

THE PALM CLUB VILLAGE II CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2020



THE PALM CLUB VILLAGE II CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

CONTENTS

	Page
Independent Auditor's Report.....	1-2
Financial Statements:	
Balance Sheet.....	3
Statement of Revenues and Expenses and Changes in Fund Balance (Deficit).....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6-11
Supplementary Information:	
Schedule of Operating Fund Revenues and Expenses - Budget vs Actual.....	12-13



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Palm Club Village II Condominium Association, Inc.
West Palm Beach, Florida

We have audited the accompanying financial statements of The Palm Club Village II Condominium Association, Inc., which comprise the balance sheet as of December 31, 2020, and the related statements of revenues and expenses, and changes in fund balance (deficit) 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Palm Club Village II 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.

To the Board of Directors
The Palm Club Village II Condominium Association, Inc.
West Palm Beach, Florida

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 fund revenues and expenses - budget vs. actual is presented for purposes of additional analysis and 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 financial statements as a whole.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management has omitted supplementary information on future major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Gladstone & Company, LLC
Gladstone & Company, LLC
Certified Public Accountants
Sunrise, Florida
July 30, 2021

THE PALM CLUB VILLAGE II CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
December 31, 2020

	Operating Fund	Replacement Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 66,175	\$ 378,739	\$ 444,914
Cash - Security Deposits	148,791	-	148,791
Member Assessments Receivable (Net of Allowance for Doubtful Accounts of \$60,338)	13,402	-	13,402
Prepaid Insurance	71,582	-	71,582
Prepaid Expenses	26,496	-	26,496
Utility Deposits	12,674	-	12,674
Due from Operating Fund	-	39,909	39,909
Due to Replacement Fund	(39,909)	-	(39,909)
 Total Assets	 \$ 299,211	 \$ 418,648	 \$ 717,859

LIABILITIES AND FUND BALANCE (DEFICIT)

LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 24,651	\$ -	\$ 24,651
Prepaid Member Assessments	96,439	-	96,439
Insurance Loan Payable	71,582	-	71,582
Security Deposits Payable	148,703	-	148,703
Deferred Cable Income	38,040	-	38,040
Note Payable - Roof	-	300,000	300,000
Contract Liabilities	-	57,122	57,122
 Total Liabilities	 379,415	 357,122	 736,537
 FUND BALANCE (DEFICIT)	 (80,204)	 61,526	 (18,678)
 Total Liabilities and Fund Balance (Deficit)	 \$ 299,211	 \$ 418,648	 \$ 717,859

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

THE PALM CLUB VILLAGE II CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE (DEFICIT)
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
REVENUES			
Member Assessments	\$ 1,274,700	\$ 794,357	\$ 2,069,057
Less: Bad Debt Expense	<u>(13,023)</u>	<u>-</u>	<u>(13,023)</u>
Total Member Assessments	1,261,677	794,357	2,056,034
Cable Income	6,720	-	6,720
Clubhouse Rental Income	800	-	800
Estoppel and Questionnaire Fee	4,100	-	4,100
Gate Remote Income	11,591	-	11,591
Interest Income	18	5,195	5,213
Late Fee and Owner Interest Income	4,388	-	4,388
Rental Income	25,200	-	25,200
Screening Fees	7,726	-	7,726
Other Income	<u>7,138</u>	<u>-</u>	<u>7,138</u>
Total Revenues	<u>1,329,358</u>	<u>799,552</u>	<u>2,128,910</u>
EXPENSES			
Administrative	556,632	-	556,632
Utilities	695,421	-	695,421
Landscaping	96,367	-	96,367
Repairs and Maintenance	61,201	-	61,201
Pool	13,052	-	13,052
Roof Replacements	-	787,883	787,883
Loan Costs	-	2,240	2,240
Interest Expense	<u>-</u>	<u>4,234</u>	<u>4,234</u>
Total Expenses	<u>1,422,673</u>	<u>794,357</u>	<u>2,217,030</u>
Excess (Deficiency) of Revenues over Expenses	(93,315)	5,195	(88,120)
Fund Balance - Beginning of Year	<u>13,111</u>	<u>56,331</u>	<u>69,442</u>
Fund Balance (Deficit) - End of Year	<u>\$ (80,204)</u>	<u>\$ 61,526</u>	<u>\$ (18,678)</u>

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

THE PALM CLUB VILLAGE II CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (Deficiency) of Revenues over Expenses	\$ (93,315)	\$ 5,195	\$ (88,120)
Adjustments to Reconcile Excess (Deficiency) of Revenues over Expenses to Net Cash (Used in) Operating Activities:			
Bad Debt Expense	13,023	-	13,023
(Increase) Decrease in Assets:			
Cash - Security Deposits	(42)	-	(42)
Member Assessments Receivable, Net	(10,410)	-	(10,410)
Due from Comcast Cable Provider	-	47,000	47,000
Prepaid Insurance	(9,655)	-	(9,655)
Prepaid Expenses	(24,841)	-	(24,841)
Interfund Borrowings	19,609	(19,609)	-
Increase (Decrease) in Liabilities:			
Accounts Payable and Accrued Expenses	14,690	-	14,690
Prepaid Member Assessments	21,123	-	21,123
Security Deposits Payable	(46)	-	(46)
Deferred Cable Income	(6,720)	-	(6,720)
Contract Liabilities	<u>-</u>	<u>(637,857)</u>	<u>(637,857)</u>
Net Cash (Used in) Operating Activities	<u>(76,584)</u>	<u>(605,271)</u>	<u>(681,855)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Note Payable - Roof	-	300,000	300,000
Proceeds from Insurance Loan Payable, Net of Repayments	<u>9,655</u>	<u>-</u>	<u>9,655</u>
Net Cash Provided by Financing Activities	<u>9,655</u>	<u>300,000</u>	<u>309,655</u>
Net (Decrease) in Cash and Cash Equivalents	(66,929)	(305,271)	(372,200)
Cash and Cash Equivalents - Beginning of Year	<u>133,104</u>	<u>684,010</u>	<u>817,114</u>
Cash and Cash Equivalents - End of Year	<u>\$ 66,175</u>	<u>\$ 378,739</u>	<u>\$ 444,914</u>
SUPPLEMENTAL INFORMATION			
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Interest Paid	<u>\$ 4,234</u>	<u>\$ -</u>	<u>\$ 4,234</u>

Security Deposit cash represents escrow amounts held by the Association. The cash does not belong to the Association and has, therefore, been excluded from total Cash and Cash Equivalents.

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

THE PALM CLUB VILLAGE II CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization - The Palm Club Village II Condominium Association, Inc. (the "Association") is a statutory condominium association incorporated as a not-for-profit corporation in the State of Florida on February 17, 1983 for the purpose of operating and maintaining the common areas of the Association. The Palm Club Village II Condominium Association, Inc. consists of 376 residential units located in West Palm Beach, Florida.

2. 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.

Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

3. Basis of Accounting - The books and records are maintained on the accrual basis of accounting which recognizes revenues when earned, regardless of when received, and expenses when incurred, regardless of when paid, which is in accordance with accounting principles generally accepted in the United States of America.

4. Use of Estimates in the Preparation of Financial Statements - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

5. Member Assessments - Association members are subject to quarterly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are delinquent, in accordance with the Association's late fee policy. At December 31, 2020, the Association had delinquent member assessments of \$73,740 and has, therefore, set up an allowance for uncollectible accounts.

The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The balances of member assessments receivable, net of allowance for doubtful accounts, as of the beginning and end of the year are \$16,015 and \$13,402, respectively.

THE PALM CLUB VILLAGE II CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2020

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Interest Income - The Board of Directors' policy is to allocate to the operating and replacement funds all interest earned on their respective cash and cash equivalent and investment accounts.

7. Cash and Cash Equivalents - For purposes of the December 31, 2020 balance sheets and statements of cash flows for the year then ended, the Association considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents

8. Income Taxes - The Association's policy is to record interest expense or penalties related to income tax in operating expenses. For the year ended December 31, 2020, no interest or penalties were paid or accrued.

The Association may be taxed either as a homeowners association or as a regular corporation. This election is made annually taking into account the best interest of the Association. For the year ended December 31, 2020, the Association elected to file as a homeowners' association in accordance with Internal Revenue Code Section 528. Under that Section, the Association excludes from taxation exempt function income, which generally consists of revenue from assessments to owners. The Association's investment income and other nonexempt income are subject to tax at a rate of 30%, net of any applicable expenses.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. Under federal and state income tax laws, an entity's income tax returns are subject to examination by the applicable taxing authorities; however, there are currently no examinations for any tax periods in progress. The Association's management believes it is no longer subject to income tax examinations for years prior to 2017.

9. Recognition of Assets and Depreciation Policy - Real common property acquired by the original homeowners from the developer and related improvements to such property are not recognized on the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association.

10. Concentration of Credit Risk - Financial instruments which potentially subject the Association to concentrations of credit risk are primarily cash and assessments receivable. The Association invests its excess cash in both deposits and high-quality short-term liquid money market instruments with major financial institutions, and the carrying value approximates market value. The Association has not experienced losses related to these investments. The Association believes it is not exposed to any significant credit risk on cash and assessments receivable.

11. Comprehensive Income - ASC 220 (formerly SFAS No. 130) requires "a full set of general-purpose financial statements to be expanded to include the reporting of comprehensive income." Comprehensive income is comprised of two components, net income and other comprehensive income. For the year ended December 31, 2020, there were no items that qualify as comprehensive income.

12. Fair Value of Financial Instruments - The carrying amounts of cash, receivables, and payables approximate their fair values due to their short-term maturities.

THE PALM CLUB VILLAGE II CONDOMINIUM ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS (Continued)
 December 31, 2020

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. 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 performance obligations related to replacement reserve assessments. The balances of contract liabilities as of the beginning and end of the year are \$694,979 and \$57,122, respectively.

NOTE B - REPLACEMENT FUND

The Association's governing documents and Florida statutes require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate savings accounts and are generally not available for expenditures for normal operations.

The Association is funding for major repairs and replacements. Accordingly, the funding requirements of \$115,000 and \$115,000 have been included in the 2020 and 2021 budgets, respectively. Accumulated funds are held in a separate savings account and are generally not available for expenditures for normal operations.

An independent study to determine the adequacy of the current funding program for replacement of the Association's common areas has not been conducted. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The Association has not estimated the remaining lives and replacement costs of the common property. Therefore, this report does not reflect the supplementary information required by the American Institute of Certified Public Accountants.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, 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 has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The activity in the replacement fund was as follows:

Components	Fund	Contract	Budgeted	Interest	Expenses	Loan	Interest	Contract	Fund
	Balance	Liabilities				Interest		Liabilities	Balance
	01/01/20	01/01/20	Assessments	Income		Expense	Expense	12/31/20	12/31/20
Roof	\$ -	\$484,013	\$ 115,000	\$ -	\$ (787,883)	\$ (2,240)	\$ (4,234)	\$ (195,344)	\$ -
Painting	-	135,322	15,000	-	-	-	-	150,322	-
Paving	-	15,131	2,500	-	-	-	-	17,631	-
Pumps	-	2,225	1,500	-	-	-	-	3,725	-
Pool	-	3,629	1,500	-	-	-	-	5,129	-
Stairs and Walkways	-	4,275	1,000	-	-	-	-	5,275	-
Deferred Maintenance - Contract Liabilities	-	50,384	20,000	-	-	-	-	70,384	-
Deferred Maintenance - Fund Balance	47,000	-	-	-	-	-	-	-	47,000
Interest Income	9,331	-	-	5,195	-	-	-	-	14,526
Totals	\$ 56,331	\$ 694,979	\$ 156,500	\$ 5,195	\$ (787,883)	\$ (2,240)	\$ (4,234)	\$ 57,122	\$ 61,526

THE PALM CLUB VILLAGE II CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2020

NOTE B - REPLACEMENT FUND (Continued)

Pursuant to FASB ASC 606, the Association recognizes replacement fund revenue from members as the related performance obligations are satisfied. For the year ended December 31, 2020, the Association recognized \$794,357 of member assessment revenue.

NOTE C - ASSOCIATION INSURANCE DEDUCTIBLES

Common property of the Association is located in South Florida, an area proven geographically prone to hurricanes. The Association's insurance policies define deductibles and exclusions which will yield uncovered costs if common property damage claims occur. If additional funds are needed to replace or repair common property, the Association has the right, subject to governing documents, to increase regular assessments, pass special assessments, borrow funds or delay major repairs and replacements until funds are available.

NOTE D - WINDSTORM INSURANCE

The insurance policy for windstorm coverage renewed April 1, 2021. The deductible amount for named hurricane storms is estimated at \$989,376 which represents 3% of the insured value of the common property, which is estimated to be \$32,979,200.

NOTE E - INSURANCE LOAN PAYABLE

On April 1, 2020, the Association entered into a financing agreement to finance the cost of insurance premiums. The agreement stipulated a down payment of \$23,861 with 11 monthly payments of \$23,861 including interest of 3.554% per annum beginning May 1, 2020. The remaining payments due at December 31, 2020, totaled \$71,582.

NOTE F - MASTER ASSOCIATION

The Palm Club Village II Condominium Association, Inc. is a member of, and pays assessments to, Tri-Palm Maintenance. Tri-Palm Maintenance is responsible for maintaining and protecting the areas owned in common. The Palm Club Village II Condominium Association, Inc. paid assessments to Tri-Palm Maintenance in the amount of \$98,790 for the year ended December 31, 2020.

NOTE G - CABLE CONTRACT

On September 1, 2019, the Association renewed its bulk cable television contract for a 7 year term effective September 1, 2019. The contract can only be renewed upon written agreement of both parties. Pursuant to the contract, the monthly charge during the initial year was \$36.50 per unit, plus all applicable taxes and fees. On and after the first anniversary of the effective date, the cable provider can increase the monthly service fee, but never more than once in any calendar year or more than 4% after giving at least 30 days' written notice. However, there shall be no rate increase in year three of the agreement. The agreement will automatically renew for successive periods of 2 years unless either party provides the other with a minimum 60 days' notice of its intention not to renew.

PALM CLUB VILLAGE II CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2020

NOTE H - DEFERRED CABLE INCOME

On February 12, 2020, the Association received \$47,000 from Comcast as compensation for entering into a 7 year cable agreement starting September 1, 2019, as described in Note G. The Association is deferring the \$47,000 over the life of the contract at a rate of \$560 per month and, as such, has recognized \$6,720 in cable income in 2020 with the remaining balance of \$38,040 included as deferred cable income.

If the Association terminates this agreement before the end of the contract termination date, the Association will pay Comcast a portion of the per unit compensation paid by Comcast up to the date of termination in an amount equal to a prorated amount based on the number of years remaining in the term of the agreement as of the termination date of the compensation agreement.

NOTE I - LEGAL MATTERS

The Association is a party to various legal actions normally associated with homeowner 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.

NOTE J - UNINSURED CASH BALANCES

The Association maintains its cash balances at several major financial institutions. Accounts are secured by the Federal Deposit Insurance Corporation up to \$250,000 at each financial institution. At December 31, 2020, the Association's uninsured cash balances total \$276,204. The Association believes it is not exposed to any significant credit risk on cash and has not incurred losses related to these investments.

NOTE K - ACQUISITION OF TITLE ON FORECLOSED PROPERTY

The Association has acquired title to several units, via foreclosure, for past due maintenance assessments. The Association has the right, per Florida Statute 718.116, to file a lien against the property and to foreclose the lien, in the same way that a mortgage holder does. The Association has title to the home subject to the mortgage holders. The Association has the right to purchase units in the Association and to acquire and hold, lease, mortgage, or convey them. The Association has leased foreclosed property (see Note L).

NOTE L - LEASE ON FORECLOSED PROPERTY

The Association has leased foreclosed properties (See Note K), pursuant to several written lease agreements with various date ranges. The mortgagee still has the ability to foreclose its mortgage, and the foreclosure process may result in the tenants vacating the properties prior to the ending dates of the leases. The lease agreements are for various monthly rental amounts. At the end of the lease terms, the leases can be renewed or extended only by written agreement signed by both Landlord and Tenant. The total rental income collected in 2020 was \$25,200.

PALM CLUB VILLAGE II CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2020

NOTE M - NOTE PAYABLE - ROOF

On July 24, 2020, the Association borrowed \$300,000 from a bank for the replacement of the roof. The note is due in 36 monthly installments of \$8,784, including interest at a rate of 3.410%, beginning February 24, 2021 with a maturity date of January 24, 2024. As of December 31, 2020, the balance payable on the note was \$300,000. During 2020, loan costs of \$2,240 and interest expense of \$4,234 were incurred.

Maturities of the debt for each of the next four years are as follows.

2021	\$ 88,500
2022	99,749
2023	103,204
2024	<u>8,547</u>
	<u>\$300,000</u>

NOTE N - OTHER COMMITMENTS AND CONTINGENCIES

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

NOTE O - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through July 30, 2021, the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE PALM CLUB VILLAGE II CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES
BUDGET VS. ACTUAL
For the Year Ended December 31, 2020

	Actual	Budget (Unaudited)	Variance (Unaudited)
REVENUES			
Member Assessments	\$ 1,274,700	\$ 1,274,642	\$ 58
Less: Bad Debt Expense	<u>(13,023)</u>	<u>(14,500)</u>	<u>1,477</u>
Total Member Assessments	1,261,677	1,260,142	1,535
Cable Income	6,720	-	6,720
Clubhouse Rental Income	800	5,000	(4,200)
Estoppel and Questionnaire Fee	4,100	10,152	(6,052)
Gate Remote Income	11,591	11,280	311
Interest Income	18	-	18
Late Fee and Owner Fees Income	4,388	-	4,388
Prior Year Surplus	-	13,960	(13,960)
Rental Income	25,200	19,800	5,400
Screening Fees	7,726	11,808	(4,082)
Other Income	<u>7,138</u>	<u>-</u>	<u>7,138</u>
Total Revenues	<u>1,329,358</u>	<u>1,332,142</u>	<u>(2,784)</u>
EXPENSES			
ADMINISTRATIVE			
Cellphone Weekend and Emergency	534	440	94
Florida Condominium Fee	1,504	1,500	4
Insurance	279,634	275,000	4,634
Licenses and Fees	460	1,000	(540)
Management Fees	60,616	-	60,616
Miscellaneous	-	500	(500)
Office	13,760	4,000	9,760
Bank Fees	1,916	1,880	36
Payroll and Payroll Taxes	72,632	105,000	(32,368)
Professional Fees	20,749	23,600	(2,851)
Property Taxes	3,783	2,850	933
Screening Fees	2,254	2,300	(46)
Tri-Palm Maintenance	<u>98,790</u>	<u>95,000</u>	<u>3,790</u>
Total Administrative	<u>556,632</u>	<u>513,070</u>	<u>43,562</u>
UTILITIES			
Cable	188,892	193,000	(4,108)
Electric	30,258	32,000	(1,742)
Telephone	2,627	2,400	227
Trash Removal	38,917	42,000	(3,083)
Water and Sewer	<u>434,727</u>	<u>370,000</u>	<u>64,727</u>
Total Utilities	<u>695,421</u>	<u>639,400</u>	<u>56,021</u>
LANDSCAPING			
Landscape - Other	4,745	8,000	(3,255)
Landscaping Contract	64,800	57,000	7,800
Lawn Pest Control	11,442	19,272	(7,830)
Tree Trimming	<u>15,380</u>	<u>17,000</u>	<u>(1,620)</u>
Total Landscaping	<u>96,367</u>	<u>101,272</u>	<u>(4,905)</u>

THE PALM CLUB VILLAGE II CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES
BUDGET VS. ACTUAL (Continued)
For the Year Ended December 31, 2020

	<u>Actual</u>	<u>Budget (Unaudited)</u>	<u>Variance (Unaudited)</u>
REPAIRS and MAINTENANCE			
Backflow Inspections and Repair	4,299	7,500	(3,201)
Electrical Supplies	76	500	(424)
Fire Alarm Contract	-	1,750	(1,750)
Fire Alarm Repair and Replacement	9,729	7,000	2,729
Fire Extinguisher Service	-	3,000	(3,000)
Fountain Maintenance	2,125	1,300	825
Golf Cart	3,226	500	2,726
Irrigation	-	1,000	(1,000)
Lake Maintenance	3,418	2,750	668
Plumbing	4,041	14,000	(9,959)
Plumbing Supplies	-	100	(100)
General	23,924	28,000	(4,076)
Small Tools and Equipment	2,321	500	1,821
Termite Contract	8,042	2,500	5,542
	<u>61,201</u>	<u>70,400</u>	<u>(9,199)</u>
Total Repairs and Maintenance			
POOL			
Pool Contractor and Chemicals	7,981	6,500	1,481
Pool Repair and Other	5,071	1,500	3,571
	<u>13,052</u>	<u>8,000</u>	<u>5,052</u>
Total Pool			
Total Expenses	<u>1,422,673</u>	<u>1,332,142</u>	<u>90,531</u>
(Deficiency) of Revenues over Expenses	<u>\$ (93,315)</u>	<u>\$ -</u>	<u>\$ (93,315)</u>