

Cole & Associates, LLC

Certified Public Accountants

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Banana Bay Condominium Association, Inc.
To the Board of Directors:

We have audited the financial statements of Banana Bay Condominium Association, Inc. for the year ended December 31, 2017, and have issued our report thereon dated June 1, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter for the year ending 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

You are responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Banana Bay Condominium Association, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on your knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Your estimate of the allowance for doubtful accounts is based on historical defaults by homeowners and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, if any.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Cole & Associates, CPA, LLC

Management Representations

We have requested certain management representations from management that are included in the management representation letter dated June 1, 2018.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Supplementary Information Accompanying the Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Required Supplementary Information

With respect to the supplementary information required by the Financial Accounting Standards Board, we applied certain limited procedures to the information, including inquiring of management about their methods of preparing the information; comparing the information for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements; and obtaining certain representations from management, including about whether the required supplementary information is measured and presented in accordance with prescribed guidelines.

This information is intended solely for the use of the Board of Directors and management of Banana Bay Condominium Association, Inc. and is not intended to be and should not be used by anyone other than those specified parties.

Sincerely,



Cole & Associates, CPA, LLC
Certified Public Accountants
June 1, 2018

Banana Bay Condominium Association, Inc.

Financial Statements and
Supplementary Information

December 31, 2017

Cole & Associates, LLC

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members of
Banana Bay Condominium Association, Inc.

We have audited the accompanying financial statements of Banana Bay Condominium Association, Inc., which comprise the balance sheet as of December 31, 2017, and the related statements of revenues, expenditures, 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banana Bay Condominium Association, Inc. as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 11 be presented to supplement the basic financial statements. Such information, although not a required 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 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.

Disclaimer of Opinion on Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Comparison Statements of Operating Fund Revenues and Expenditures on pages 12 and 13, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Cole & Associates, CPA, LLC
Certified Public Accountants
June 1, 2018

BANANA BAY CONDOMINIUM ASSOCIATION, INC.

BALANCE SHEET

DECEMBER 31, 2017

	Operating Fund	Replacement Fund	Total
ASSETS:			
Cash	\$ 30,107	\$ 285,340	\$ 315,447
Assessments receivable (Note 3)	36,094	-	36,094
Other receivables	88,772	-	88,772
Prepaid expenses	25,715	-	25,715
Investments in CD's	-	380,851	380,851
Due from operating fund	-	7,678	7,678
Due to replacement fund	(7,678)	-	(7,678)
Other assets	1,794	-	1,794
TOTAL ASSETS	<u>\$ 174,804</u>	<u>\$ 673,869</u>	<u>\$ 848,673</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 101,341	\$ -	\$ 101,341
Prepaid assessments	18,227	-	18,227
Special assessment fund (Note 5)	53,025	-	53,025
TOTAL LIABILITIES	172,593	-	172,593
FUND BALANCE	<u>2,211</u>	<u>673,869</u>	<u>676,080</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 174,804</u>	<u>\$ 673,869</u>	<u>\$ 848,673</u>

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

BANANA BAY CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2017

	Operating Fund	Replacement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUE:			
Assessment income	\$ 620,940	\$ 129,780	\$ 750,720
Special assessment	435,200	-	435,200
Insurance reimbursement	88,772	-	88,772
Interest income	34	3,125	3,159
Other income	1,993	-	1,993
	<u>1,146,939</u>	<u>132,905</u>	<u>1,279,844</u>
TOTAL REVENUE			
EXPENDITURES:			
Accounting & legal	6,872	-	6,872
Bad debt	14,349	-	14,349
Contract grounds maintenance	41,065	-	41,065
Elevator repairs & maintenance	12,610	-	12,610
Insurance	218,850	-	218,850
Interest expense	3,553	-	3,553
Irrigation repair	12,625	-	12,625
Janitorial	5,688	-	5,688
Licenses, permits & taxes	1,455	-	1,455
Management fees	17,160	-	17,160
Office & other expenses	15,871	-	15,871
Other grounds maintenance	66,247	-	66,247
Other pool maintenance	2,668	-	2,668
Payroll expense	47,548	-	47,548
Pest control	11,425	-	11,425
Pool maintenance	7,200	-	7,200
Safety & security	3,196	-	3,196
Special assessment expense	435,200	-	435,200
Storm expenses	100,719	-	100,719
Trash removal	20,313	-	20,313
Utilities	154,946	-	154,946
Reserve expenditures	-	10,933	10,933
	<u>1,199,560</u>	<u>10,933</u>	<u>1,210,493</u>
TOTAL EXPENDITURES			
EXPENDITURES IN EXCESS OF REVENUE	(52,621)	121,972	69,351
FUND BALANCE TRANSFER	(5,783)	5,783	-
BEGINNING FUND BALANCE	<u>60,615</u>	<u>546,114</u>	<u>606,729</u>
ENDING FUND BALANCE	<u>\$ 2,211</u>	<u>\$ 673,869</u>	<u>\$ 676,080</u>

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

BANANA BAY CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Operating Fund	Replacement Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Assessment fees collected	\$ 602,165	\$ 219,779
Special assessment	435,200	-
Insurance reimbursement	88,772	-
Interest received	34	3,125
Other income	3,949	-
Special assessments	53,025	-
Cash paid for operating expenses	(1,189,738)	-
Replacement expenses paid	-	(10,933)
Net cash provided (used) by operating activities	(6,593)	211,971
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase/sale of CD's	-	(120,000)
Reinvested interest/dividends	-	(1,724)
Fund transfer	(5,783)	5,783
Net cash provided (used) by investing activities:	(5,783)	(115,941)
NET CHANGE IN CASH	(12,376)	96,030
CASH AND CASH EQUIVALENTS - Beginning of Year	42,483	189,310
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 30,107</u>	<u>\$ 285,340</u>

See accompanying notes and accountant's review report.

BANANA BAY CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Operating Fund	Replacement Fund
	<u> </u>	<u> </u>
RECONCILIATION OF NET EXPENDITURES OVER REVENUES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Excess of expenditures over revenues	\$ (52,621)	\$ 121,972
Adjustment to reconcile net expenditures over revenues to net cash provided by operating activities:		
Bad Debt Expense	14,349	-
(Increase) decrease in:		
Assessments receivable	(26,262)	-
Other receivables	1,956	-
Prepaid expenses	280	-
Due from operating fund	-	89,999
Due to replacement fund	(89,999)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	99,541	-
Prepaid assessments	(6,862)	-
Special assessment fund	53,025	-
Net cash provided (used) by operating activities:	<u>(6,593)</u>	<u>211,971</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase/sale of CD's	-	(120,000)
Reinvested interest/dividends	-	(1,724)
Fund transfer	(5,783)	5,783
Net cash provided (used) by investing activities:	<u>(5,783)</u>	<u>(115,941)</u>
NET CHANGE IN CASH	<u>(12,376)</u>	<u>96,030</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>42,483</u>	<u>189,310</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 30,107</u>	<u>\$ 285,340</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	<u>\$ 3,553</u>	

See accompanying notes and accountant's review report.

BANANA BAY CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Banana Bay Condominium Association, Inc. ("The Association") is incorporated in the State of Florida. The Association is responsible for the operation and maintenance of the common property within the development. The development consists of 136 residential units located in Brevard County, Florida.

Financial Statements

The accompanying financial statements were prepared pursuant to the requirements of Florida Statutes and the American Institute of Certified Public Accountants.

Fund Accounting

The Association presents its financial statements on the accrual basis using fund accounting. The financial statements are therefore segregated into funds based upon different funding policies established for operating and capital expenditures.

The Operating Fund reflects the maintenance assessments paid by unit owners to meet the regular, recurring costs of operations. Expenditures from this fund are limited to those connected with daily operations.

The Replacement Fund is composed of capital assessments paid by unit owners to fund future replacements and major repairs. Expenditures from this fund are typically restricted to those items for which assessments were specifically collected. Interest earned on replacement funds remains in the Replacement Fund and may only be expended for components previously funded.

Revenue Recognition

Regular assessments to members are recognized as revenue during the period for which they are assessed. Assessments received in advance of this period are reported as prepaid assessments on the balance sheet.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

See independent accountant's report.

BANANA BAY CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Real and Common Area Property

The Association capitalizes all property and equipment to which it holds title or has other evidence of ownership. Real and common area property acquired from the developer is not capitalized in the Association's financial statements, as it is owned by the individual unit owners in common and not by the Association. As a result, improvements made to the real property and common areas are expensed as incurred.

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 expenditures during the reporting period. Actual results could differ from those estimates.

Concentrations of Risk

The Association maintains cash balances at several banks. Deposits at banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2017, the uninsured portion of cash balances is \$118,198.

The Association has obtained insurance coverage for damages covered by windstorm. The Association would be responsible for losses up to the amount of the deductible and has the right to increase regular assessments, levy a special assessment or delay repairs until adequate funds are available.

Commitments and Contingency

The Association has entered into various short-term contractual agreements with outside vendors and service providers to maintain its common property and to administer the Association. These contracts have different expiration dates and renewal terms.

Subsequent Events

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the date that the financial statements were issued.

BANANA BAY CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 2: RESERVE FOR MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents, as well as Florida Statutes, require funds to be accumulated for future major repairs and replacements. The funds are segregated and are not generally available for expenditures for normal operations.

Florida statutes require disclosure of the amount of annual funding required to fully fund each reserve account over the remaining useful life of the applicable assets. This calculation is presented in the Supplementary Information on Future Repairs and Replacements based upon estimates of replacement values and remaining lives as discussed below.

In the fall of 2017, the Association estimated the remaining useful lives and current replacement costs of common property components. Estimates were based on professional judgment, which may include contractor estimates for major components. The Association is funding at a reduced rate for major repairs and replacements over the remaining useful lives, and considering amounts previously accumulated in the replacement fund.

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

The following table presents significant information about the components of common property:

COMPONENT	BALANCE 12/31/16	FUNDING DURING YEAR	INTEREST & OTHER INCOME	CHARGES TO FUND	TRANSFERS	BALANCE 12/31/17
Carpports	\$ 63,767	\$ -	\$ -	\$ -	\$ -	\$ 63,767
Doors and hardware	40,863	-	-	-	-	40,863
Deferred maintenance	(18,174)	-	2,813	(2)	16,598	1,235
Recreational facilities	64,367	-	-	-	-	64,367
Roofing	(9,573)	-	-	-	9,573	-
Paving	229,805	-	-	-	-	229,805
Painting	57,588	-	-	(3,400)	-	54,188
Railings / enclosure	69,290	-	-	-	-	69,290
Dryer vent	10	-	-	-	-	10
Carpentry	8,324	-	-	(7,531)	-	793
Elevators	39,847	-	-	-	-	39,847
Pooled	-	129,780	312	-	(20,388)	109,704
TOTAL	\$ 546,114	\$ 129,780	\$ 3,125	\$ (10,933)	\$ 5,783	\$ 673,869

See independent accountant's report.

BANANA BAY CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 3: MEMBER ASSESSMENTS

Association members are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Association expenses are allocated on a pro-rata basis per unit (1/136). Assessments receivable at the balance sheet date represent fees due from unit owners. It is the Association's policy to retain legal counsel and place liens on the property of delinquent homeowners. Assessments that have been deemed to be uncollectible as of the report date have been charged to bad debts. The allowance for uncollectible accounts is \$29,300 on December 31, 2017.

NOTE 4: INCOME TAXES

Associations may be taxed as homeowners' associations or as regular corporations. In 2017, the Association elected to be taxed as a homeowners' association. Under that election, the Association is taxed on its nonexempt function income, such as interest earnings, net of directly related expenses, at a rate of 30%. Income tax expense was \$0 for the year then ended.

NOTE 5: SPECIAL ASSESSMENT

The board of directors declared a special assessment for 2017 of \$3,200 per unit for a total of \$435,200 to fund Hurricane Matthew repairs, elevator repairs, carport repairs and fire pump removal/repair. In 2017, \$382,175 of the assessment was expended with the balance of \$53,025 to be expended in 2018.

	Income	Spent in 2017	Balance to be spent
Hurricane Repairs	\$ 361,950	\$ 361,950	\$ -
Elevator Repairs	29,550	12,125	17,425
Carport Repairs	35,000	-	35,000
Fire pump repairs	8,700	8,100	600
Total	<u>\$ 435,200</u>	<u>\$ 382,175</u>	<u>\$ 53,025</u>

NOTE 6: INSURANCE SETTLEMENT

During 2018, the Association received an insurance settlement totaling \$616,826 for repairs related to hurricane damages.

NOTE 7: LITIGATION

As of December 31, 2017, the Association was involved in a lawsuit over billings related to damage assessment services. The Association settled the case for \$89,514.61. Which have been reflected in this year's financials.

See independent accountant's report.

SUPPLEMENTAL INFORMATION

BANANA BAY CONDOMINIUM ASSOCIATION, INC.

**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
(UNAUDITED)**

December 31, 2017

In the fall of 2017, the Association estimated the remaining useful lives and current replacement costs of common property components. Estimates were based upon professional judgment, which may include contractor estimates for major components. Florida statutes require disclosure of the amount of the annual funding required to fully fund each reserve account over the remaining useful life of the applicable asset.

The following is based on the estimate provided by the Association and presents significant information about the components of common property:

COMPONENT	ESTIMATED REMAINING USEFUL LIFE (YEARS)	ESTIMATED CURRENT REPLACEMENT COST	REPAIRS / REPLACEMENTS 2017	2018 STATUTORY FUNDING REQUIRED
Carports	12	\$ 411,400	\$ 63,767	\$ -
Doors and hardware	1 - 10	149,804	40,863	-
Deferred maintenance	0 - 12	87,100	1,235	-
Recreational facilities	2 - 24	144,422	64,367	-
Roofing	0 - 38	1,054,089	-	-
Paving	0 - 15	613,324	229,805	-
Painting	0 - 10	162,377	54,188	-
Railings / enclosure	2 - 14	161,009	69,290	-
Dryer vent		-	10	-
Carpentry	2 - 15	538,926	793	-
Elevators	6 - 11	180,600	39,847	-
Pooled		-	109,704	140,400
TOTAL		<u>\$ 3,503,051</u>	<u>\$ 673,869</u>	<u>\$ 140,400</u>

See independent accountant's report.

BANANA BAY CONDOMINIUM ASSOCIATION, INC.

**SUPPLEMENTARY INFORMATION - STATEMENT OF REVENUES AND EXPENDITURES
ACTUAL TO BUDGET (UNAUDITED)**

FOR THE YEAR ENDED DECEMBER 31, 2017

	Actual	Budget	Variance
REVENUE:			
Assessment income	\$ 750,720	\$ 750,720	\$ -
Special assessment	435,200	-	435,200
Insurance reimbursement	88,772	-	88,772
Interest income	34	24	10
Other income	1,993	1,500	493
TOTAL REVENUE	1,276,719	752,244	524,475
EXPENDITURES:			
Accounting & legal	6,872	3,300	3,572
Bad debt	14,349	-	14,349
Contract grounds maintenance	41,065	40,500	565
Elevator repairs & maintenance	12,610	7,320	5,290
Insurance	218,850	239,544	(20,694)
Interest expense	3,553	4,200	(647)
Irrigation repair	12,625	6,000	6,625
Janitorial	5,688	13,200	(7,512)
Licenses, permits & taxes	1,455	1,524	(69)
Management fees	17,160	17,160	-
Office & other expenses	15,871	12,204	3,667
Other grounds maintenance	66,247	43,032	23,215
Other pool maintenance	2,668	1,800	868
Payroll expense	47,548	35,568	11,980
Pest control	11,425	10,536	889
Pool maintenance	7,200	7,200	-
Safety & security	3,196	4,752	(1,556)
Special assessment expense	435,200	-	435,200
Storm expenses	100,719	-	100,719
Trash removal	20,313	15,600	4,713
Utilities	154,946	159,024	(4,078)
Reserve funding	129,780	129,780	-
TOTAL EXPENDITURES	1,329,340	752,244	577,096
EXPENDITURES IN EXCESS OF REVENUE	\$ (52,621)	\$ -	\$ (52,621)

See independent accountant's report.

BANANA BAY CONDOMINIUM ASSOCIATION, INC.

**SUPPLEMENTARY INFORMATION - STATEMENT OF REVENUES AND EXPENDITURES
ACTUAL TO PRIOR YEAR (UNAUDITED)**

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>	<u>Variance</u>
REVENUE:			
Assessment income	\$ 750,720	\$ 742,560	\$ 8,160
Special assessment	435,200	-	435,200
Insurance reimbursement	88,772	90,728	(1,956)
Interest income	34	23	11
Other income	<u>1,993</u>	<u>3,719</u>	<u>(1,726)</u>
TOTAL REVENUE	<u>1,276,719</u>	<u>837,030</u>	<u>439,689</u>
EXPENDITURES:			
Accounting & legal	6,872	7,236	(364)
Bad debt	14,349	268	14,081
Contract grounds maintenance	41,065	39,975	1,090
Elevator repairs & maintenance	12,610	7,847	4,763
Employee benefits	-	4,368	(4,368)
Insurance	218,850	222,341	(3,491)
Interest expense	3,553	2,451	1,102
Irrigation repair	12,625	3,851	8,774
Janitorial	5,688	8,099	(2,411)
Licenses, permits & taxes	1,455	1,455	-
Management fees	17,160	18,106	(946)
Office & other expenses	15,871	12,770	3,101
Other grounds maintenance	66,247	56,990	9,257
Other pool maintenance	2,668	2,422	246
Payroll expense	47,548	43,334	4,214
Pest control	11,425	10,685	740
Pool maintenance	7,200	6,600	600
Safety & security	3,196	3,972	(776)
Special assessment expense	435,200	-	435,200
Storm expenses	100,719	105,638	(4,919)
Trash removal	20,313	17,150	3,163
Utilities	154,946	146,673	8,273
Reserve funding	<u>129,780</u>	<u>133,435</u>	<u>(3,655)</u>
TOTAL EXPENDITURES	<u>1,329,340</u>	<u>855,666</u>	<u>473,674</u>
EXPENDITURES IN EXCESS OF REVENUE	<u>\$ (52,621)</u>	<u>\$ (18,636)</u>	<u>\$ (33,985)</u>

See independent accountant's report.

Cole & Associates, CPA, LLC
1222 Winter Garden Vineland Rd Ste 112
Winter Garden, FL 34787
407-351-4730

June 13, 2018

CONFIDENTIAL

Banana Bay Condominium Association,
c/o Reconcilable Differences
2560 Palm Lake Drive
Merritt Island, FL 32952

Dear Board of Directors:

We have prepared the following returns from information provided by you without verification or audit:

U.S. Income Tax Return for Homeowners Associations (Form 1120-H)

We suggest that you examine these returns carefully to fully acquaint yourself with all items contained therein to ensure that there are no omissions or misstatements. Attached are instructions for signing and filing each return. Please follow those instructions carefully.

Also enclosed is any material you furnished for use in preparing the returns. If the returns are examined, requests may be made for supporting documentation. Therefore, we recommend that you retain all pertinent records for at least seven years.

In order that we may properly advise you of tax considerations, please keep us informed of any significant changes in your financial affairs or of any correspondence received from taxing authorities.

If you have any questions, or if we can be of assistance in any way, please call.

Sincerely,


Cole & Associates, CPA, LLC

Filing Instructions

Banana Bay Condominium Association,

Form 1120-H

U.S. Income Tax Return for Homeowners Associations

Taxable Year Ended December 31, 2017

Date Due: October 15, 2018

Remittance: None is required. No amount is due or overpaid.

Mail To: Department of the Treasury
Internal Revenue Service Center
Cincinnati, OH 45999-0012

Signature: The return should be signed and dated by an authorized officer of the corporation.