

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

**FINANCIAL STATEMENTS (AND
SUPPLEMENTARY
INFORMATION)**

December 31, 2019



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INGRAM

CPAs and Advisors

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Sunset Marina Residences of Key West Condominium Association, Inc.
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December 31, 2019

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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

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Report on the Financial Statements

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, 2019, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunset Marina Residences of Key West Condominium Association, Inc. as of December 31, 2019, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Association implemented new accounting guidance under FASB ASC 606, *Revenue from Contracts with Customers*. The Association's implementation of the new accounting standard significantly changes the recognition of replacement fund assessments, and as a result, the Association has restated its beginning fund balance. Our opinion is not modified with respect to the implementation of the new guidance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information contained in the Schedule of Changes in Accumulated Funds for Future Major Repairs and Replacements and Schedule of Operating Fund Revenue and Expenses – Budget and Actual is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and, except for the portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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 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 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
March 6, 2020

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

<i>December 31,</i>	2019		
	Operating Fund	Replacement Fund	Total
Assets			
Cash	\$ 158,609	\$ 216,019	\$ 374,628
Accounts receivable	7,167	-	7,167
Property and equipment, net	1,086	-	1,086
Other assets	15,830	-	15,830
Interfund balance	4,910	(4,910)	-
Total assets	\$ 187,602	\$ 211,109	\$ 398,711
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 17,107	\$ -	\$ 17,107
Performance obligation	-	203,173	203,173
Prepaid assessments	73,223	-	73,223
Total liabilities	90,330	203,173	293,503
Fund balance	97,272	7,936	105,208
Total liabilities and fund balance	\$ 187,602	\$ 211,109	\$ 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

For the year ended December 31,

2019

	Operating Fund	Replacement Fund	Total
Revenue			
Regular assessments	\$ 631,490	\$ 490,802	\$ 1,122,292
Cable assessments	27,632	-	27,632
Interest income	214	531	745
Miscellaneous income	22,778	-	22,778
Total revenue	682,114	491,333	1,173,447
Expenses			
Administrative	38,210	-	38,210
Cable	30,052	-	30,052
Depreciation	766	-	766
Insurance	194,544	-	194,544
Management fees and personnel costs	175,753	-	175,753
Maintenance and repairs	134,775	495,502	630,277
Utilities	34,459	-	34,459
Total expenses	608,559	495,502	1,104,061
Excess (deficit) of revenue over expenses	73,555	(4,169)	69,386
Beginning fund balance, restated	23,717	12,105	35,822
Ending fund balance	\$ 97,272	\$ 7,936	\$ 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

For the year ended December 31,

2019

	Operating Fund	Replacement Fund	Total
Operating activities			
Excess (deficit) of revenue over expenses	\$ 73,555	(4,169)	\$ 69,386
Adjustments to reconcile excess (deficit) of revenue over expenses to net cash provided by operating activities:			
Depreciation	766	-	766
Changes in operating assets and liabilities:			
Accounts receivable	(7,167)	-	(7,167)
Prepaid expenses	3,148	-	3,148
Accounts payable	8,302	-	8,302
Performance obligation	-	(402,347)	(402,347)
Prepaid assessments	41,756	-	41,756
Interfund balance	18,068	(18,068)	-
Net cash provided (used) by operating activities	138,428	(424,584)	(286,156)
Net increase (decrease) in cash	138,428	(424,584)	(286,156)
Cash at beginning of year	20,181	640,603	660,784
Cash at end of year	\$ 158,609	\$ 216,019	\$ 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.

The Association is managed by The Community Association Company which also provides accounting services.

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).

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. 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. The Association has a non-statutory reserve component for the windstorm deductible and the balance as of December 31, 2019 is \$77,303. See attached supplementary information for further details.

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, 2019, 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, 2019. 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, March 6, 2020 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 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Guidance

In May 2014, the Financial Accounting Standards Board (FASB) issued new accounting guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification. The Association elected to adopt the revenue recognition standard effective January 1, 2019 using the modified retrospective method. This method allows the standard to be adopted retrospectively through a cumulative adjustment recognized upon adoption. The cumulative adjustment recorded upon adoption of ASC 606 consisted of changes in the recognition of replacement fund assessments, and accordingly the accumulated funds for future major repairs and replacements are now largely classified as a performance obligation liability and not fund balance. As a result, the Association has restated its beginning fund balance as follows:

<u>December 31,</u>	<u>2019</u>
Beginning replacement fund balance, before restatement	\$ 617,625
Cummulative effect of change in accounting princple	(605,520)
Baginning replacement fund balance, as restated	\$ 12,105

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 2019 ranged from \$1,711 to \$3,051 for condominium units per quarter and \$727 to \$2,076 for boat slips per quarter. Budgeted assessments for the year ended December 31, 2019 totaled \$747,577, of which \$88,455 was allocated to the Replacement Fund and \$27,632 was allocated to cable assessment fees. Participating condominium owners were assessed approximately \$38 per month for cable fees.

Sunset Marina Residences of Key West Condominium Association, Inc.

Notes to Financial Statements

NOTE 3: OWNERS' ASSESSMENTS (Continued)

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,	2019		
	Operating Fund	Replacement Fund	Total
Budgeted regular assessments	\$ 659,122	\$ 88,455	\$ 747,577
Less additions to performance obligation	-	(88,455)	(88,455)
Add releases from performance obligation	-	490,802	490,802
Total assessments	\$ 659,122	\$ 490,802	\$ 1,149,924

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, 2019, the Association has reported a performance obligation liability totaling \$203,173, 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.

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.

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

NOTE 4: REVENUE RECOGNITION (Continued)

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,	2019
<i>Recognized over time</i>	
Operating fund assessments	\$ 631,490
Cable assessments	27,632
Miscellaneous income	22,778
<i>Recognized at a point in time</i>	
Replacement fund assessments	490,802
<i>Not subject to ASC Topic 606</i>	
Interest income	745
Total revenue	\$ 1,173,447

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,	2019
Accounts receivable, net - beginning balance	\$ -
Accounts receivable, net - ending balance	7,167
Contract assets - no beginning or ending balance for the year	
Contract liabilities	
Prepaid assessments - beginning balance	31,467
Prepaid assessments - ending balance	73,223
Performance obligation liabilities - beginning balance	605,520
Performance obligation liabilities - ending balance	203,173

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 2019.

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 \$88,455, based on a full funding plan, was included in the 2019 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 2019 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, 2019, the Association had net non-membership income of \$0, which resulted in no federal or state income taxes due for 2019.

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. No federal or state income taxes are due for 2019. 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, 2019, 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, 2019, 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 2016.

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 2020. The deductible amount for named hurricane storms is estimated at \$832,620 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 \$277,540, 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>		2019
Machinery and equipment	\$	4,822
Less accumulated depreciation		(3,736)
Property and equipment, net	\$	1,086

Depreciation expense for the year ended December 31, 2019 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 2019 and there was no outstanding balance on this liability as of December 31, 2019.

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,

2019

Component	Beginning Balance	Additions	Subtractions	Ending Balance
Statutory reserve components				
Awnings	\$ 36,282	\$ 4,363	\$ -	\$ 40,645
Boardwalk/docks	19,895	32,187	(486,408)	(434,326)
Concrete	32,596	4,437	-	37,033
Elevators	179,236	17,465	-	196,701
Lighting	12,454	1,538	-	13,992
Pavers, pool deck	14,143	1,998	-	16,141
Paving	93,482	9,535	-	103,017
Pilings, wood	26,707	3,956	-	30,663
Roofing	95,491	9,494	-	104,985
Storage room doors	17,931	3,482	(4,394)	17,019
Non-statutory reserve components				
Wind deductible	77,303	-	-	77,303
Interest	12,105	531	(4,700)	7,936
Total	\$ 617,625	\$ 88,986	\$ (495,502)	\$ 211,109

December 31,

2019

Performance obligation liability	\$ 203,173
Replacement fund balance	7,936
Total	\$ 211,109

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,

2019

	Actual	Budget (Unaudited)	Variance - Favorable (Unfavorable) (Unaudited)
Revenue			
Regular assessments	\$ 631,490	\$ 659,121	\$ (27,631)
Cable assessments	27,632	-	27,632
Interest income	214	150	64
Miscellaneous income	22,778	500	22,278
Total revenue	682,114	659,771	22,343
Expenses			
Administrative	38,210	18,775	(19,435)
Cable	30,052	27,632	(2,420)
Depreciation	766	-	(766)
Insurance	194,544	197,193	2,649
Management fees and personnel costs	175,753	255,500	79,747
Maintenance and repairs	134,775	115,171	(19,604)
Utilities	34,459	45,500	11,041
Total expenses	608,559	659,771	51,212
Excess of revenue over expenses	\$ 73,555	\$ -	\$ 73,555

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 12/31/19
Statutory reserve components			
Awnings	8	\$ 60,476	\$ 40,645
Boardwalk/docks	0 - 27	705,867	(434,326)
Concrete	3	45,907	37,033
Elevators	14	447,392	196,701
Lighting	10	28,515	13,992
Pavers, pool deck	10	35,074	16,141
Paving	10 - 14	213,138	103,017
Pilings, wood	13	58,891	30,663
Roofing	14 - 23	772,237	104,985
Storage room doors	1	31,129	17,019
Non-statutory reserve components			
Wind deductible	26	725,000	77,303
Interest	n/a	n/a	7,936
Total		\$ 3,123,626	\$ 211,109