

**LEXINGTON LAKES CONDOMINIUM
ASSOCIATION, INC.**

Financial Statements

***For the year ended
December 31, 2020***

HAFER

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
LEXINGTON LAKES CONDOMINIUM ASSOCIATION, Inc.

We have audited the accompanying financial statements of LEXINGTON LAKES CONDOMINIUM ASSOCIATION, Inc. ("the Association"), which comprise the balance sheet as of December 31, 2020, and the related statement of revenues and 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 of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LEXINGTON LAKES CONDOMINIUM ASSOCIATION, Inc. as of December 31, 2020, 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.

Palm Beach, Florida
[Date to be determined]

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
December 31, 2020

	<u>Operating Fund</u>	<u>Working Capital Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
Assets				
Cash and cash equivalents	\$ 76,357	\$ -	\$ 548,512	\$ 624,869
Certificates of deposit	129,506	-	1,213,197	1,342,703
Assessments receivable, net (Note 3)	5,287	-	-	5,287
Prepaid expenses	185,194	-	-	185,194
Utility deposits	15,727	-	-	15,727
Due (to) from funds (Note 10)	(5,397)	-	5,397	-
Total assets	<u>\$ 406,674</u>	<u>\$ -</u>	<u>\$ 1,767,106</u>	<u>\$ 2,173,780</u>
Liabilities and fund balances				
Accounts payable and accruals	\$ 18,821	\$ -	\$ -	\$ 18,821
Income taxes payable	3,036	-	-	3,036
Insurance payable (Note 6)	116,433	-	-	116,433
Prepaid assessments	22,466	-	-	22,466
Note payable (Note 7)	46,228	-	-	46,228
Refundable deposits	7,423	-	-	7,423
Contract liabilities (Note 11)	-	-	1,767,106	1,767,106
Total liabilities	214,407	-	1,767,106	1,981,513
Fund balances	<u>192,267</u>	<u>-</u>	<u>-</u>	<u>192,267</u>
Total liabilities and fund balances	<u>\$ 406,674</u>	<u>\$ -</u>	<u>\$ 1,767,106</u>	<u>\$ 2,173,780</u>

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

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES
For the year ended December 31, 2020

	<u>Operating Fund</u>	<u>Working Capital Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
Revenues				
Maintenance assessments (Note 12)	\$ 862,600	\$ -	\$ 58,508	\$ 921,108
Cable revenue (Note 8)	3,168	-	-	3,168
Interest income	2,465	-	20,364	22,829
Other income	12,718	-	2,396	15,114
	<u>880,951</u>	<u>-</u>	<u>81,268</u>	<u>962,219</u>
Total revenues	<u>880,951</u>	<u>-</u>	<u>81,268</u>	<u>962,219</u>
Expenses				
Building maintenance and repairs	295,146	-	-	295,146
Utilities	367,629	-	-	367,629
Administration	221,656	-	-	221,656
Major repairs and replacements	-	-	84,268	84,268
	<u>884,431</u>	<u>-</u>	<u>84,268</u>	<u>968,699</u>
Total expenses	<u>884,431</u>	<u>-</u>	<u>84,268</u>	<u>968,699</u>
Deficiency of revenues over expenses	(3,480)	-	(3,000)	(6,480)
Fund balances, beginning	185,093	13,654	-	198,747
Interfund transfers (Note 9)	10,654	(13,654)	3,000	-
	<u>192,267</u>	<u>-</u>	<u>-</u>	<u>192,267</u>
Fund balances, ending	<u>\$ 192,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,267</u>

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

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2020

	<u>Operating Fund</u>	<u>Working Capital Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
Cash flows from operating activities				
Deficiency of revenues over expenses	\$ (3,480)	\$ -	\$ (3,000)	\$ (6,480)
<u>Adjustments to reconcile deficiency of revenues over expenses to net cash (used) provided by operating activities:</u>				
Provision for bad debt	(1,416)			(1,416)
<u>Changes in assets and liabilities:</u>				
Assessments receivable	1,379	-	-	1,379
Prepaid expenses	(15,385)	-	-	(15,385)
Accounts payable and accruals	(5,741)	-	(4,723)	(10,464)
Income taxes payable	(4,247)	-	-	(4,247)
Prepaid assessments	(10,340)	-	-	(10,340)
Deferred cable income	(3,168)	-	-	(3,168)
Refundable deposits	(1,000)	-	-	(1,000)
Contract liabilities	-	-	183,493	183,493
Net cash (used) provided by operating activities	<u>(43,398)</u>	<u>-</u>	<u>175,770</u>	<u>132,372</u>
Cash flows from investing activities				
Maturities (purchases) of certificates of deposit	<u>80,770</u>	<u>-</u>	<u>(5,148)</u>	<u>75,622</u>
Cash flows from financing activities				
Proceeds from insurance payable	127,018	-	-	127,018
Payments on insurance payable	(106,906)	-	-	(106,906)
Proceeds from note payable	46,228	-	-	46,228
Payments on termite note payable	(61,493)	-	-	(61,493)
Interfund transfers	10,654	(13,654)	3,000	-
Interfund borrowings	<u>(8,257)</u>	<u>13,654</u>	<u>(5,397)</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>7,244</u>	<u>-</u>	<u>(2,397)</u>	<u>4,847</u>
Net increase in cash and cash equivalents	44,616	-	168,225	212,841
Cash and cash equivalents, beginning	<u>31,741</u>	<u>-</u>	<u>380,287</u>	<u>412,028</u>
Cash and cash equivalents, ending	<u><u>\$ 76,357</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 548,512</u></u>	<u><u>\$ 624,869</u></u>

Supplemental disclosures of cash flow information (Note 13)

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

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1: Organization

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, Inc. (“the Association”) was incorporated under the laws of the State of Florida as a not-for-profit corporation on January 24, 2005. The Association is responsible for maintaining and preserving the common property of the Association in accordance with the terms of Chapter 718, Florida Statutes (“FS §718”) and the provisions of its governing documents. The Association consists of 264 residential units located in Stuart, Florida.

NOTE 2: Summary of significant accounting policies

Fund accounting

The Association prepares its financial statements on the accrual basis of accounting and presents them using fund accounting, using separate funds for operations and future major repairs and replacements. Disbursements from the operating fund are generally for the day-to-day operations and non-recurring unanticipated expenditures of the Association and are made at the discretion of the Board of Directors. Disbursements from the replacement fund generally are made only for designated purposes.

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. Accordingly, actual results could differ from those estimates.

Short-term financial instruments

The carrying amount of the Association’s financial instruments, which include cash and cash equivalents, assessments receivable, prepaid expenses, accounts payable and accrued expenses, and other assets and liabilities, approximate their fair values due to their short-term maturities.

Cash and cash equivalents

Cash and cash equivalents include all monies in banks including money market funds. Cash equivalents include highly liquid securities, including certificates of deposit, with original maturities of 90 days or less.

Certificates of deposit

Certificates of deposit consist of those certificates with original maturities of more than 90 days. The certificates are carried at cost plus any interest earned and reinvested. The Association, at least annually, assesses for any other-than-temporary impairment, and as of the date of these financial statements, the Association does not believe any impairment exists. The certificates have varying maturity dates and varying interest rates.

Owners’ assessments and allowance for uncollectible accounts and credit risk

Monthly assessments to owners are based upon a share of the budgeted operating expenses and future major repairs and replacements. The Association retains excess operating funds at the end of the year for use in future operating periods. Assessments receivable at the balance sheet date represent fees due from owners. Assessments paid in advance are included on the balance sheet as prepaid assessments. The Association’s policy is to retain legal counsel and place liens or foreclose on units of members whose assessments are delinquent. The Association’s estimate of the allowance for uncollectible accounts and credit risk are based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of reported amounts.

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2: Summary of significant accounting policies (continued)

Property and equipment

Common property of the Association is accounted for in accordance with ASC 972-360 and prevalent industry practices. As such, real property and common area acquired from the developer and related improvements to such property are not reflected on the Association financial statements because those assets are owned by the unit owners in common, and not by the Association. The Association capitalizes, at cost, certain personal and real property which it purchases. Capitalized property and equipment are depreciated over the estimated useful lives of the assets using the straight-line method of depreciation.

Revenue recognition

Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the considerations we expect to be entitled to in exchange for those goods or services. The Association derives its revenue from operating assessments, reserve assessments, and other ancillary sources. The Association has applied FASB ASC 606-10-10-4 since all contracts with its customers have similar characteristics and the Association expects that the effects on the financial statements of applying this guidance would not differ materially from applying the guidance to the individual contracts.

The Association has identified the following performance obligations:

- *Operating assessments* – the performance obligation is the maintenance and management of the common area property and is met on a periodic basis throughout the year. Operating assessments revenue is recognized on a periodic basis, as billed, and it is probable it will be collected.
- *Reserve assessments* – the performance obligation is the expenditure of the assessed funds for the intended purpose. Reserve assessments revenue is recognized when the related expenditures are made.
- *Other ancillary revenues* – the performance obligation is delivery of the underlying services. Revenue is recognized as the services are rendered.

In evaluating whether collectability of an amount of consideration is probable, the Association must consider the customer's (owner's) ability and intention to pay that amount of consideration when it is due. In instances where the Association's collection of fees is not probable (delinquent owners, foreclosures, etc.), it cannot recognize revenue.

Contract liabilities

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of the performance obligations.

Interest earned

Interest earned by each fund is allocated to the appropriate fund. Income taxes on the interest earned are paid from the operating fund.

Compensated absences

Employees of the Association are entitled to paid vacations, sick days, and other time off depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Association's policy is to recognize the costs of compensated absences when paid to employees.

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2: Summary of significant accounting policies (continued)

Income taxes

The Association makes a yearly election to be taxed either under Internal Revenue Code ("IRC") §528 as a homeowners' association or under IRC §277 as a regular corporation. For 2020, the Association elected to be taxed under §528. Under this election, the Association is generally taxed only on non-exempt function income, such as interest earnings, at applicable rates. From time to time, certain temporary differences may arise between financial and taxable income, the overall effects of which are not material to the financial statements taken as whole. As such, the Association has not recorded deferred income taxes at the balance sheet date. The Association's policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of income tax expense. The Association's tax filings are generally subject to examination by taxing authorities for three years after the returns are filed.

Recently issued accounting pronouncements, not yet adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The standard will affect all entities that lease assets and will require lessees to recognize a lease liability and a right-of-use asset for all leases (except short-term leases that have a duration of less than one year) as of the date on which the lessor makes the underlying asset available to the lessee. For non-public entities, such as the Association, the new standard is effective for annual periods beginning after December 15, 2021. While the Association expects the adoption of this standard to result in an increase to its reported assets and liabilities, the Association has not yet determined the full impact that the adoption of this standard will have on its financial statements and related disclosures.

NOTE 3: Assessments receivable, net

The Association's assessments receivable was as follows at December 31, 2020:

Assessments receivable	\$ 15,170
Less: allowance for doubtful accounts	(1,783)
Less: allowance for credit risk	(8,100)
	<u>\$ 5,287</u>

NOTE 4: Concentration of credit risk

The Association maintains its cash and cash equivalents at various financial institutions whereby deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation. The balance at times may exceed this federally insured limit. The Association uses collateralized repurchase agreements to eliminate this risk when necessary.

NOTE 5: Commitments and contingencies

Insurance windstorm deductible

In the event of a loss due to a hurricane the Association would be responsible for a deductible of 3% of the total insured value of the property under the provisions of the hurricane loss insurance contract.

Litigation

The Association, from time-to-time, may become party to various legal actions normally associated with condominium associations, such as the collection of delinquent assessments and covenant compliance matters, the aggregate effect of which, in management's opinion, would not be material to the future financial condition of the Association.

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5: Commitments and contingencies (continued)

Other commitments and contingencies

The Association has contracted with various vendors for various services to maintain the common property related to certain administration and building operations and maintenance expenses. These contracts are approved, as necessary, by the Board of Directors and have varying expiration dates and renewal terms.

NOTE 6: Insurance payable

During 2020, the Association financed its insurance premiums. The total amount financed was \$116,433 and is payable in monthly installments of 10,585 including interest at 4.35% through October 2021. The financing is secured by any unearned premiums or other sums which may become collectible under the terms of the agreement. At December 31, 2020, the outstanding balance, including accrued interest, was \$116,433.

NOTE 7: Notes payable

During October 2017, the Association entered into a nine-year agreement with Terminix for a preventative dry wood termite treatment and service plan. The cost of the agreement was \$77,700 for the initial five-year term plus four additional years at a cost of \$16,300; the total cost of the agreement was \$94,000. The cost of the agreement was financed using a note payable over a term of 60 monthly installments in the amount of \$2,091. The note bore a fixed interest rate of 12% per annum. In February 2020, the Association paid the termite loan off with the fund used from the Synovus Bank loan (see below).

On February 19, 2020, the Association refinance the above note payable with Synovus Bank. The amount financed is \$61,566 with an interest rate of 3.8%. The note is payable in twelve quarterly payments of principal and interest in the amount of \$5,457 beginning May 19, 2020, with all outstanding principal and interest due paid in full on February 23, 2023. For the year ended December 31, 2020, interest expense related to the note was \$1,600. At December 31, 2020, the outstanding balance is \$46,228.

Future estimated minimum principal maturities are as follows:

2021	\$ 20,413
2022	21,144
2023	4,671
	<u>\$ 46,228</u>

Amortization of termite costs

In conjunction with the aforementioned note payable, the Association recorded prepaid termite expense in the amount of \$94,000, which is being amortized over the life of the agreement. As of December 31, 2020, the Association recognized \$10,445 and the remaining balance of \$61,796 is recorded in prepaid expenses in the accompanying Balance Sheet.

NOTE 8: Cable revenue

On December 1, 2015, the Association entered into a bulk cable contract with a cable provider. As consideration for entering into a five-year contract, the cable provider agreed to pay the Association \$60 per unit, or \$15,480. The Association, in accordance with accounting principles generally accepted in the United States of America, is amortizing the revenue over the life of the contract. Accordingly, for the year ended December 31, 2020, the Association has recognized the remaining balance of \$3,168 as cable revenue.

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 9: Future major repairs and replacements

The Association's governing documents and FS §718 require that the Association's annual budget include budgeted assessments for future major repairs and replacements (reserves), unless waived in whole or in part by a vote of the owners in accordance with the governing documents and Florida law. Accumulated funds are held in separate interest-bearing accounts and are generally not available for operating purposes.

Reserve funds are accumulated based on estimated future costs of the components of common property. Actual expenditures may vary from the estimated amounts 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 may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

During 2014, the Association voted to begin funding the reserves on the pooling method in 2015. During 2017, the Association voted to pool its existing component reserves into the pooled reserve component.

During 2019, the Board of Directors contracted with a reserve specialist to conduct an independent study to estimate the useful lives, the remaining useful lives, and replacement costs of the common property components. The schedule included in the required supplementary information on future major repairs and replacements are based upon this study.

For the year ended December 31, 2020, the Association funded reserves in the amount of \$242,000 and transferred \$3,000 from the operating fund to the replacement fund. For the year ending December 31, 2021, the Association is funding reserves in the amount of \$242,000 and a scheduled transfer of \$6,900 from the operating fund to the replacement fund. For 2020 and 2021, the total funding represents full funding based on the reserve study's cash flow method.

Components of the replacement fund are as follows:

	Contract Liabilities and Fund Balance, January 1, 2020	Additions	Interest Income	Expenses	Transfers	Contract Liabilities and Fund Balance, December 31, 2020
Pooled reserves	\$ 1,583,613	\$ 244,397 ¹	\$ 20,364	\$ 84,268	\$ 3,000 ²	\$ 1,767,106

Details of expenses:

Roofing	\$ 37,260
Fountain	10,184
Fence	31,550
Electrical	5,274
	<u>\$ 84,268</u>

A reconciliation of the table above to the balance sheet replacement fund reporting is as follows:

Contract liabilities	\$ 1,767,106
Fund balance	-
	<u>\$ 1,767,105</u>

¹ Additions is comprised of the current year budgeted amount of \$242,000 and other income of \$2,397.

² During 2020, the Association transferred \$3,000 to the replacement fund to correct the current year under funding of reserves.

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 10: Interfund borrowings

At December 31, 2020, the Association's operating fund owes its replacement fund \$5,397, which was replenished during 2021.

NOTE 11: Contract liabilities

A schedule of contract liabilities at December 31, 2020 is as follows.

Contract liabilities, beginning	\$ 1,583,613
Plus: amounts assessed	242,000
Less: amounts recognized as performance obligations have been satisfied	<u>(58,507)</u>
Contract liabilities, ending	<u>\$ 1,767,106</u>

NOTE 12: Operating maintenance assessments

For the year ended December 31, 2020, a reconciliation of budgeted operating maintenance assessments to recognized operating maintenance assessments was as follows:

Operating maintenance assessments per budget	\$ 866,800
Less: allowance for credit risk under Topic 606	<u>(4,200)</u>
Operating maintenance assessment recognized	<u>\$ 862,600</u>

NOTE 13: Supplemental disclosures of cash flow information

Cash paid for income taxes	<u>\$ 7,283</u>
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Non-cash financing activities during 2020 were as follows:

Cost of insurance coverage acquired via financing agreements	\$ 127,018
Cash paid related to financing agreements (down payments)	<u>(10,585)</u>
Liabilities assumed	<u>\$ 116,433</u>

NOTE 14: Subsequent events

Management has evaluated subsequent events through [date to be determined], the date the financial statements were available to be issued.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
LEXINGTON LAKES CONDOMINIUM ASSOCIATION, Inc.

Report on the Financial Statements

We have audited the financial statements of LEXINGTON LAKES CONDOMINIUM ASSOCIATION, Inc. ("the Association") as of and for the year ended December 31, 2020, and our report thereon dated [date to be determined], which expressed an unmodified opinion on those financial statements, appears on Page 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating expenses compared to budget on Pages 12 and 13, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for the portion marked "unaudited," 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 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 assurance on it.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of 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, 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.

Palm Beach, Florida
[Date to be determined]

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF OPERATING EXPENSES COMPARED TO BUDGET
For the year ended December 31, 2020

	<u>Actual</u>	<u>Budget (Unaudited)</u>	<u>Variance Favorable (Unfavorable)</u>
Building maintenance and repairs			
Backflow inspections	\$ 1,264	\$ 1,275	\$ 11
Building maintenance and supply	18,039	7,300	(10,739)
Camera repairs	700	2,000	1,300
Christmas lights and decorations	1,982	3,900	1,918
Contingency	300	-	(300)
Fido baggies	770	710	(60)
Fountain	1,698	1,200	(498)
Gate damage	1,115	-	(1,115)
Gate maintenance and repairs	2,884	1,500	(1,384)
Golf cart maintenance	190	1,000	810
Hoover pump system repairs	1,553	1,700	147
Irrigation contract	5,610	6,240	630
Irrigation supplies and repairs	4,753	4,000	(753)
Janitorial service	22,200	22,200	-
Janitorial supplies	368	1,000	632
Lake maintenance and littoral zone	2,178	2,400	222
Landscape maintenance	71,586	71,580	(6)
Landscape replacement	5,379	9,000	3,621
Lighting and electrical	881	3,000	2,119
Maintenance supplies	59	300	241
Mulch	910	5,000	4,090
Pest control	22,540	22,000	(540)
Pest control - clubhouse	514	500	(14)
Pool maintenance and repairs	5,171	5,000	(171)
Pool permit	300	200	(100)
Preserve and perimeter maintenance	-	3,000	3,000
Pressure washing	3,525	5,500	1,975
Road and sign maintenance	-	500	500
Rodent boxes	1,930	2,475	545
Roofing and drywall repairs	16,303	10,000	(6,303)
Security guards	73,380	85,000	11,620
Termite bond and interest	13,239	25,092	11,853
Tree trimming	13,825	15,000	1,175
	<u>295,146</u>	<u>319,572</u>	<u>24,426</u>
Utilities			
Cable TV	141,581	131,500	(10,081)
Electric	21,980	27,000	5,020
Telephone	6,566	6,600	34
Trash collection	38,936	38,124	(812)
Water and sewer	158,566	155,904	(2,662)
	<u>\$ 367,629</u>	<u>\$ 359,128</u>	<u>\$ (8,501)</u>

See auditor's report on supplementary information.

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF OPERATING EXPENSES COMPARED TO BUDGET (CONTINUED)
For the year ended December 31, 2020

	<u>Actual</u>	<u>Budget (Unaudited)</u>	<u>Variance Favorable (Unfavorable)</u>
Administration			
Accounting services	\$ 13,929	\$ 13,500	\$ (429)
Audit and tax preparation	4,775	4,350	(425)
Background check expense	2,243	-	(2,243)
Bad debt	-	500	500
Computer repairs	-	500	500
Copier service	880	650	(230)
Corporate annual fee	70	62	(8)
Domain name	26	108	82
Fees to division	-	1,356	1,356
Income tax expense	3,036	-	(3,036)
Insurance	108,521	86,700	(21,821)
Legal and professional	4,420	5,000	580
Management - other	7,536	5,000	(2,536)
Management fees	72,471	70,023	(2,448)
Miscellaneous	-	351	351
Office supplies	1,691	800	(891)
Postage	1,010	550	(460)
Subscription, education and renewals	248	1,000	752
Website maintenance	800	800	-
	<u>221,656</u>	<u>191,250</u>	<u>(30,406)</u>
Total budgeted expenses	<u>\$ 884,431</u>	<u>\$ 869,950</u>	<u>\$ (14,481)</u>

See auditor's report on supplementary information.

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)
December 31, 2020

The following schedule is based upon a study conducted by an independent consultant in 2019 to estimate the remaining useful lives and replacement costs of the components of common property. The schedule provides information about components of common property.

<u>Component</u>	<u>Estimated Useful Life (years)</u>	<u>Estimated Remaining Life (years)</u>	<u>Estimated Replacement Cost</u>	<u>Contract Liabilities and Fund Balance December 31, 2020</u>	<u>Approved Budgeted Funding December 31, 2021</u>
Clubhouse *	0-40	0-25	\$ 154,372	\$ -	\$ -
Exterior building*	0-35	0-10	5,391,935	-	-
Pool*	0-30	1-12	239,043	-	-
Property site*	0-30	0-29	2,515,417	-	-
Reserve study	2-3	1	2,300	-	-
Pooled reserves	-	-	-	1,767,106	242,000
			<u>\$ 8,303,067</u>	<u>\$ 1,767,106</u>	<u>\$ 242,000</u>

*See reserve study for detail of each component.

See auditor's report on supplementary information.