Association received \$50,000 in insurance proceeds and incurred \$15,593 in related expenses. The Association does not expect to receive additional insurance proceeds or incur additional expenses.

On October 10, 2018 the Association was directly impacted by Hurricane Michael and suffered major damage to its common property. As of December 31, 2018, the Association has not received insurance proceeds and incurred \$14,600 in related expenses. The Association expects to receive insurance proceeds and incur additional expenses related to its claims after year end, however, as of June 26, 2019 those amounts cannot be determined.

**NOTE 13 – SUBSEQUENT EVENTS**

The Association did not have any subsequent events requiring disclosure or recording in these financial statements through June 26, 2019, which is the date these financial statements were issued.

**AQUAVISTA OF PANAMA CITY BEACH OWNERS' ASSOCIATION, INC.**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL**  
**OPERATING FUND**  
**YEAR ENDED DECEMBER 31, 2018**

	Actual	Budget (Unaudited)	Variance- Favorable (Unfavorable)
<b>Revenues:</b>			
Assessments - operating	\$ 413,424	\$ 413,463	\$ (39)
Bad debt recovery	5,200		5,200
Beach service	16,500	16,500	0
Insurance proceeds (net of related expenses of \$93,614)	19,807		19,807
Finance charges	1,518		1,518
Miscellaneous income	2,597		2,597
Office rental income	3,745		3,745
Total revenues	<u>462,791</u>	<u>429,963</u>	<u>32,828</u>
<b>Expenses:</b>			
Accounting	3,850	5,000	1,150
Building maintenance	18,538	25,113	6,575
Cable - TV and internet	60,481	57,500	(2,981)
Elevator	21,287	25,500	4,213
Grounds maintenance	1,142	2,250	1,108
Income tax expense	3,838		(3,838)
Insurance	65,445	68,450	3,005
Interest	49		(49)
Legal fees	20,571	10,750	(9,821)
Licenses and fees	3,444	1,450	(1,994)
Maintenance milage	280	600	320
Maintenance staff	83,484	84,000	516
Maintenance supplies	11,781	6,500	(5,281)
Management fee	28,548	26,000	(2,548)
Meeting expense		300	300
Miscellaneous	277	250	(27)
Office supplies and postage	1,267	2,500	1,233
Parking garage		1,500	1,500
Pest control	6,020	6,250	230
Pool maintenance	11,913	14,000	2,087
Professional fees		1,000	1,000
Security	4,366	5,000	634
Telephone	5,867	6,000	133
Utilities	80,278	79,600	(678)
Website	460	450	(10)
Total expenses before depreciation expense	<u>433,186</u>	<u>429,963</u>	<u>(3,223)</u>
Depreciation expense	<u>386</u>		<u>(386)</u>
Total expenses	<u>433,572</u>	<u>429,963</u>	<u>(3,609)</u>
<b>Excess of Revenues Over Expenses</b>	<u>\$ 29,219</u>	<u>\$ 0</u>	<u>\$ 29,219</u>

See independent auditor's report.



**AQUAVISTA OF PANAMA CITY BEACH OWNERS' ASSOCIATION, INC.**  
**SCHEDULE OF CHANGES IN FUND BALANCE - POOLED**

**RESERVE FUND**

**YEAR ENDED DECEMBER 31, 2018**

Components	Beginning Balance 01/01/18	Additions	Expenditures	Interest Earned	Ending Balance 12/31/18
Clubhouse roof					
Common area					
Concrete		\$	(4,980)		
Elevator - cable					
Elevator - hydraulic			(780)		
Handrails, walkway					
Mansards					
Mechanical			(4,315)		
Paint					
Pool, hot tub, sauna			(5,103)		
Roof			(8,392)		
Deferred maintenance			(30,993)		
Totals	\$ 417,433	\$ 186,000	\$ (54,563)	\$ 2,198	\$ 551,068

See independent auditor's report.

**AQUAVISTA OF PANAMA CITY BEACH OWNERS' ASSOCIATION, INC.**  
**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR**  
**REPAIRS AND REPLACEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

The Board of Directors annually reviews the major components of common property. As a part of this review, the Association engaged an independent consultant who conducted a study during 2017 to estimate the remaining useful lives and the replacement costs of the common property components. The Association is funding such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the Reserve Fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. The estimated current replacement costs do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement. The following table is based on the study and presents significant information about the components of common property.

Components**	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs	Pooled Balance at 12/31/18	Amount Required for Full Funding for 2019
Clubhouse roof	0	\$ 0		
Common area	0-23	124,600		
Concrete	0-30+	806,700		
Elevator - cable	18	272,000		
Elevator - hydraulic	6-20	442,000		
Handrails, walkway	0-24	449,925		
Mansards	0	13,750		
Mechanical	0-15	225,500		
Paint	0-9	375,123		
Pool, hot tub, sauna	0-4	24,688		
Roof	0-4	482,375		
Deferred maintenance	0-30+	1,324,625		
Interest	N/A	N/A		
		<u>\$ 4,541,286</u>	<u>\$ 551,068</u>	<u>\$ 186,000</u>

\*\*Based on reserve study component categories

See independent auditor's report.