

**Sunset Marina
Residences of Key West
Condominium
Association, Inc.**

**FINANCIAL STATEMENTS (AND
SUPPLEMENTARY
INFORMATION)**

December 31, 2020



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Sunset Marina Residences of Key West Condominium Association, Inc.
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December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members of
Sunset Marina Residences of Key West Condominium Association, Inc.
Key West, Florida

Opinion

We have audited the accompanying financial statements of Sunset Marina Residences of Key West Condominium Association, Inc., which comprise the balance sheet as of December 31, 2020, and the related statements of revenue, expenses and changes in fund balance 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 Sunset Marina Residences of Key West Condominium Association, Inc. as of December 31, 2020, 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 describe in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sunset Marina Residences of Key West 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 these 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 Sunset Marina Residences of Key West 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.

Auditors' 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 auditors' 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 judgement 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 Sunset Marina Residences of Key West 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sunset Marina Residences of Key West 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.

Summarized Comparative Information

We have previously audited Sunset Marina Residences of Key West Condominium Association, Inc.'s 2019 financial statements, and our report dated March 6, 2020, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 Changes in Accumulated Funds for Future Major Repairs and Replacements and Schedule of Operating Fund Revenue and Expenses – Budget and Actual are presented for purposes of additional analysis and are 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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Supplementary Information on Future Major Repairs and Replacements on page 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
February 10, 2021

Sunset Marina Residences of Key West Condominium Association, Inc.
Balance Sheet

<i>December 31,</i>	2020			2019	
	Operating Fund	Replacement Fund	Total	Total (For Comparative Purposes)	
Assets					
Cash	\$ 181,812	\$ 175,024	\$ 356,836	\$	374,628
Accounts receivable	585	-	585	\$	7,167
Property and equipment, net	320	-	320	\$	1,086
Other assets	15,830	-	15,830	\$	15,830
Interfund balance	(3,404)	3,404	-	\$	-
Total assets	\$ 195,143	\$ 178,428	\$ 373,571	\$	398,711
Liabilities and Fund Balance					
Liabilities					
Accounts payable	\$ 13,816	\$ -	\$ 13,816	\$	17,107
Performance obligation	-	170,299	170,299	\$	203,173
Prepaid assessments	79,857	-	79,857	\$	73,223
Total liabilities	93,673	170,299	263,972	\$	293,503
Fund balance	101,470	8,129	109,599	\$	105,208
Total liabilities and fund balance	\$ 195,143	\$ 178,428	\$ 373,571	\$	398,711

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

**Sunset Marina Residences of Key West Condominium Association, Inc.
Statement of Revenue, Expenses and Changes in Fund Balance**

<i>For the year ended December 31,</i>	2020			2019	
	Operating Fund	Replacement Fund	Total	Total (For Comparative Purposes)	
Revenue					
Regular assessments	\$ 540,708	\$ 211,278	\$ 751,986	\$ 1,122,292	
Cable assessments	28,465	-	28,465	27,632	
Interest income	202	193	395	745	
Miscellaneous income	750	-	750	22,778	
Total revenue	570,125	211,471	781,596	1,173,447	
Expenses					
Administrative	21,270	-	21,270	38,210	
Cable	26,602	-	26,602	30,052	
Depreciation	766	-	766	766	
Insurance	215,957	-	215,957	194,544	
Management fees and personnel costs	186,728	-	186,728	175,753	
Maintenance and repairs	82,488	211,278	293,766	630,277	
Utilities	32,116	-	32,116	34,459	
Total expenses	565,927	211,278	777,205	1,104,061	
Excess of revenue over expenses	4,198	193	4,391	69,386	
Beginning fund balance	97,272	7,936	105,208	35,822	
Ending fund balance	\$ 101,470	\$ 8,129	\$ 109,599	\$ 105,208	

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

Sunset Marina Residences of Key West Condominium Association, Inc.
Statement of Cash Flows

<i>For the year ended December 31,</i>	2020			2019	
	Operating Fund	Replacement Fund	Total	Total (For Comparative Purposes)	
Operating Activities					
Excess (deficit) of revenue over expenses	\$ 4,198	\$ 193	\$ 4,391	\$	69,386
Adjustments to reconcile excess (deficit) of revenue over expenses to net cash provided by operating activities:					
Depreciation	766	-	766		766
Changes in operating assets and liabilities:					
Accounts receivable	6,582	-	6,582		(7,167)
Prepaid expenses	-	-	-		3,148
Accounts payable	(3,291)	-	(3,291)		8,302
Performance obligation	-	(32,874)	(32,874)		(402,347)
Prepaid assessments	6,634	-	6,634		41,756
Interfund balance	8,314	(8,314)	-		-
Net cash provided (used) by operating activities	23,203	(40,995)	(17,792)		(286,156)
Net increase (decrease) in cash	23,203	(40,995)	(17,792)		(286,156)
Cash at beginning of year	158,609	216,019	374,628		660,784
Cash at end of year	\$ 181,812	\$ 175,024	\$ 356,836	\$	374,628

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

Sunset Marina Residences of Key West Condominium Association, Inc. Notes to Financial Statements

NOTE 1: DESCRIPTION OF THE ORGANIZATION

Sunset Marina Residences of Key West Condominium Association, Inc. (“Association”), is a Florida not-for-profit corporation formed on October 20, 1998. Membership in the Association consists of the 60 residential unit owners and 45 boat slips. The condominium is located on approximately 15 acres in Key West, Florida.

The Association was organized for the purpose of maintaining and protecting the elements owned by the unit owners in common, including building exteriors, roofs, elevators, parking areas, recreational areas, etc. Disposition of common area property requires consent of the members in accordance with the governing documents and Florida Statutes.

All policy decisions, including the annual budget and owners’ assessments, are formulated by the Board of Directors. Decisions are referred to the general Association membership before action is taken, when so required by the governing documents of the Association.

Management and accounting services are provided to the Association by The Community Association Company.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs). The financial statements include certain prior year summarized comparative information in total but not by fund. Also, certain prior year disclosures are not included. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association’s financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Sunset Marina Residences of Key West Condominium Association, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds

The Association is a not-for-profit organization which employs the fund method of accounting in order to properly account for restrictions on the expenditures resulting from actions of the Board of Directors, the Association voting membership, or applicable Florida Statute. The financial statements segregate the accounting for such funds as Operating or Replacement funds. At the end of the year, excess funds are retained by the fund generating such excess during the year.

The Operating Fund is used to account for financial resources available for the general operation of the Association. Disbursements from the Operating Fund are generally at the discretion of the Board of Directors.

The Replacement Fund is generally used to account for assessments made for major repair and replacement of common property, and related expenses. Disbursements from the Replacement Fund may only be utilized in accordance with Florida Statutes and the purposes established by the Board of Directors and the Association membership. Interest income earned in the Replacement Fund is maintained as a separate component in the Replacement Fund.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly-liquid debt instruments with an original maturity of 90 days or less.

Accounts Receivable from Owners and Allowance for Doubtful Accounts

Accounts receivable from owners are reported at the outstanding balance due from owners, net of any allowance for doubtful accounts. The Association provides for doubtful accounts based on experience and analysis of individual accounts. When the collectability of a receivable becomes questionable, an allowance for doubtful accounts is established. When specific accounts are determined to be uncollectable, they are written off by charging the allowance and crediting the receivable. Since management considers all receivables to be collectible at December 31, 2020, no allowance has been established at this time.

Prepaid Expense

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the Balance Sheet. These items will be expensed over the applicable usage period.

Sunset Marina Residences of Key West Condominium Association, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalization and Depreciation

Real property acquired by the Association is capitalized when it (a) is used to generate significant cash flows from members on the basis of usage or from nonmembers or (b) can be disposed of for cash with the Association retaining the proceeds. Real property acquired by the Association that does not meet these guidelines is not capitalized, and accordingly, replacements, major repairs, and improvements to this property are not capitalized; instead, they are reported as expenses in the fund making the expenditure. Real property that does not meet the criteria to capitalize is identified in Note 1.

Personal property acquired by the Association is capitalized at cost. It is depreciated over its estimated useful life using the straight-line method of depreciation.

Contract Assets and Liabilities

Contract assets represent revenue recognized in excess of amounts billed. No such amounts are reported on the Balance Sheet as of December 31, 2020. Contract liabilities represent revenue collected in advance of the contract period or amounts billed in excess of revenue recognized. These liabilities are reported on the Balance Sheet as prepaid assessments and performance obligation liabilities.

Revenue Recognition

Effective January 1, 2019, the Association adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. This topic requires the recognition of revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue is recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. For purposes of this Association, the definition of customers includes the Association's members.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 10, 2021 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Sunset Marina Residences of Key West Condominium Association, Inc.
Notes to Financial Statements

NOTE 3: OWNERS' ASSESSMENTS

Revenue and expenses are allocated to the residential unit owners based on the ratio of each unit's square footage to the total square footage of all units, and accordingly, assessment rates are established using this formula. The rates for 2020 ranged from \$1,711 to \$3,051 for condominium units per quarter and \$727 to \$2,076 for boat slips per quarter. Budgeted assessments, including cable assessments, for the year ended December 31, 2020 totaled \$747,577, of which \$178,404 was allocated to the Replacement Fund. Participating condominium owners were assessed approximately \$39 per month for cable fees, which totaled \$28,465 for 2020.

The following table reconciles budgeted regular assessments to the amounts recognized as assessment revenue in the Statement of Revenue, Expenses, and Changes in Fund Balance:

For the year ended December 31,	2020		
	Operating Fund	Replacement Fund	Total
Budgeted regular and cable assessments	\$ 569,173	\$ 178,404	\$ 747,577
Add releases from performance obligation	-	32,874	32,874
Total assessments	\$ 569,173	\$ 211,278	\$ 780,451

NOTE 4: REVENUE RECOGNITION

As disclosed in Note 2 to the financial statements, the Association's customers consist of its members, which are unit owners within the development. The contracts between these customers and the Association primarily relate to maintaining, managing and providing access to the property and amenities owned in common by the unit owners.

Performance Obligations

The Association's revenue is derived primarily from assessments to its members. The Association generally recognizes its revenue from contracts with customers over time with the exception of reserve assessments, which are being recognized at a point in time. As of December 31, 2020, the Association has reported a performance obligation liability totaling \$170,299, relating to the future major repair and/or replacement of specific components of common property. The assessments related to this performance obligation are generally reported in the Replacement Fund and will be recognized as revenue at the point in time when the funds are expended for their designated purpose.

Sunset Marina Residences of Key West Condominium Association, Inc.
Notes to Financial Statements

NOTE 4: REVENUE RECOGNITION (Continued)

Significant Judgements

For those revenue items recognized over time, the Association generally utilizes the input method of measurement, where revenue is recognized based on the Association’s efforts towards the satisfaction of a performance obligation. For the Operating Fund amounts, revenue is recognized as time elapses and the Association performs routine maintenance, protection and management of the common area property. For the Replacement Fund amounts, the Association recognizes revenue at point in time when the reserve expenses are incurred.

Disaggregated Revenue

The Association derives its revenue from various activities and sources having different qualitative factors that may affect the amount, timing, or uncertainty of revenue and cash flows.

The following chart contains disaggregated revenue information that reflects these qualitative factors.

For the year ended December 31,	2020
<i>Recognized over time</i>	
Operating fund assessments	\$ 540,708
Cable assessments	28,465
Miscellaneous income	750
<i>Recognized at a point in time</i>	
Replacement fund assessments	211,278
<i>Not subject to ASC Topic 606</i>	
Interest income	395
Total revenue	\$ 781,596

Sunset Marina Residences of Key West Condominium Association, Inc.
Notes to Financial Statements

NOTE 4: REVENUE RECOGNITION (Continued)

The following table presents information about accounts receivable, contract assets, and contract liabilities:

For the year ended December 31,	2020
Accounts receivable - beginning balance	\$ 7,167
Accounts receivable - ending balance	585
Contract assets - no beginning or ending balance for the year	
Contract liabilities	
Prepaid assessments - beginning balance	73,223
Prepaid assessments - ending balance	79,857
Performance obligation liabilities - beginning balance	203,173
Performance obligation liabilities - ending balance	170,299

NOTE 5: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association’s governing documents and Florida Statutes require the Association to accumulate funds for future major repairs and replacements, unless otherwise decided by the voting membership. The Association has adopted a program to accumulate funds for estimated future major repairs and replacements through regular assessments.

The Board of Directors annually reviews the major components of common property. As a part of this review, the Board re-evaluates the estimated remaining useful lives and the estimated replacement costs of each of the components of the Replacement Fund. Where applicable, licensed contractors and architects are consulted regarding useful lives and replacement costs. The Board of Directors last performed a review of the estimated replacement costs, remaining lives, and funding requirements for the reserve components in 2020.

The Association is funding for future major repairs and replacements over the estimated useful lives of the components based on their study’s estimates of replacement costs and considering amounts previously accumulated in the Replacement Fund. Accordingly, the funding amount of \$178,404, based on a full funding plan, was included in the 2020 budget.

Sunset Marina Residences of Key West Condominium Association, Inc.
Notes to Financial Statements

NOTE 5: FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continue)

Actual expenditures may vary from the estimated amounts and the variations may be significant; therefore, amounts accumulated in the Replacement Fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right to increase regular assessments, to levy special assessments, or it may delay major repairs and replacements until funds are available.

NOTE 6: INCOME TAXES

The Association elected to file its tax return for 2020 as a regular corporation on Form 1120. As such, the Association must comply with Internal Revenue Code (IRC) Section 277, which applies to certain membership organizations. Under IRC Section 277, the Association is required to separate membership income and expenses from non-membership income and expenses. Each component is taxed separately; however, net membership income is exempt from taxation if certain elections are made. For the year ended December 31, 2020, the Association had net non-membership income of \$0, which resulted in no federal or state income taxes due for 2020.

The Association's cumulative net operating losses of \$5,249 can be carried forward to offset future net non-membership income, if needed, and will begin to expire in 2033. This net operating loss carryforward represents a deferred tax asset of approximately \$1,102. However, since the Association does not expect to have significant non-membership income in the future and since it is more likely than not this deferred tax asset will not be realized in the future, a valuation allowance of \$1,102 was used to reduce this deferred tax asset.

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. The Association's policy is to record interest expense or penalties related to income tax in (operating) expense. For the year ended December 31, 2020, no interest or penalties were paid or accrued. The Association is subject to routine audits by taxing jurisdictions; however, there are no audits 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.

Sunset Marina Residences of Key West Condominium Association, Inc.
Notes to Financial Statements

NOTE 7: WINDSTORM DEDUCTIBLE

The insurance policy for windstorm coverage renewed January 2021. The deductible amount for named hurricane storms is estimated at \$850,800 which represents approximately 3% of the insured value of the residential buildings and the recreation building. The policy also has deductible amount for other windstorm or hail estimated at \$283,600, which represents 1% of the insured value of the residential buildings and the recreation building.

In addition, the Association's windstorm policy is underwritten by the State of Florida's Citizens Property Insurance Corporation (Citizens). In the event Citizens incurs a deficit that exceeds the amount collected via regular premiums, an emergency assessment may be levied. The Association may be required to pay substantially more in insurance premiums relating to the year for which the emergency assessment is levied.

NOTE 8: CREDIT RISK

The Association assesses regular and special assessments to its members. It is the Association's policy to turn over significantly past due accounts for collection and to file liens against the individual units. Should the collection of any such liens be enforced by the sale of the unit, the collectability of the receivable is dependent on the quick sale market value of the unit, and the amount of any other liens that have priority. Market value may be influenced by the real estate market in Key West, Florida.

NOTE 9: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<i>December 31,</i>	2020
Machinery and equipment	\$ 4,822
Less accumulated depreciation	(4,502)
Property and equipment, net	\$ 320

Depreciation expense for the year ended December 31, 2020 was \$766.

Sunset Marina Residences of Key West Condominium Association, Inc.
Notes to Financial Statements

NOTE 10: UNUSED LINE OF CREDIT

In March 2018, the Association signed a commitment with a financial institution for a secured a line of credit with a maximum borrowing potential of \$500,000 and a variable interest rate with a floor of 5.50% and a ceiling of 18.00%. The purpose of the line is for funding Hurricane Irma dock and attenuator repairs. The line will expire in April 2025, requires monthly payments of interest for the first 24 months and monthly principal plus interest payments for the 60 months thereafter, and is secured by Association property and owner assessments. The Association had not drawn on this line of credit during 2020 and there was no outstanding balance on this liability as of December 31, 2020. In January 2021, the Association negotiated a reduction in the line of credit interest rate to 4.25%.

NOTE 11: CONTINGENCY

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Association. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

Supplementary Information

**Sunset Marina Residences of Key West Condominium Association, Inc.
Schedule of Changes in Accumulated Funds for Future Major Repairs and
Replacements**

For the year ended December 31,

2020

Component	Beginning Balance	Additions	Subtractions	Ending Balance
Pooled items:				
Boardwalk/docks			\$ (147,240)	
Elevators			(18,299)	
Lighting			(2,636)	
Pool and spa			(2,168)	
Paving			(15,340)	
Roofing			(18,032)	
Storage room doors			(7,563)	
Total pooled items	203,173	178,404	(211,278)	170,299
Non-pooled items:				
Interest	7,936	193	-	8,129
Total	\$ 211,109	\$ 178,597	\$ (211,278)	\$ 178,428

December 31,

2020

Performance obligation liability	\$ 170,299
Replacement fund balance	8,129
Total	\$ 178,428

**Sunset Marina Residences of Key West Condominium Association, Inc.
Schedule of Operating Fund Revenue and Expenses – Budget and Actual**

For the year ear ended December 31,

2020

	Actual	Budget (Unaudited)	Variance - Favorable (Unfavorable) (Unaudited)
Revenue			
Regular assessments	\$ 540,708	\$ 569,173	\$ (28,465)
Cable assessments	28,465	-	28,465
Interest income	202	150	52
Miscellaneous income	750	460	290
Total revenue	570,125	569,783	342
Expenses			
Administrative	21,270	19,782	(1,488)
Cable	26,602	28,465	1,863
Depreciation	766	-	(766)
Insurance	215,957	201,509	(14,448)
Management fees and personnel costs	186,728	165,146	(21,582)
Maintenance and repairs	82,488	112,315	29,827
Utilities	32,116	40,800	8,684
Total expenses	565,927	568,017	2,090
Excess of revenue over expenses	\$ 4,198	\$ 1,766	\$ 2,432

**Sunset Marina Residences of Key West Condominium Association, Inc.
Supplementary Information on Future Major Repairs and Replacements
(Unaudited)**

The following table is based on the Board’s review and presents significant information about the components of common property:

Component	Estimated Remaining Useful Life (Years)	Estimated Replacement Cost	Accumulated Funds at 12/31/20
Pooled items:			
Awnings	7	\$ 60,476	
Boardwalk/docks	0 - 26	705,867	
Concrete	2	45,907	
Elevators	13	447,392	
Lighting	9	28,515	
Pool and spa	0	50,000	
Pavers, pool deck	9	35,074	
Paving	9 - 13	213,138	
Pilings, wood	12	58,891	
Roofing	13 - 22	772,237	
Storage room doors	0	31,129	
Total pooled items			\$ 170,299
Non-pooled items:			
Wind deductible	25	725,000	-
Interest	n/a	n/a	8,129
Total		\$ 3,173,626	\$ 178,428