
WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE CONDOMINIUM OWNERS' ASSOCIATION

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2021

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Cambaliza McGee LLP

CERTIFIED PUBLIC ACCOUNTANTS | BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Owners

Winners Circle Beach and Tennis Resort Time Share Condominium Owners' Association

Opinion

We have audited the financial statements of Winners Circle Beach and Tennis Resort Time Share Condominium Owners' Association, which comprise the balance sheet as of December 31, 2021, and the related statements of revenues, expenses and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Winners Circle Beach and Tennis Resort Time Share Condominium Owners' Association as of December 31, 2021, 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Winners Circle Beach and Tennis Resort Time Share Condominium Owners' Association 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 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.

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 Winners Circle Beach and Tennis Resort Time Share Condominium Owners' Association's ability to continue as a going concern for one year after the date that the financial statements are 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 not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

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 are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 the internal control of the Winners Circle Beach and Tennis Resort Time Share Condominium Owners' Association'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 the Winners Circle Beach and Tennis Resort Time Share Condominium Owners' Association'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.



Cambaliza McGee LLP
Newport Beach, California
May 5, 2022

**WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE
CONDOMINIUM OWNERS' ASSOCIATION
BALANCE SHEET
DECEMBER 31, 2021**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Combined</u>
ASSETS			
Cash	\$ 1,197,595	\$ 1,108,836	\$ 2,306,431
Investments	399,625	900,000	1,299,625
Accounts receivable:			
Assessments	702,046	339,704	1,041,750
Other	52,262	-	52,262
Prepaid expenses (Note O)	109,796	-	109,796
Accrued interest receivable	-	1,617	1,617
Property, furniture and equipment, at cost (net of \$175,330 accumulated depreciation)	58,233	-	58,233
Due (to) from other funds	25,677	(25,677)	-
	<u>\$ 2,545,234</u>	<u>\$ 2,324,480</u>	<u>\$ 4,869,714</u>
Total assets			
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 112,257	\$ -	\$ 112,257
Accrued expenses & other liabilities	84,158	-	84,158
Deferred assessments	2,456,928	1,111,275	3,568,203
Contract liability: owners assessments (Note F)	-	1,191,118	1,191,118
	<u>2,653,343</u>	<u>2,302,393</u>	<u>4,955,736</u>
Total liabilities			
Fund balances	<u>(108,109)</u>	<u>22,087</u>	<u>(86,022)</u>
Total liabilities and fund balances	<u>\$ 2,545,234</u>	<u>\$ 2,324,480</u>	<u>\$ 4,869,714</u>

**WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE
CONDOMINIUM OWNERS' ASSOCIATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Combined</u>
Revenues:			
Member assessments	\$ 2,015,957	\$ 508,850	\$ 2,524,807
Room revenue and other	544,060	-	544,060
Interval sales	11,513	-	11,513
Tennis club revenue	26,183	-	26,183
Interest	115	3,684	3,799
	<hr/>	<hr/>	<hr/>
Total revenues	2,597,828	512,534	3,110,362
	<hr/>	<hr/>	<hr/>
Expenses:			
Operating expenses	1,844,390	-	1,844,390
Administrative and general expenses	718,676	-	718,676
Income taxes	26,054	1,371	27,425
Courtyard renovation & pool area	-	4,519	4,519
Roofing & related	-	272,432	272,432
Balcony replacement	-	108,200	108,200
HVAC & related	-	27,500	27,500
Building renovation	-	37,456	37,456
Unit linens	-	2,913	2,913
Unit supplies & appliances	-	11,933	11,933
Carpet & wall damage	-	4,993	4,993
GM's office repairs	-	2,925	2,925
Other repairs & replacements	-	6,380	6,380
Tennis court	-	21,000	21,000
Painting	-	6,000	6,000
Back office storage	-	2,511	2,511
	<hr/>	<hr/>	<hr/>
Total expenses	2,589,120	510,133	3,099,253
	<hr/>	<hr/>	<hr/>
Excess of revenues over(under) expenses before depreciation	8,708	2,401	11,109
	<hr/>	<hr/>	<hr/>
Depreciation	31,511	-	31,511
	<hr/>	<hr/>	<hr/>
Excess of revenue over (under) expenses	(22,803)	2,401	(20,402)
	<hr/>	<hr/>	<hr/>
Beginning fund balances	(93,357)	27,737	(65,620)
Fund transfer (Note B)	8,051	(8,051)	-
Ending fund balances	<u>\$ (108,109)</u>	<u>\$ 22,087</u>	<u>\$ (86,022)</u>

See independent auditor's report and accompanying notes to financial statements.

**WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE
CONDOMINIUM OWNERS' ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Combined</u>
Cash flows (used) provided by operating activities:			
Excess of revenues over(under) expenses	\$ (22,803)	\$ 2,401	\$ (20,402)
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by (used in) operating activities:			
Depreciation	31,510	-	31,510
Accounts receivable:			
Assessments	60,549	71,965	132,514
Other	(18,707)	-	(18,707)
Prepaid expenses	(19,146)	-	(19,146)
Accrued interest receivable	-	3,144	3,144
Accounts payable	59,283	-	59,283
Accrued expenses	(13,443)	-	(13,443)
Deferred assessments	(21,266)	(119,325)	(140,591)
Contract liability	-	509,180	509,180
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by operating activities	55,977	467,365	523,342
	<hr/>	<hr/>	<hr/>
Cash flows from investing activities:			
Purchase of property, furniture and equipment	(8,051)	-	(8,051)
Purchase of investments	(799,761)	(1,063,133)	(1,862,894)
Proceeds from sale of investments	700,000	1,063,000	1,763,000
	<hr/>	<hr/>	<hr/>
Decrease (increase) in investments	(107,812)	(133)	(107,945)
	<hr/>	<hr/>	<hr/>
Cash flows from financing activities:			
Fund transfer	8,051	(8,051)	-
(Decrease)increase in notes payable	(17,698)	-	(17,698)
Change in due to(from) fund	76,019	(76,019)	-
	<hr/>	<hr/>	<hr/>
Net cash flows from financing activities	66,372	(84,070)	(17,698)
	<hr/>	<hr/>	<hr/>
Net increase(decrease) in cash	14,537	383,162	397,699
	<hr/>	<hr/>	<hr/>
Cash, beginning of year	1,183,058	725,674	1,908,732
	<hr/>	<hr/>	<hr/>
Cash, end of year	<u>\$ 1,197,595</u>	<u>\$ 1,108,836</u>	<u>\$ 2,306,431</u>

See independent auditor's report and accompanying notes to financial statements.

**WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE
CONDOMINIUM OWNERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE A - ORGANIZATION

Winners Circle Beach and Tennis Resort Time Share Condominium Owners' Association (the "Association") was incorporated on December 21, 1982, as a California mutual benefit corporation with the specific and primary purpose of promoting the interests and welfare of the owners of vacation ownerships situated in the project known as Winners Circle Beach and Tennis Resort in Solana Beach, California. The Association is comprised of 4,794 Class A memberships, each of which is entitled to one vote.

In accordance with the requirements of the Declaration of Covenants, Conditions and Restrictions, each vacation owner is a member of the Association and is subject to regular, special, and capital improvement assessments by the Association.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Accounting

The books and records for the Association are maintained on the accrual basis of accounting. The tax returns are also reported on the accrual basis of accounting.

Capitalization Policy and Depreciation

In accordance with industry standards, the Association has not capitalized in the financial statements the common area real property acquired at its inception from the developer. Replacements and improvements to the real property which are directly associated with the units are also not capitalized. They are instead charged directly to either operating or replacement funds in the period they are incurred.

Significant capital assets not directly associated with the units, referred to as personal property assets, and certain other expenditures relating to operations, are capitalized and depreciated over their estimated useful life using the straight-line method of depreciation over 5 years. During the year ended December 31, 2021, the Association capitalized \$8,051 of equipment acquisitions.

Fund Accounting

The Association's accompanying financial statements have been prepared using fund accounting. Under this method of accounting, funds are separated into two categories: the operating fund and the replacement fund. Disbursements from the replacement fund generally may be made only for designated repair or replacement of major common area components. Disbursements from the operating fund are at the discretion of the Board of Directors (the "Board") and generally are for on-going repairs, maintenance, and administrative functions.

Investment Income

The Board's policy is to allocate interest earned on replacement fund cash accounts and investments to the replacement fund and to pay for the related income taxes out of the related fund.

**WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE
CONDOMINIUM OWNERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Use of Estimates

The preparation of the financial statements in conformity with Accounting Principles Generally Accepted in the United States of America ("GAAP") 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 period. Actual results could differ from those estimates.

Fund Transfers

As operating fund or replacement fund cash is disbursed for Board approved capital expenditures, the assets are capitalized in the "Fixed Asset Fund" and the related fund balances are transferred from the operating fund and the replacement fund, accordingly.

NOTE C – INCOME TAXES

The Association may elect to file its federal income tax return as either a regular corporation [under Internal Revenue Code Section 277] or as a time share association [under Internal Revenue Code Section 528]. For the year ended December 31, 2021, the Association elected to file as a time share association, where generally an association is taxed only on income unrelated to membership dues and assessments [such as interest and rental income], less related expenses, at a rate of 32%. For California purposes, income tax is taxed similarly, subject to a minimum tax of \$800. Accordingly, for the year ended December 31, 2021, the federal and California income tax expense was \$21,039 and \$6,385, respectively.

The Association utilizes the liability method of accounting for income taxes. Under the liability method, deferred income tax assets and liabilities are provided based on the difference between the financial statements and tax basis of assets and liabilities measured by the currently enacted tax rates in effect for the years in which these differences are expected to reverse. Because there is no material difference between the financial accounting and tax basis of the Association's assets and liabilities, the Association has not recorded any deferred tax assets or liabilities, as of December 31, 2021.

The Association has adopted accounting standards for the accounting for uncertainty in income taxes. These standards provide guidance for the accounting and disclosure about uncertain tax positions taken by an association. Management believes that all of the positions taken by the Association in its federal and state income tax returns are more likely than not to be sustained upon examination. The Association's tax returns are subject to examination by the Internal Revenue Service and the California Department of Taxation, generally for three years after they are filed.

**WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE
CONDOMINIUM OWNERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE D – ASSESSMENTS, ASSESSMENTS RECEIVABLE AND DEFERRED ASSESSMENTS

Association members are subject to paying assessments to fund for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable as of December 31, 2021 represent assessments and other fees due from owners. The Association's governing documents provide for various collection remedies for delinquent assessments, including filing of liens on the owner's interval, foreclosing on the unit owner, or obtaining judgment on other assets of the unit owner.

Under the revenue recognition standard Accounting Standard Codification ("ASC") 606 (Note G), the Association (considered an entity) has a performance obligation to the unit/unit owners (customers). The Association's approved annual Operating Fund budget establishes the maintenance, management, and administrative services it is obligated to perform, and such services can be bundled together as a single commercial objective and a single performance obligation. The budget establishes an implied contract price, and because these services are provided for within an annual cycle, the respective Operating Fund assessments are considered revenue for the current period.

Performance obligations related to Replacement Fund assessments are satisfied when these financial resources are expended for their designated purpose. Accordingly, the reported Replacement Fund assessments for a given year will be increased or decreased to match the expenditures for the year.

For the 2021 fiscal year, each vacation week owner was assessed \$874, inclusive of the replacement fund assessments. The 2022 annual assessments of \$883, inclusive of replacement fund assessments, were billed in October 2021 and are included in deferred assessments earned.

NOTE E – ALLOWANCE FOR DOUBTFUL ACCOUNTS

It is the Association's policy to write off past due balances at the end of the year for assessments billed in the previous year. Correspondingly, any bad debt recovery is including in this account. During 2021, the Association has written off \$650,798 of 2021 assessments billed in 2020, and has received \$13,985 representing recoveries of bad debts previously written off.

NOTE F – CONTRACT LIABILITY

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 which specifically pertains to Replacement Fund assessments. The contract liability balance as of December 31, 2021, was \$1,191,118.

**WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE
CONDOMINIUM OWNERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE G – REVENUE RECOGNITION

The Financial Accounting Standards Board ("FASB") issued new guidance in ASC Topic 606 Revenue from Contracts with Customers. FASB ASC 606 is a new revenue recognition standard that affects businesses that enter into contracts with customers to transfer goods and services, including public, private and non-public entities.

The purpose of the standard is to eliminate variations in the way businesses across industries handle accounting for similar transactions. FASB ASC 606 went into effect for annual reporting periods beginning after December 15, 2018. FASB ASC 606 supersedes the revenue recognition requirements of FASB ASC 972-605 and most industry-specific revenue guidance in the FASB ASC, including the accounting guidance that Common Interest Realty Associations ("CIRA's") followed in previous years. The Association has adopted the new guidance as of January 1, 2020.

NOTE H – REPLACEMENT FUNDING PROGRAM

In accordance with the Association's governing documents, which require that funds be accumulated for future major repairs and replacements, the Association has established certain amounts as reserves for future capital expenditures. Members' assessments relating to the replacement funding program are considered capital contributions from members' dues and as such are restricted in usage. Disbursements are to be made only if specifically approved by the Board of Directors.

In 2021 the Association's replacement funds were subject to a study to estimate the remaining useful lives and the replacement costs of the components of common property. The study is based on future estimated replacement costs, using an annual inflation rate of 3% and interest earnings of 1% on amounts funded for future major repairs and replacements. The 2022 budget includes a provision for replacement funding of \$1,318,250, subject to delinquency adjustments. The table included in the unaudited Supplementary Information on Future Major Repairs and Replacements is based on the study.

Replacement funds are being accumulated based on estimates of future needs for repairs and replacement of common property components. Actual expenditures may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement funds may not be adequate to meet all future needs for major repairs and replacements.

If additional funds are needed, the Association has the right, subject to the Association's governing documents, to pass special assessments, increase monthly assessments, or delay replacement until funds are available.

**WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE
CONDOMINIUM OWNERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE I – VACATION WEEKS HELD FOR SALE

As of December 31, 2021, the Association owned 752 vacation intervals that are held for sale. A value has not been assigned to the vacation plan intervals. The number of intervals held by the Association comprise the intervals deeded to the Association from the original Developer, tax defaulted intervals purchased from the County and from owners that have transferred their interests to the Association over the years.

NOTE J – INVESTMENTS

The Association's investments represent certificates of deposit (that are considered to be held to maturity and are carried at amortized cost, which approximates their fair value),. The certificates of deposits total \$1,300,000, which have interest rates ranging from .03% to 2.95%, and have various maturity dates through 2022.

NOTE K – MANAGEMENT AGREEMENT

The Association is operated under a management agreement with a professional management company, Vacation Resorts International ("VRI"). Compensation for management services is based on Association's approved operating budget.

NOTE L – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash payments for income taxes totaled \$8,500 for the year ended December 31, 2021. There were no non-cash investing or financing transactions during the year.

NOTE M – CONCETRATION OF RISK

Vacation West Services owns 607 vacation intervals which represents a significant concentration of credit risk. Although normal collection procedures are available on assessments billed to Vacation West Services, failure to collect assessments could affect the Association's operations.

NOTE N – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 5, 2022, which is the date the financial statements were available to be issued.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Disclaimer of Opinion on Required Supplementary Information

Our audit report of the basic financial statements of Winners Circle Beach and Tennis Resort Time Share Condominium Owners' Association for the year ended December 31, 2021 appears on pages 1 and 2. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole.

Accounting principles generally accepted in the United States of America require that supplementary information on future major repairs and replacements on page 13 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, who considers it to be an essential part of financial reporting and 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 principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response 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.

The supplementary information of actual and budgeted revenues and expenses of the operating fund on page 15 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of 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 statement as a whole.

Cambaliza McGee LLP

Cambaliza McGee LLP
Newport Beach, California
May 5, 2022

WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE
CONDOMINIUM OWNERS' ASSOCIATION
SUPPLEMENTARY INFORMATION
ON FUTURE MAJOR REPAIRS & REPLACEMENTS
AS OF DECEMBER 31, 2021
(UNAUDITED)

An independent reserve study was updated on January 1, 2022 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on current replacement costs, using an annual inflation rate of 3.0% and an interest of 0.5%, net of taxes, on amounts funded for future major repairs and replacements. These estimates are used as a foundation in arriving at recommended funding requirements, based upon cash and investments which have been allocated for future repairs and replacements. The following table is based on the study and presents significant information about the components of common property.

WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE CONDOMINIUM OWNERS' ASSOCIATION
SUPPLEMENTARY INFORMATION
ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
AS OF DECEMBER 31, 2021

Common Area Component	Estimated Remaining Useful Lives	Estimated Current Replacement Costs	2021 Study's Recommended Fund Balance
ADA	1 years	\$ 15,000	\$ 13,420
Appliances	2 - 11 years	245,000	164,660
Art & Accessories	0 - 4 years	467,610	248,480
Asphalt	3 - 6 years	330,000	296,360
Back Office Storage	0 years	20,000	8,900
Cabinetry and Countertops	4 - 13 years	1,942,740	1,186,170
Construction / Refurbishment	0 - 29 years	1,354,000	628,200
Construction / Refurbishment Pending	0 - 1 years	3,520,000	3,532,380
Doors and Windows	3 - 17 years	296,900	192,230
Electrical Fixtures	14 - 29 years	17,110	5,540
Electronics	0 - 10 years	158,200	96,630
Elevators	12 - 27 years	15,000	3,610
Equipment	2 - 16 years	165,510	81,670
Exercise Equipment	2 - 16 years	36,130	29,400
Exterior Furniture and Fixtures	2 - 12 years	246,400	107,190
Exterior Lighting	14 years	9,230	4,040
Exterior Surfaces	5 - 11 years	31,060	9,520
Fencing	4 - 24 years	44,410	16,430
Flooring	0 - 29 years	422,090	288,560
Furniture and Fixtures	0 - 9 years	1,485,400	1,097,330
Gates	11 - 15 years	13,750	5,780
Hardscape	2 - 27 years	100,000	55,610
HVAC	0 - 26 years	118,350	59,460
Lighting	7 - 23 years	249,790	144,230
Mattress Sets	0 - 4 years	131,200	96,010
Miscellaneous	1 - 25 years	49,640	33,190
Office Equipment	0 - 4 years	86,250	55,700
Office Furniture	1 - 9 years	7,480	5,460
Office Storage	14 years	15,000	680
Painting	0 - 10 years	400,720	288,150
Plumbing	1 - 29 years	76,690	48,880
Plumbing Fixtures	2 - 24 years	765,080	466,840
Pool Component	7 years	35,500	10,750
Pool-Spa Equipment	3 - 27 years	38,500	17,840
Roofing Component	8 - 23 years	524,000	69,000
Safety and Security	1 - 29 years	126,640	87,320
Signage	10 - 20 years	20,850	11,850
Softscape	1 - 27 years	10,000	1,330
Structural	2 years	20,000	19,130
Stucco Refurbishment	0 - 24 years	60,000	60,040

WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE CONDOMINIUM OWNERS' ASSOCIATION
SUPPLEMENTARY INFORMATION - (CONTINUED)
ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
AS OF DECEMBER 31, 2021

Unit Supplies	0 - 1 years	143,640	128,630
Vehicles	17 years	25,000	5,730
Window Treatments	0 - 4 years	<u>228,930</u>	<u>167,770</u>
Total		<u>\$ 14,068,800</u>	<u>\$ 9,850,100</u>

Financial resources available for future major repair and replacement obligations as of December 31, 2021	<u>\$ 1,221,256</u>
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Association's budgeted funding for the 2021/2022 year:	<u>\$ 1,318,250</u>
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**WINNER CIRCLE BEACH AND TENNIS RESORT TIME SHARE
CONDOMINIUM OWNERS' ASSOCIATION
SUPPLEMENTARY INFORMATION OF ACTUAL AND
BUDGETED REVENUES AND EXPENSES OF THE OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Actual	Budget	Variance to Budget *
Revenues:			
Assessments	** \$ 2,015,957	** \$ 2,079,086	\$ (63,129)
Room revenue & other	544,060	766,700	(222,640)
Interval sales (Note J)	11,513	15,000	(3,487)
Tennis club revenue	26,183	23,315	2,868
Interest	115	800	(685)
	<hr/>	<hr/>	<hr/>
Total revenues	2,597,828	2,884,901	(287,073)
	<hr/>	<hr/>	<hr/>
Operating expenses:			
Salaries & wages	1,026,131	1,114,735	85,951
Payroll taxes & benefits	329,791	413,685	83,894
Utilities	184,689	168,500	(16,189)
Cable TV	43,610	45,750	2,140
Telephone/internet	21,125	25,500	4,375
Guest/cleaning supplies	114,343	157,195	42,852
Repairs, maintenance, and pest control	94,194	83,750	(14,757)
Landscaping supplies	5,435	13,390	7,955
Pool/spa	14,074	20,000	5,926
HOA activities/security	-	14,175	14,175
Shuttle bus	10,998	9,500	(1,498)
	<hr/>	<hr/>	<hr/>
Total operating expenses	1,844,390	2,066,180	214,824
	<hr/>	<hr/>	<hr/>
Administrative and general expenses:			
Income taxes	26,054	11,000	11,000
Property taxes	34,236	32,000	(2,236)
Insurance	143,311	134,486	(8,825)
Accounting/bookkeeping	3,825	3,200	(625)
Office/misc expense	41,893	37,325	(4,568)
Credit card fees	45,664	50,000	4,336
Assessment billing	33,558	33,558	-
Management fee	303,568	303,568	-
Foreclosure	66,485	60,000	(6,485)
HOA mailings/printing	10,959	17,250	6,291
Replacement study	7,350	1,500	(5,850)
Marketing expenses	13,153	20,000	6,847
Directors meeting expense	1,091	3,914	2,823
ABC Policy Funding	4,856	6,920	2,064
Legal	8,727	1,000	(7,727)
Prior year's deficit	-	103,000	103,000
	<hr/>	<hr/>	<hr/>
Total administrative and general expenses	744,730	818,721	100,045
	<hr/>	<hr/>	<hr/>
Excess of expenses over revenues before depreciation	<u>\$ 8,708</u>	<u>-</u>	<u>\$ 27,796</u>

* Favorable/(unfavorable)

**Net of bad debt expense