

WINNERS CIRCLE BEACH AND TENNIS RESORT
TIME SHARE CONDOMINIUM OWNERS ASSOCIATION
FINANCIAL STATEMENTS
DECEMBER 31, 2020

WITH

INDEPENDENT AUDITORS' REPORT
AND SUPPLEMENTARY INFORMATION

WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE
CONDOMINIUM OWNERS ASSOCIATION

Table of Contents

Independent Auditors' Report	Pages 3-4
Balance Sheet	Page 5
Statement of Revenues, Expenses and Changes in Fund Balances	Page 6
Statement of Cash Flows	Page 7
Notes to Financial Statements	Pages 8-12
Independent Auditors' Report on Supplementary information	Page 13
Required Supplementary Information of Future Major Repairs and Replacements	Page 14
Supplementary Information of Actual and Budgeted Revenue and Expense of the Operating Fund	Page 15

VanDerPol and Company

A Professional Accountancy Corporation

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Owners
Winners Circle Beach and Tennis Resort Time Share
Condominium Owners Association

Report on the Financial Statements

We have audited the accompanying financial statements of Winners Circle Beach and Tennis Resort Time Share Condominium Owners Association, which comprise the balance sheet as of December 31, 2020, 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.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of 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 Winners Circle Beach and Tennis Resort Time Share Condominium Owners Association 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.

Van Der Pol and Company

VANDERPOL AND COMPANY
A Professional Accountancy Corporation

Costa Mesa, California

May 28, 2021

WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE
 CONDOMINIUM OWNERS ASSOCIATION
 BALANCE SHEET
 AS OF DECEMBER 31, 2020

ASSETS

	Operating Fund	Replacement Fund	Combined
Cash	\$ 1,183,058	725,674	\$ 1,908,732
Investments (Note 50)	299,864	899,867	1,199,731
Accounts receivable:			
Assessments	762,595	411,669	1,174,264
Other	33,555	-	33,555
Prepaid expenses	90,650	-	90,650
Accrued interest receivable	-	4,761	4,761
Property, furniture and equipment, at cost (net of \$180,217 accumulated depreciation)	81,692	-	81,692
Due from/(to) other funds	101,696	(101,696)	-
Total assets	\$ 2,553,110	1,940,275	\$ 4,493,385

LIABILITIES AND FUND BALANCES

Accounts payable	52,974	-	52,974
Accrued expenses & other liabilities	97,601	-	97,601
Deferred assessments	2,478,194	1,230,600	3,708,794
Note payable: SBA/PPP loan [Note 11]	17,698	-	17,698
Contract liability: owners assessments (Note 3)	-	681,938	681,938
Total liabilities	2,646,467	1,912,538	4,559,005
Fund balances	(93,357)	27,737	(65,620)
Total liabilities and fund balances	\$ 2,553,110	1,940,275	\$ 4,493,385

See independent auditors' report and accompanying notes to financial statements.

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, 2020

	Operating Fund	Replacement Fund	Combined
Revenues:			
Assessments	\$ 1,886,903	1,837,462	\$ 3,724,365
Room revenue and other	326,250	-	326,250
Gain on extinguishment of debt (Note 11)	220,818	-	220,818
Interval sales	7,807	-	7,807
Tennis club revenue	22,917	-	22,917
Interest	5,112	24,192	29,304
Total revenues	2,469,807	1,861,654	4,331,461
Expenses:			
Operating expenses	1,768,374	-	1,768,374
Administrative and general expenses	660,604	-	660,604
Income taxes	9,109	6,072	15,181
Courtyard renovation & pool area	-	7,379	7,379
Elevator renovation	-	63,469	63,469
Roofing & related	-	360,426	360,426
Balcony replacement	-	187,016	187,016
Clubhouse/recreation area	-	16,084	16,084
HVAC & related	-	16,568	16,568
Building renovation	-	1,042,438	1,042,438
Unit linens	-	21,899	21,899
Unit supplies & appliances	-	20,709	20,709
Carpet & wall water damage	-	84,732	84,732
GM's office repairs	-	8,529	8,529
Other repairs & replacements	-	8,213	8,213
Total expenses	2,438,087	1,843,534	4,281,621
Excess of revenues over expenses before depreciation	31,720	18,120	49,840
Depreciation	41,432	-	41,432
Excess of revenues over expenses	(9,712)	18,120	8,408
Fund balances, beginning of year	(114,763)	40,735	(74,028)
Fund transfer (Note 2)	31,118	(31,118)	-
Fund balances, end of year	\$ (93,357)	27,737	\$ (65,620)

See independent auditors' 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, 2020

	Operating Fund	Replacement Fund	Combined
Cash flows(used) by operating activities:			
Excess of revenues over expenses	\$ (9,712)	18,120	\$ 8,408
Adjustments to reconcile above to net cash provided by operating activities			
Depreciation	41,432	-	41,432
Accounts receivable:			
Assessments	(47,861)	49,076	1,215
Other	15,207	-	15,207
Condominium Association	-	171,908	171,908
Prepaid expenses	(8,344)	-	(8,344)
Accrued interest receivable	244	5,252	5,496
Renovation in progress	-	226,564	226,564
Accounts payable	(52,595)	-	(52,595)
Accrued expenses	10,880	-	10,880
Deferred assessments	213,922	(69,608)	144,314
Contract liability (Note 3)	-	(735,736.00)	(735,736)
Net cash provided/(used) by operating activities	<u>163,173</u>	<u>(334,424.00)</u>	<u>(171,251)</u>
Cash flows from investing activities:			
Acquisition of certificates of deposit	(349,864)	(798,867)	(1,148,731)
Maturities in certificates of deposit	400,000	1,145,000	1,545,000
Acquisition of equipment	(31,118)	-	(31,118)
Net cash flows from investing activities	<u>19,018</u>	<u>346,133</u>	<u>365,151</u>
Cash flows from financing activities:			
Fund transfer	31,118	(31,118)	-
Gain on extinguishment of debt (Note 11)	(220,818)	-	(220,818)
Proceeds from SBA/PPP loan (Note 11)	238,516	-	238,516
Change in due from/(to) other funds	13,044	(13,044)	-
Net cash flows from financing activities	<u>61,860</u>	<u>(44,162)</u>	<u>17,698</u>
Net increase/(decrease) in cash	244,051	(32,453)	211,598
Cash at beginning of year	939,007	758,127	1,697,134
Cash at end of year	<u>1,183,058</u>	<u>725,674</u>	<u>1,908,732</u>

See independent auditors' report and accompanying notes to financial statements.

WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE
CONDOMINIUM OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1. ORGANIZATION

Winners Circle Beach and Tennis Resort Time Share Condominium Owners 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 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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.

(b) 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, 2020, the Association capitalized \$31,118 of equipment acquisitions.

(c) 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 and generally are for on-going repairs, maintenance, and administrative functions.

(d) Investment Income-The Board's policy is to allocate interest earned on replacement fund cash accounts to the replacement fund, and to pay the related income taxes out of the respective fund.

(e) Use of 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 period. Actual results could differ from those estimates.

(f) 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.

WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE
CONDOMINIUM OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3. 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. The Association's governing documents provide for various collection remedies for delinquent assessments, including filing of liens on the owner's unit, foreclosing on the unit owner, or obtaining judgment on other assets of the unit owner.

Under the new revenue recognition standard of ASC 606 [Note 5], 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 2020, each vacation week owner was assessed \$825, inclusive of the replacement fund assessments discussed below. The 2021 annual assessments of \$874, inclusive of replacement fund assessments, were billed in October 2020 and are included in deferred assessments until earned.

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 included in this account. During 2020, the Association has written off \$554,998 of 2020 assessments billed in 2019, and has received \$10,977 representing recoveries of bad debts previously written off.

NOTE 4. 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 at the beginning of the year and end of the year was \$1,417,674 and \$681,938, respectively.

NOTE 5. REVENUE RECOGNITION

The Financial Accounting Standards Board (FASB) issued new guidance in the Accounting Standards Codification (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

WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE
CONDOMINIUM OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5. REVENUE RECOGNITION (continued)

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 adopted the new guidance as of January 1, 2019.

NOTE 6. 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 equivalent entity [under Internal Revenue Code Section 528]. For the year ended December 31, 2020, the Association elected to file as a time share entity, where generally the Association is taxed only on income unrelated to membership dues and assessments [such as interest income less related expenses] at a rate of 32%. For California state tax purposes, income is taxed similarly, subject to a minimum tax of \$800. For 2020, the federal and California income tax was \$11,643 and \$3,538, 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.

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 the Association. Management believes that all of the positions taken by the Association in its federal 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 for three years after they are filed.

NOTE 7. REPLACEMENT FUNDING PROGRAM

In accordance with the Association's governing documents, 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 2021 budget includes a provision for replacement funding of \$1,402,905, 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 replacements of common property components. Actual expenditures may vary from the estimated

WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE
CONDOMINIUM OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7. REPLACEMENT FUNDING PROGRAM (continued)

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.

NOTE 8. VACATION WEEKS HELD FOR SALE

As of December 31, 2020, the Association owned 596 vacation plan intervals that are held for sale. A value has not been assigned to the vacation plan intervals. A majority of these intervals were acquired through a settlement agreement with the Developer regarding past due balances owed from the Developer. The settlement agreement included a provision whereby the Association received all rights, title, and interest in these intervals.

NOTE 9. 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 the fair value), along with three zero coupon United States Treasury Notes with stated maturities in 2021. The certificates of deposits total \$400,000, have interest rates ranging from 2.35% to 2.95%, and remaining maturities of 1 month to 1 year.

NOTE 10. MANAGEMENT AGREEMENT

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

NOTE 11. GAIN ON EXTINGUISHMENT OF DEBT

Pursuant to the economic impact of Covid-19 (as referenced in Note 12), Congress established the "Paycheck Protection Program" (PPP) to provide relief to small businesses during the coronavirus pandemic. The program was part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136, and is administered by the U.S. Small Business Administration (SBA). A primary benefit of the act includes forgiveness of debt if certain criteria (regarding the use of the funds) is met.

During the year the Association obtained PPP funding of \$238,516, and pursuant to a formal request, the SBA approved a forgiveness amount of \$220,818, resulting in a gain on extinguishment of debt. The balance of the loan of \$17,698 was repaid in early 2021.

WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE
CONDOMINIUM OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 12. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for income taxes totaled \$38,500 during the year. There were no non-cash investing or financing transactions during the year.

NOTE 13. CONCENTRATION 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 13. SUBSEQUENT EVENTS AND CONTINGENCIES

Subsequent events have been evaluated through May 28, 2021, which is the date the financial statements were available to be issued.

On January 31, 2020, the U.S. Health and Human Services Secretary declared a public health emergency for the United States due to the coronavirus outbreak (COVID-19), and California experienced various closures for non-essential businesses in 2020. At this time, it is uncertain how Covid-19 may further affect the Association.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Disclaimer of Opinion on Required Supplementary Information

Our report on our audit of the basic financial statements of for Winners Circle Beach and Tennis Resort Time Share Condominium Owners Association for the year ended December 31, 2020 appears on pages 3 and 4. 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 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, 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 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 statements as a whole.

Van Der Pol and Company

VANDERPOL AND COMPANY
A Professional Accountancy Corporation

Costa Mesa, California

May 28, 2021

WINNERS CIRCLE BEACH AND TENNIS RESORT TIME SHARE
 CONDOMINIUM OWNERS ASSOCIATION
 REQUIRED SUPPLEMENTARY INFORMATION
 ON FUTURE MAJOR REPAIRS & REPLACEMENTS
 AS OF DECEMBER 31, 2020

A reserve study was conducted in 2021 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 rate of .25% (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.

<u>Common Area Component</u>	<u>Estimated Remaining Useful Lives</u>	<u>Study's Estimated Current Replacement Costs</u>	<u>Study's Recommended Fund Balance at 12/31/20</u>
Building & equipment	0-35 years	\$ 7,057,250	\$ 5,258,738
Furniture and fixtures	0-32 years	3,254,939	1,844,443
Common area/recreation	0-25 years	772,045	349,811
Other common area components	0-28 years	483,534	379,160
	Total	<u>\$ 11,567,768</u>	<u>\$ 7,832,152</u>

Financial resources available for future major repair and replacement obligations at December 31, 2020

\$ 709,675

A replacement contribution of \$1,402,905, subject to delinquency adjustments, was included in the 2021 budget

WINNERS 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, 2020

	Actual	Budget	Variance to Budget *
Revenue			
Assessments	** \$ 1,886,903	** \$ 1,921,022	\$ (34,119)
Room revenue & other	339,169	769,500	(430,331)
Gain on extinguishment of debt	220,818	-	220,818
Tennis club revenue	22,917	22,779	138
Total revenue	<u>2,469,807</u>	<u>2,713,301</u>	<u>(243,494)</u>
Operating expenses			
Salaries & wages	980,389	1,113,828	133,439
Payroll taxes & benefits	331,358	413,513	82,155
Utilities	164,867	168,500	3,633
Cable TV	42,462	45,750	3,288
Telephone/internet	21,209	24,500	3,291
Guest/cleaning supplies	96,848	157,195	60,347
Repairs & maintenance	82,353	78,750	(3,603)
Pest control	21,489	8,755	(12,734)
Landscaping	12,918	13,390	472
Pool/spa	12,726	19,000	6,274
HOA/activities/security	-	14,175	14,175
Shuttle bus	1,755	12,300	10,545
Total operating expenses	<u>1,768,374</u>	<u>2,069,656</u>	<u>301,282</u>
Administrative and general expenses			
Income taxes	9,109	11,000	1,891
Insurance	132,243	112,322	(19,921)
Accounting/bookkeeping	5,400	3,200	(2,200)
Vacation tyme commission	815	625	(190)
Office/miscellaneous	30,450	42,700	12,250
Credit card/bank fees	40,423	50,000	9,577
Assessment billing	32,791	32,791	-
Management fee	296,593	296,593	-
HOA mailings/printing	11,315	23,000	11,685
HOA sales/marketing	18,368	22,000	3,632
Replacement study	2,400	1,800	(600)
Directors meeting expense	622	3,914	3,292
ABC Policy Funding	5,386	6,920	1,534
Foreclosures/deedbacks	43,400	11,480	(31,920)
Legal	12,055	1,000	(11,055)
HOA property taxes	28,343	24,300	(4,043)
Total administrative and general expenses	<u>669,713</u>	<u>643,645</u>	<u>(26,068)</u>
Excess of expenses over revenues before depreciation	<u>\$ 31,720</u>	<u>-</u>	<u>\$ 31,720</u>
* Favorable/(unfavorable)			
**Net of bad debt expense			