

**LEXINGTON LAKES CONDOMINIUM
ASSOCIATION, INC.**

Financial Statements

***For the year ended
December 31, 2023***

HAFER

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of LEXINGTON LAKES CONDOMINIUM ASSOCIATION, Inc. ("the Association"), which comprise the balance sheet as of December 31, 2023, and the related statement of revenues and expenses and changes in fund balances (deficit) and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are required to be independent of LEXINGTON LAKES CONDOMINIUM ASSOCIATION, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LEXINGTON LAKES CONDOMINIUM ASSOCIATION, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, Inc.
Independent Auditor's Report (Continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 LEXINGTON LAKES CONDOMINIUM ASSOCIATION, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LEXINGTON LAKES CONDOMINIUM ASSOCIATION, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Palm Beach, Florida
November 15, 2024

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
December 31, 2023

| | <u>Operating Fund</u> | <u>Replacement Fund</u> | <u>Total Funds</u> |
|--|---------------------------|-----------------------------|----------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 25,514 | \$ 2,111,043 | \$ 2,136,557 |
| Certificates of deposit | - | 214,076 | 214,076 |
| Assessments receivable, net (Note 3) | 27,894 | - | 27,894 |
| Prepaid expenses | 219,961 | - | 219,961 |
| Utility deposits | 11,942 | - | 11,942 |
| Due (to) from funds (Note 9) | (97,168) | 97,168 | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u><u>\$ 188,143</u></u> | <u><u>\$ 2,422,287</u></u> | <u><u>\$ 2,610,430</u></u> |
| Liabilities and fund balances (deficit) | | | |
| Accounts payable and accrued expenses | \$ 17,407 | \$ - | \$ 17,407 |
| Income taxes payable | 10,061 | - | 10,061 |
| Insurance payable (Note 6) | 147,657 | - | 147,657 |
| Prepaid assessments | 13,167 | - | 13,167 |
| Refundable deposits and other liabilities | 9,623 | - | 9,623 |
| Deferred revenue: | | | |
| Cable (Note 7) | 14,520 | - | 14,520 |
| Reserves (Note 8) | - | 2,404,922 | 2,404,922 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | 212,435 | 2,404,922 | 2,617,357 |
| Fund balances (deficit) | <u>(24,292)</u> | <u>17,365</u> | <u>(6,927)</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities and fund balances (deficit) | <u><u>\$ 188,143</u></u> | <u><u>\$ 2,422,287</u></u> | <u><u>\$ 2,610,430</u></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 (DEFICIT)
For the year ended December 31, 2023

| | <u>Operating Fund</u> | <u>Replacement Fund</u> | <u>Total Funds</u> |
|--|---------------------------|-----------------------------|------------------------|
| Revenues | | | |
| Maintenance assessments | \$ 1,165,047 | \$ - | \$ 1,165,047 |
| Cable income (Note 7) | 5,280 | - | 5,280 |
| Interest income | 1,104 | 59,184 | 60,288 |
| Other income | 10,277 | - | 10,277 |
| | <u>1,181,708</u> | <u>59,184</u> | <u>1,240,892</u> |
| Total revenues | | | |
| | <u>1,181,708</u> | <u>59,184</u> | <u>1,240,892</u> |
| Expenses | | | |
| Building operations | 282,529 | - | 282,529 |
| Utilities | 412,414 | - | 412,414 |
| Administrative | 562,900 | - | 562,900 |
| Major repairs and replacements | - | 41,819 | 41,819 |
| | <u>1,257,843</u> | <u>41,819</u> | <u>1,299,662</u> |
| Total expenses | | | |
| | <u>1,257,843</u> | <u>41,819</u> | <u>1,299,662</u> |
| Excess (deficiency) of revenues over expenses | (76,135) | 17,365 | (58,770) |
| Fund balances, beginning | 51,843 | - | 51,843 |
| | <u>51,843</u> | <u>-</u> | <u>51,843</u> |
| Fund balances (deficit), ending | <u>\$ (24,292)</u> | <u>\$ 17,365</u> | <u>\$ (6,927)</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, 2023

| | <u>Operating Fund</u> | <u>Replacement Fund</u> | <u>Total Funds</u> |
|---|---------------------------|-----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Excess (deficiency) of revenues over expenses | \$ (76,135) | \$ 17,365 | \$ (58,770) |
| <u>Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash (used) provided by operating activities:</u> | | | |
| Provision for credit losses | (12,338) | - | (12,338) |
| <u>Changes in assets and liabilities:</u> | | | |
| Assessments receivable | 8,326 | - | 8,326 |
| Prepaid expenses | (24,823) | - | (24,823) |
| Accounts payable and accrued expenses | (15,459) | - | (15,459) |
| Income taxes payable | 10,061 | - | 10,061 |
| Prepaid assessments | 2,877 | - | 2,877 |
| Refundable deposits and other liabilities | 2,300 | - | 2,300 |
| Deferred revenue: | | | |
| Cable | (5,280) | - | (5,280) |
| Reserves | - | 376,000 | 376,000 |
| Net cash (used) provided by operating activities | <u>(110,471)</u> | <u>393,365</u> | <u>282,894</u> |
| Cash flows from investing activities | | | |
| Maturities (purchases) of certificates of deposit, net | <u>20,837</u> | <u>(1,939)</u> | <u>18,898</u> |
| Cash flows from financing activities | | | |
| Proceeds from insurance payable | 442,971 | - | 442,971 |
| Payments on insurance payable | (437,287) | - | (437,287) |
| Interfund borrowings | <u>94,338</u> | <u>(94,338)</u> | <u>-</u> |
| Net cash provided (used) by financing activities | <u>100,022</u> | <u>(94,338)</u> | <u>5,684</u> |
| Net increase in cash and cash equivalents | 10,388 | 297,088 | 307,476 |
| Cash and cash equivalents, beginning | <u>15,126</u> | <u>1,813,955</u> | <u>1,829,081</u> |
| Cash and cash equivalents, ending | <u><u>\$ 25,514</u></u> | <u><u>\$ 2,111,043</u></u> | <u><u>\$ 2,136,557</u></u> |

Supplemental disclosures of cash flow information (Note 10)

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

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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 34 two-story buildings containing a total 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 credit losses

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 credit losses 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, 2023

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 recognized, except for those related to capitalized property and equipment. Reserve assessments revenue related to capitalized property and equipment is recognized when the expenditures are made and the property and equipment is placed in service.
- *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.

Deferred revenue

The Association recognizes revenue from members as the related performance obligations are satisfied. Deferred revenue 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.

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2: Summary of significant accounting policies (continued)

Income taxes (Form 1120)

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 2023, the Association elected to be taxed under §277. Under this election, membership income is exempt from tax if certain elections are made, and the Association is generally only taxed on its non-membership income, such as interest income, at regular federal and state corporate income tax 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.

NOTE 3: Assessments receivable, net

The Association's assessments receivable was as follows at December 31, 2023:

| | |
|-----------------------------------|------------------|
| Assessments receivable | \$ 57,863 |
| Less: allowance for credit losses | (29,969) |
| | <u>\$ 27,894</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. At December 31, 2023, the Association did not have any uninsured deposits.

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 5% of the total insured value of the property under the provisions of the hurricane loss insurance contract. The amount may be material to the overall financial condition of the Association.

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.

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 2023, the Association financed its property insurance premiums. The total amount financed was \$390,319 and is payable in monthly installments including interest through April 2024. The financing is secured by any unearned premiums or other sums which may become collectible under the terms of the agreement. At December 31, 2023, the outstanding balance, including accrued interest, was \$147,657.

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7: Deferred cable revenue

On July 10, 2021, 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 \$26,400. The Association is amortizing the revenue over the life of the contract. For the year ended December 31, 2023, the Association recognized \$5,280 as cable income. At December 31, 2023, the remaining balance of \$14,520 was recorded as deferred cable revenue and will be recognized over the remaining life of the contract.

NOTE 8: 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 2021, 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, 2023, the Association estimates it fully funded reserves in the amount of \$376,000 based on the 2021 reserve study. For the year ending December 31, 2024, the Association estimates the full funding of its reserves in the amount of \$397,800 based on the 2021 reserve study.

Components of the replacement fund are as follows:

| | Deferred Revenue and Fund Balance, January 1, 2023 | Additions | Interest Income | Expenses | Transfers | Deferred Revenue and Fund Balance, December 31, 2023 |
|-----------------|---|-------------------|--------------------|--------------------|-------------|---|
| Pooled reserves | <u>\$ 2,028,922</u> | <u>\$ 376,000</u> | <u>\$ 59,184</u> | <u>\$ (41,819)</u> | <u>\$ -</u> | <u>\$ 2,422,287</u> |

Details of expenses:

| | |
|-------------------|------------------|
| Exterior building | \$ 36,699 |
| Property site | <u>5,120</u> |
| | <u>\$ 41,819</u> |

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 8: Future major repairs and replacements (continued)

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

| | |
|------------------|---------------------|
| Deferred revenue | \$ 2,404,922 |
| Fund balance | 17,365 |
| | <u>\$ 2,422,287</u> |

A schedule of deferred reserves revenue at December 31, 2023 is as follows:

| | |
|---|---------------------|
| Deferred revenue, beginning | \$ 2,028,922 |
| Plus: amounts assessed | 376,000 |
| Less: amounts recognized as performance obligations have been satisfied | <u>-</u> |
| Deferred revenue, ending | <u>\$ 2,404,922</u> |

NOTE 9: Interfund borrowings

At December 31, 2023, the Association's operating fund owed its replacement fund \$97,168. This interfund borrowing may have been in violation of FS §718.

NOTE 10: Supplemental disclosures of cash flow information

Non-cash financing activities during 2023 were as follows:

| | |
|--|-------------------|
| Cost of insurance coverage acquired via financing agreements | \$ 427,233 |
| Cash paid related to financing agreements (down payments) | <u>(36,914)</u> |
| Liabilities assumed | <u>\$ 390,319</u> |

NOTE 11: Subsequent events

Management has evaluated subsequent events through November 15, 2024, the date the financial statements were available to be issued.

HAFER

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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, 2023, and our report thereon dated November 15, 2024, 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 is the responsibility of management and, 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
November 15, 2024

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF OPERATING EXPENSES COMPARED TO BUDGET
For the year ended December 31, 2023

| | <u>Actual</u> | <u>Budget (Unaudited)</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|-------------------|-------------------------------|---|
| Building operations | | | |
| Backflow, hydrant and extinguisher inspections | \$ 656 | \$ 1,275 | 619 |
| Building maintenance and supply | 6,917 | 12,000 | 5,083 |
| Camera repairs | 4,653 | 2,000 | (2,653) |
| Christmas lights and decorations | 2,874 | 2,500 | (374) |
| Fido bags | 936 | 487 | (449) |
| Fountain maintenance and repairs | 6,031 | 1,200 | (4,831) |
| Gate maintenance | 6,164 | 1,500 | (4,664) |
| Golf cart maintenance | 2,369 | 1,000 | (1,369) |
| Gym equipment repair | 1,290 | - | (1,290) |
| Hoover pump system maintenance | 2,119 | 1,700 | (419) |
| Irrigation contract | - | 6,840 | 6,840 |
| Irrigation supplies and repairs | 17,716 | 4,000 | (13,716) |
| Janitorial services | 22,658 | 23,400 | 742 |
| Janitorial supplies | 236 | 1,000 | 764 |
| Lake maintenance and littoral zones | 2,529 | 2,472 | (57) |
| Landscape maintenance | 66,545 | 73,727 | 7,182 |
| Landscape replacement | 60 | 9,000 | 8,940 |
| Lighting and electrician | 3,728 | 9,000 | 5,272 |
| Maintenance supplies | - | 300 | 300 |
| Pest control - clubhouse interior | - | 500 | 500 |
| Pest control, shrubs and grass | 25,063 | 23,836 | (1,227) |
| Pool maintenance | 7,757 | 5,340 | (2,417) |
| Pool operating permit | 325 | 200 | (125) |
| Pool repairs | 243 | - | (243) |
| Preserve and perimeter maintenance | - | 3,000 | 3,000 |
| Pressure washing | 2,600 | 5,500 | 2,900 |
| Road and sign maintenance | 181 | 500 | 319 |
| Rodent boxes | 2,237 | 2,475 | 238 |
| Roofing and drywall repairs | 63,348 | 24,000 | (39,348) |
| Security | 5,093 | 5,000 | (93) |
| Sidewalk repairs | 2,123 | 3,000 | 877 |
| Termite bond | 10,411 | 5,000 | (5,411) |
| Tree trimming | 15,667 | 9,000 | (6,667) |
| | <u>282,529</u> | <u>240,752</u> | <u>(41,777)</u> |
| Utilities | | | |
| Cable TV | 149,817 | 149,604 | (213) |
| Electricity | 35,127 | 34,680 | (447) |
| Garbage pick up | 44,434 | 47,688 | 3,254 |
| Telephone and internet | 5,333 | 4,800 | (533) |
| Water | 177,703 | 171,780 | (5,923) |
| | <u>\$ 412,414</u> | <u>\$ 408,552</u> | <u>\$ (3,862)</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, 2023

| | <u>Actual</u> | <u>Budget (Unaudited)</u> | <u>Variance Favorable (Unfavorable)</u> |
|---------------------------------|----------------------------|-------------------------------|---|
| Administrative | | | |
| Accounting fees | \$ 2,287 | \$ - | \$ (2,287) |
| Application expenses | 2,725 | - | (2,725) |
| Audit and tax preparation fees | 2,600 | 4,350 | 1,750 |
| Computer repair and maintenance | - | 500 | 500 |
| Copier service | 1,372 | 650 | (722) |
| Corporate annual fee | 123 | 62 | (61) |
| Domain name | - | 108 | 108 |
| Expense | 6 | - | (6) |
| Fees payable to the division | - | 1,356 | 1,356 |
| Income taxes | 10,061 | - | (10,061) |
| Insurance | 439,665 | 408,000 | (31,665) |
| Legal fees | 2,655 | 5,000 | 2,345 |
| Management fees | 90,000 | 90,000 | - |
| Miscellaneous | 6,710 | - | (6,710) |
| Not sufficient funds | 61 | - | (61) |
| Office supplies | 2,902 | 900 | (2,002) |
| Postage | 953 | 650 | (303) |
| Subscription and renewals | - | 250 | 250 |
| Website maintenance | 780 | 800 | 20 |
| | <u>562,900</u> | <u>512,626</u> | <u>(50,274)</u> |
| Total budgeted expenses | <u><u>\$ 1,257,843</u></u> | <u><u>\$ 1,161,930</u></u> | <u><u>\$ (95,913)</u></u> |

See auditor's report on supplementary information.

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)
December 31, 2023

The following schedule is based upon a study conducted by an independent consultant in 2021 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>Deferred Revenue and Fund Balance December 31, 2023</u> | <u>Approved Budgeted Funding December 31, 2024</u> |
|--------------------|--|---|---|--|--|
| Clubhouse * | 0-40 | 0-22 | \$ 236,368 | \$ - | \$ - |
| Exterior building* | 0-35 | 0-17 | 11,026,234 | - | - |
| Pool* | 0-30 | 0-9 | 283,284 | - | - |
| Property site* | 0-30 | 0-26 | 3,023,713 | - | - |
| Reserve study | 2-3 | - | 2,400 | - | - |
| Pooled reserves | - | - | - | 2,422,287 | 397,800 |
| | | | <u>\$ 14,571,999</u> | <u>\$ 2,422,287</u> | <u>\$ 397,800</u> |

*See reserve study for detail of each component.

See auditor's report on supplementary information.