

**SUTTON WALK AT LEXINGTON  
CONDOMINIUM ASSOCIATION, INC.  
FORT MYERS, FLORIDA  
AUDITED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022**

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**THE DAVIS GROUP**  
**Audit & Attestation Services, LLC**

Jimmy C. Roberts III CPA  
Jimmy@thedavisgroup.com

4560 Via Royale #1  
Fort Myers, FL 33919

Office: (239) 278-5209  
Fax: (239) 278-4002

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**INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Sutton Walk at Lexington  
Condominium Association, Inc.  
Fort Myers, Florida

We have audited the accompanying financial statements of Sutton Walk at Lexington Condominium Association, Inc., a Florida not-for-profit corporation, which comprise the balance sheet, as of December 31, 2022, and the related statements of revenues, expenses, and changes in fund (deficit) balances 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 Sutton Walk at Lexington Condominium Association, Inc. as of December 31, 2022, 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 described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sutton Walk at Lexington 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 the 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 Sutton Walk at Lexington 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.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sutton Walk at Lexington 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sutton Walk at Lexington 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.

### **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 operating fund revenues and expenses – budget to 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 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 Board of Directors  
Sutton Walk at Lexington  
Condominium Association, Inc.  
Fort Myers, Florida  
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### **Disclaimer of Opinion on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that information on future major repairs and replacements on pages 16-17 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 basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*The Davis Group Audit & Attestation Services, LLC*

THE DAVIS GROUP  
AUDIT & ATTESTATION SERVICES, LLC

July 27, 2023

SUTTON WALK AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.  
BALANCE SHEET  
DECEMBER 31, 2022

	FUNDS		
	Operating	Replacement	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 124,014	\$ 823,574	\$ 947,588
Accounts receivable	2,217	-	2,217
Prepaid insurance	342,431	-	342,431
Prepaid expenses	11,079	-	11,079
Prepaid expenses - hurricane	742,000	-	742,000
Due from operating	-	741,998	741,998
	<u>1,221,741</u>	<u>1,565,572</u>	<u>2,787,313</u>
Total assets	<u>\$ 1,221,741</u>	<u>\$ 1,565,572</u>	<u>\$ 2,787,313</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 19,231	\$ -	\$ 19,231
Assessment received in advance	4,716	-	4,716
Insurance note payable	270,544	-	270,544
Advance insurance proceeds - hurricane	228,000	-	228,000
Contract liabilities (assessments received in advance - replacement)	-	1,565,572	1,565,572
Due to replacement	741,998	-	741,998
	<u>1,264,489</u>	<u>1,565,572</u>	<u>2,830,061</u>
Total liabilities	<u>1,264,489</u>	<u>1,565,572</u>	<u>2,830,061</u>
<b>FUND (DEFICIT) BALANCES</b>			
	<u>(42,748)</u>	<u>-</u>	<u>(42,748)</u>
Total liabilities and fund balances	<u>\$ 1,221,741</u>	<u>\$ 1,565,572</u>	<u>\$ 2,787,313</u>

Read Independent Auditors' Report.  
The accompanying notes are an integral  
part of the financial statements.

SUTTON WALK AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND (DEFICIT) BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	FUNDS		
	Operating	Replacement	Total
REVENUES			
Maintenance fees	\$ 1,073,088	\$ 551,259	\$ 1,624,347
Late fees	900	-	900
Interest income	91	4,195	4,286
	<u>1,074,079</u>	<u>555,454</u>	<u>1,629,533</u>
Total revenues			
EXPENSES			
Administrative	622,051	-	622,051
Operating expenses	180,705	-	180,705
Common area and pool	67,493	-	67,493
Repairs and maintenance	166,540	-	166,540
Hurricane	38,010	-	38,010
Replacement	-	555,454	555,454
	<u>1,074,799</u>	<u>555,454</u>	<u>1,630,253</u>
Total expenses			
(Deficiency) of revenues over expenses	(720)	-	(720)
FUND (DEFICIT) BALANCES -			
Beginning (deficit) balance - January 1, 2022	<u>(50,428)</u>	<u>-</u>	<u>(50,428)</u>
Ending (deficit) balance - December 31, 2022	(51,148)	-	(51,148)
Working Capital - December 31, 2022	<u>8,400</u>	<u>-</u>	<u>8,400</u>
FUND (DEFICIT) BALANCES - December 31, 2022	<u>\$ (42,748)</u>	<u>\$ -</u>	<u>\$ (42,748)</u>

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part of the financial statements.

SUTTON WALK AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	FUNDS		
	Operating	Replacement	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Maintenance fees received	\$ 988,858	\$ 283,391	\$ 1,272,249
Advance insurance proceeds received	228,000	-	228,000
Late fees received	900	-	900
Interest income received	91	4,195	4,286
Cash paid for operating expenditures	(1,901,203)	-	(1,901,203)
Cash paid for replacement expenditures	-	(555,454)	(555,454)
Interfund payable/(receivable)	741,998	(741,998)	-
	58,644	(1,009,866)	(951,222)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from insurance loan	595,197	-	595,197
Payments on insurance loan	(497,390)	-	(497,390)
Proceeds from line of credit	128,000	-	128,000
Payments on line of credit	(190,000)	-	(190,000)
	35,807	-	35,807
Net cash provided (used) by operating activities			
Net cash provided by financing activities	35,807	-	35,807
Net increase (decrease) in cash	94,451	(1,009,866)	(915,415)
<b>CASH AND CASH EQUIVALENTS -</b>			
January 1, 2022	29,563	1,833,440	1,863,003
<b>CASH AND CASH EQUIVALENTS -</b>			
December 31, 2022	\$ 124,014	\$ 823,574	\$ 947,588

Read Independent Auditors' Report.  
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part of the financial statements.

	FUNDS		
	<u>Operating</u>	<u>Replacement</u>	<u>Total</u>
RECONCILIATION OF (DEFICIENCY) OF REVENUES OVER EXPENSES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
(Deficiency) of revenues over expenses	\$ (720)	\$ -	\$ (720)
Adjustments to reconcile (deficiency) of revenues over expenses to net cash provided (used) by operating activities:			
(Increase) in accounts receivable - members	(2,201)	-	(2,201)
(Increase) in prepaid insurance	(92,308)	-	(92,308)
(Increase) in prepaid expenses	(9,477)	-	(9,477)
(Increase) in prepaid expenses - hurricane	(724,082)	-	(724,082)
(Decrease) in accounts payable	(537)	-	(537)
(Decrease) in assessments received in advance	(82,029)	-	(82,029)
Increase in advance insurance proceeds - hurricane	228,000	-	228,000
(Decrease) in contract liabilities (assessments received in advance - replacement)	-	(267,868)	(267,868)
Interfund payable/(receivable)	741,998	(741,998)	-
Total adjustments	<u>59,364</u>	<u>(1,009,866)</u>	<u>(950,502)</u>
Net cash provided (used) by operating activities	<u>\$ 58,644</u>	<u>\$ (1,009,866)</u>	<u>\$ (951,222)</u>

Read Independent Auditors' Report.  
The accompanying notes are an integral  
part of the financial statements.

SUTTON WALK AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.  
STATEMENT OF OPERATING FUND REVENUES & EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Condominium Number			Total
	One	Two	Three	
<b>REVENUES</b>				
Maintenance fees	\$ 329,472	\$ 338,112	\$ 405,504	\$ 1,073,088
Late fees	198	133	569	900
Interest income	26	26	39	91
<b>Total revenues</b>	<b>329,696</b>	<b>338,271</b>	<b>406,112</b>	<b>1,074,079</b>
<b>EXPENSES</b>				
Administrative	203,803	204,399	213,849	622,051
Operating expenses	60,969	59,190	60,546	180,705
Common area and pool	22,659	22,662	22,172	67,493
Repairs and maintenance	62,630	38,733	65,177	166,540
Hurricane	19,859	11,932	6,219	38,010
<b>Total expenses</b>	<b>369,920</b>	<b>336,916</b>	<b>367,963</b>	<b>1,074,799</b>
(Deficiency) excess of revenues over expenses	(40,224)	1,355	38,149	(720)
<b>FUND (DEFICIT) BALANCES - January 1, 2022</b>	<b>3,270</b>	<b>(7,479)</b>	<b>(46,219)</b>	<b>(50,428)</b>
<b>FUND (DEFICIT) BALANCES - December 31, 2022</b>	<b>\$ (36,954)</b>	<b>\$ (6,124)</b>	<b>\$ (8,070)</b>	<b>\$ (51,148)</b>

Read Independent Auditors' Report.  
The accompanying notes are an integral  
part of the financial statements.

SUTTON WALK AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**NOTE 1 - THE ASSOCIATION**

Sutton Walk at Lexington Condominium Association, Inc. ("Association") was incorporated on July 25, 1997, under the laws of Florida as a corporation not-for-profit, to operate and manage Sutton Walk at Lexington Condominium. The Condominium consists of three condominiums, 2 each containing 48 residential units and 1 containing 72 residential units in three separate buildings, located in the development of Lexington Country Club in Fort Myers, Florida. The owners of all units in the condominium are the only members.

**NOTE 2 - DATE OF MANAGEMENT'S REVIEW**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through July 27, 2023; the date that the financial statements were available to be issued.

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General Accounting

The Association prepares its financial statements on the accrual basis and presents them as separate funds based on its different funding policies for operations and replacement expenditures.

Property and Equipment

Ownership of commonly owned real property and certain common personal property is vested directly or indirectly in the unit owners and those assets are not deemed to be severable. As a result, commonly owned assets are not presented in the Association's financial statements.

Member Assessments and Revenue Recognition

Association members are subject to periodic assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time and recognized as collected. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are delinquent. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control.

SUTTON WALK AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Funds

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. The assets of the Association are maintained and classified into separate funds to account for daily operations, deferred maintenance, or capital replacements.

The operating fund reflects the operating portion of quarterly assessments paid by the owners to meet various day-to-day expenditures incurred in the administration, maintenance, and operation of the condominium and recreational facilities.

The replacement fund is composed of the portion of the quarterly assessments designated in the budget to fund future major repairs and replacements, as further discussed in Note 11.

The working capital fund reflects contributions received from unit owners at closing, in the amount of fifty dollars per owner. This contribution is required upon the initial sale of all units and is to be used as working capital for operating purposes.

Cash Flows

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Association made no cash payments for federal income taxes and no cash payments for state income taxes during the year ended December 31, 2022.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 4 - CASH, CASH EQUIVALENTS, AND CERTIFICATES OF DEPOSIT**

The Association maintains its cash and cash equivalents at various financial institutions located in Southwest Florida. Accounts at the commercial banking institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of December 31, 2022, all of these balances were insured based on bank statement balances less FDIC insurance. The reconciled book balance, as of December 31, 2022, was \$947,588.

**NOTE 5 - ACCOUNTS RECEIVABLE - MEMBERS**

Accounts receivable - members consists of maintenance fees billed which have not been collected by the Association, as of December 31, 2022. The accounts receivable are considered collectible.

SUTTON WALK AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**NOTE 6 - FAIR VALUE MEASUREMENTS**

The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure requirements for fair value measurements.

The Association measures the fair value of assets and liabilities, as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

*Level 1:* Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

*Level 2:* Inputs other than quoted market prices included with Level 1 that are observable for an asset or liability, either directly or indirectly.

*Level 3:* Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable level 1 or 2 inputs are not available.

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Association's significant financial instruments are cash, accounts receivable, accounts payable, and other short-term assets and liabilities. For these financial instruments (level 1), carrying values approximate fair value, because of the short maturity of these instruments.

**NOTE 7 - INCOME TAXES**

The Association files its income tax return, as a condominium association, in accordance with Internal Revenue Code Section 528. Under that Section, the Association is not taxed on uniform assessments to members and other income received from Association members solely, as a function of their membership in the Association. The Association is taxed at the rate of 30% on its investment income and other non-exempt function income. The Association incurred no federal income tax and no state income tax expense for the year ended December 31, 2022.

Management considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in its filed income tax returns that require recognition or disclosure in the accompanying financial statements. The Association's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

**NOTE 8 - ASSESSMENT RECEIVED IN ADVANCE**

Assessments received in advance consist of unbilled maintenance fees, which were received by the Association, as of December 31, 2022.

**NOTE 9 - LINE OF CREDIT**

The Association extended its line of credit during 2022 through January 31, 2023. As of December 31, 2022, the interest rate on the line of credit was 7.5% and there was no outstanding principal balance.

SUTTON WALK AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**NOTE 10 - HURRICANE IAN**

The association was impacted by Hurricane Ian which made landfall in Southwest Florida during 2022. As of December 31, 2022, the association has contracted for hurricane related repairs and made payments totaling \$742,000 as deposits toward these restoration services. These deposits are included on the balance sheet as prepaid expenses – hurricane. Additionally, the association received five advance payments from its flood insurance policy totaling \$228,000 as of December 31, 2022. These advance payments are included on the balance sheet as advance insurance proceeds - hurricane.

**NOTE 11 - REPLACEMENT FUND**

The Association's replacement fund is utilized to accumulate funds for future major repairs and replacements, by an allocation of the maintenance fees charged to each owner specifically designated for the fund in the annual budget. Deductions from the fund are recorded as costs, as incurred, which are determined by the Board, to meet the objective for which the fund was established.

The following is a table of the activity in the replacement fund:

Components	Balance January 1, 2022	Additions To Fund	Transfers	Charges To Fund	Balance December 31, 2022
<u>Condominium 1</u>					
Painting	\$ 28,132	\$ 17,472	\$ -	\$ -	\$ 45,604
Roof	331,064	51,264	-	133,704	248,624
Paving	20,470	1,728	-	-	22,198
Elevator	107,307	8,640	-	41,988	73,959
Roof painting	9,984	3,456	-	-	13,440
Backflow	4,638	960	-	-	5,598
Lobby décor	5,768	4,992	-	64	10,696
Backflow - pump house	2,880	192	-	-	3,072
Fire pump	10,548	576	-	-	11,124
Interest	18,821	1,053	-	-	19,874
	<u>539,612</u>	<u>90,333</u>	<u>-</u>	<u>175,756</u>	<u>454,189</u>
<u>Condominium 2</u>					
Painting	28,559	17,472	-	-	46,031
Roof	351,411	47,232	-	133,704	264,939
Paving	20,285	1,728	-	-	22,013
Elevator	98,039	9,600	-	41,988	65,651
Roof painting	9,984	3,456	-	-	13,440
Backflow	7,280	-	-	-	7,280
Lobby décor	9,492	4,992	-	187	14,297
Backflow - pump house	2,880	192	-	-	3,072
Fire pump	10,548	576	-	-	11,124
Interest	15,206	1,453	-	-	16,659
	<u>553,684</u>	<u>86,701</u>	<u>-</u>	<u>175,879</u>	<u>464,506</u>

SUTTON WALK AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**NOTE 11 - REPLACEMENT FUND (Continued)**

Components	Balance January 1, 2022	Additions To Fund	Transfers	Charges To Fund	Balance December 31, 2022
<u>Condominium 3</u>					
Painting	29,952	14,976	-	-	44,928
Roof	451,213	58,752	-	140,556	369,409
Paving	24,559	1,152	-	-	25,711
Elevators	128,128	14,112	-	58,043	84,197
Roof painting	18,720	6,336	-	-	25,056
Backflow	19,603	5,472	-	-	25,075
Interest	21,331	1,572	-	-	22,903
	<u>693,506</u>	<u>102,372</u>	<u>-</u>	<u>198,599</u>	<u>597,279</u>
<u>Association</u>					
Painting	2,080	672	-	-	2,752
Roof	18,526	1,411	-	5,220	14,717
Paving	9,902	1,747	-	-	11,649
Resurface pool	6,115	2,083	-	-	8,198
Pool deck	7,843	2,150	-	-	9,993
Interest	2,172	117	-	-	2,289
	<u>46,638</u>	<u>8,180</u>	<u>-</u>	<u>5,220</u>	<u>49,598</u>
Totals	1,833,440	287,586	-	555,454	1,565,572
ASC 606 adjustment	<u>(1,833,440)</u>	<u>267,868</u>	<u>-</u>	<u>-</u>	<u>(1,565,572)</u>
ASC 606 adjusted balance	<u>\$ -</u>	<u>\$ 555,454</u>	<u>\$ -</u>	<u>\$ 555,454</u>	<u>\$ -</u>

Additions to fund include \$4,195 of interest income.

During the year ended December 31, 2022, the Association funded major repairs and replacements based on the Board's estimates of current replacement costs. The 2023 statutory and approved budgeted funding is \$283,392, as shown in the unaudited supplementary information. The components' actual replacement cost, useful lives, and investment income may vary from estimated amounts and the variation may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association, through its Board, has the power to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

**NOTE 12 - COMMITMENTS**

The Association currently has various contracts with vendors, including a management agreement with Lexington Community Association. The agreement automatically renews for a one year term unless cancelled by either party with 60 days notice.

**SUPPLEMENTARY INFORMATION**

SUTTON WALK AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.  
 SUPPLEMENTARY INFORMATION ON  
 FUTURE MAJOR REPAIRS AND REPLACEMENTS  
 DECEMBER 31, 2022  
 (Unaudited)

The following table is based on estimates provided to the Board by a professional reserve study done in 2020 and updated in 2022 by the Board.

Components	Estimated Useful Lives	Estimated Remaining Useful Lives	Estimated Current Replacement Costs	2023 Statutory & Approved Budgeted Funding
<u>Condominium 1</u>				
Painting	10 years	7 years	\$ 160,000	\$ 17,472
Roof	30 years	4 years	586,800	54,720
Paving	20 years	0 years	22,850	1,728
Elevator	30 years	8 years	185,000	8,640
Roof painting	15 years	9 years	45,000	-
Backflow - buildings	15 years	2 years	7,400	960
Lobby	10 years	2 years	20,000	4,992
Backflow - pump house	15 years	0 years	2,900	192
Fire pump	40 years	18 years	22,500	576
			1,052,450	89,280
<u>Condominium 2</u>				
Painting	10 years	7 years	160,000	17,472
Roof	30 years	4 years	586,800	50,688
Paving	20 years	0 years	22,700	1,728
Elevator	30 years	8 years	185,000	9,600
Roof painting	15 years	9 years	45,000	-
Backflow - buildings	15 years	0 years	7,280	-
Lobby	10 years	2 years	20,000	4,992
Backflow - pump house	15 years	0 years	2,900	192
Fire pump	40 years	18 years	22,500	576
			1,052,180	85,248

SUTTON WALK AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.  
SUPPLEMENTARY INFORMATION ON  
FUTURE MAJOR REPAIRS AND REPLACEMENTS  
DECEMBER 31, 2022  
(Unaudited)

Components	Estimated Useful Lives	Estimated Remaining Useful Lives	Estimated Current Replacement Costs	2023 Statutory & Approved Budgeted Funding
<u>Condominium 3</u>				
Painting	10 years	7 years	150,000	14,976
Roof	30 years	4 years	744,540	65,088
Paving	20 years	0 years	25,575	1,152
Elevators	30 years	8 years	255,000	14,112
Roof painting	15 years	9 years	60,000	-
Backflow	15 years	0 years	25,000	5,472
			1,260,115	100,800
<u>Association</u>				
Painting	10 years	7 years	8,000	672
Roof	30 years	4 years	26,000	1,411
Paving	20 years	0 years	11,820	1,747
Resurface pool	13 years	9 years	28,000	2,083
Pool deck	25 years	3 years	16,185	2,151
			90,005	8,064
Totals			\$ 3,454,750	\$ 283,392

Estimated future replacement costs are based on the assumption that the rate of interest income earned on replacement funds will be equal to the rate of inflation.

SUTTON WALK AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.  
SCHEDULE OF OPERATING FUND REVENUES & EXPENSES - BUDGET TO ACTUAL  
CONDOMINIUM 1  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u> <i>(Unaudited)</i>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>			
Maintenance fees	\$ 329,472	\$ 329,472	\$ -
Late fees	-	198	198
Interest income	-	26	26
	<u>329,472</u>	<u>329,696</u>	<u>224</u>
<b>EXPENSES</b>			
<b>ADMINISTRATIVE</b>			
Insurance - property	164,611	178,120	(13,509)
Insurance - flood	16,049	14,100	1,949
Insurance - D&O	8,691	7,911	780
Corporate filing fee	18	18	-
Accounting fees	1,800	1,404	396
Legal fees	571	1,338	(767)
Division fee	192	192	-
Bank fees	482	162	320
Federal income tax expense	804	-	804
Administrative expense	429	558	(129)
	<u>193,647</u>	<u>203,803</u>	<u>(10,156)</u>
<b>OPERATING EXPENSES</b>			
Electric	11,700	13,452	(1,752)
Telephone	1,250	1,248	2
Janitorial services	18,550	18,624	(74)
Pest control	6,708	2,207	4,501
Water and sewer	23,049	21,009	2,040
Waste removal	4,290	4,429	(139)
	<u>65,547</u>	<u>60,969</u>	<u>4,578</u>

SUTTON WALK AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.  
SCHEDULE OF OPERATING FUND REVENUES & EXPENSES - BUDGET TO ACTUAL  
CONDOMINIUM 1 - (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u> <i>(Unaudited)</i>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>COMMON AREA AND POOL</b>			
Insurance - property fire pump	2,411	2,668	(258)
Insurance - property pool	2,158	2,092	66
Fire pump utilities	600	406	194
Electricity - pool	1,800	1,307	493
Pool license	71	88	(17)
Pool service	4,534	4,571	(37)
Pool repairs and maintenance	1,000	3,216	(2,216)
Telephone - pool	174	174	-
Water and sewer - pool	1,189	1,615	(426)
Landscape and irrigation - pool	1,751	1,749	2
Fire pump inspection and maintenance	2,740	4,773	(2,033)
	<u>18,428</u>	<u>22,659</u>	<u>(4,231)</u>
<b>REPAIRS AND MAINTENANCE</b>			
Elevator contract	5,740	4,360	1,380
Fire monitoring	1,917	1,917	-
Fire sprinkler contract	213	213	-
Elevator inspections	610	565	45
Elevator repairs and maintenance	8,000	2,334	5,666
Fire alarm repairs	3,000	3,640	(640)
Sprinkler and extinguisher expense	3,820	1,700	2,120
Repairs and maintenance building	11,593	31,737	(20,144)
Plant and tree replacement	857	-	857
Landscape and irrigation	16,100	16,164	(64)
	<u>51,850</u>	<u>62,630</u>	<u>(10,780)</u>
<b>HURRICANE</b>			
	<u>-</u>	<u>19,859</u>	<u>(19,859)</u>
Total expenses	<u>329,472</u>	<u>369,920</u>	<u>(40,448)</u>
(Deficiency) of revenues over expenses	<u>\$ -</u>	<u>\$ (40,224)</u>	<u>\$ (40,224)</u>

SUTTON WALK AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.  
SCHEDULE OF OPERATING FUND REVENUES & EXPENSES - BUDGET TO ACTUAL  
CONDOMINIUM 2  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u> <i>(Unaudited)</i>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>			
Maintenance fees	\$ 338,112	\$ 338,112	\$ -
Late fees	-	133	133
Interest income	-	26	26
Budget (deficit)	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>
 Total revenues	 <u>333,112</u>	 <u>338,271</u>	 <u>5,159</u>
<b>EXPENSES</b>			
<b>ADMINISTRATIVE</b>			
Insurance - property	164,610	178,120	(13,510)
Insurance - flood	16,419	14,696	1,723
Insurance - D&O	8,691	7,911	780
Corporate filing fee	18	18	-
Accounting fees	1,800	1,404	396
Legal fees	571	1,338	(767)
Division fee	192	192	-
Bank fees	482	162	320
Federal income tax expense	804	-	804
Administrative expense	<u>429</u>	<u>558</u>	<u>(129)</u>
 Total administrative	 <u>194,016</u>	 <u>204,399</u>	 <u>(10,383)</u>
<b>OPERATING EXPENSES</b>			
Electric	11,700	12,526	(826)
Telephone	1,250	1,248	2
Janitorial services	18,550	18,624	(74)
Pest control	10,908	1,708	9,200
Water and sewer	23,049	20,655	2,394
Waste removal	<u>4,290</u>	<u>4,429</u>	<u>(139)</u>
 Total operating expenses	 <u>69,747</u>	 <u>59,190</u>	 <u>10,557</u>

SUTTON WALK AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.  
SCHEDULE OF OPERATING FUND REVENUES & EXPENSES - BUDGET TO ACTUAL  
CONDOMINIUM 2 - (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget <i>(Unaudited)</i>	Actual	Variance Favorable (Unfavorable)
<b>COMMON AREA AND POOL</b>			
Insurance - property fire pump	2,411	2,668	(258)
Insurance - property pool	2,158	2,092	66
Fire pump utilities	600	409	191
Electric	1,800	1,307	493
Pool license	71	88	(17)
Pool service	4,534	4,571	(37)
Pool repairs and maintenance	1,000	3,216	(2,216)
Telephone - pool	174	174	-
Water and sewer - pool	1,189	1,615	(426)
Landscape and irrigation - pool	1,751	1,749	2
Fire pump inspection and maintenance	2,740	4,773	(2,033)
Total common area and pool	18,428	22,662	(4,234)
<b>REPAIRS AND MAINTENANCE</b>			
Elevator contract	5,740	4,360	1,380
Fire monitoring	1,917	1,917	-
Fire sprinkler contract	213	213	-
Elevator inspections	610	565	45
Elevator repairs and maintenance	8,000	3,104	4,896
Fire alarm repairs	3,000	869	2,131
Sprinkler and extinguisher expense	3,010	821	2,189
Repairs and maintenance building	11,474	9,950	1,524
Plant and tree replacement	857	89	768
Landscape and irrigation	16,100	16,845	(745)
Total repairs and maintenance	50,921	38,733	12,188
<b>HURRICANE</b>	-	11,932	(11,932)
Total expenses	333,112	336,916	(3,804)
Excess of revenues over expenses	\$ -	\$ 1,355	\$ 1,355

SUTTON WALK AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.  
SCHEDULE OF OPERATING FUND REVENUES & EXPENSES - BUDGET TO ACTUAL  
CONDOMINIUM 3  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u> <i>(Unaudited)</i>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>			
Maintenance fees	\$ 405,504	\$ 405,504	\$ -
Late fees	-	569	569
Interest income	-	39	39
Budget (deficit)	<u>(45,000)</u>	<u>-</u>	<u>45,000</u>
 Total revenues	 <u>360,504</u>	 <u>406,112</u>	 <u>45,608</u>
<b>EXPENSES</b>			
<b>ADMINISTRATIVE</b>			
Insurance - property	154,906	167,087	(12,181)
Insurance - flood	30,778	29,391	1,387
Insurance - D&O	13,037	11,866	1,171
Corporate filing fee	27	26	1
Accounting fees	2,700	2,106	594
Legal fees	857	2,006	(1,149)
Division fee	288	288	-
Bank fees	728	243	485
Federal income tax expense	1,200	-	1,200
Administrative expense	<u>643</u>	<u>836</u>	<u>(193)</u>
 Total administrative	 <u>205,164</u>	 <u>213,849</u>	 <u>(8,685)</u>
<b>OPERATING EXPENSES</b>			
Electric	2,600	4,021	(1,421)
Telephone	1,870	1,872	(2)
Janitorial services	9,280	9,312	(32)
Pest control	3,162	7,121	(3,959)
Water and sewer	34,573	31,538	3,035
Waste removal	<u>6,430</u>	<u>6,682</u>	<u>(252)</u>
 Total operating expenses	 <u>57,915</u>	 <u>60,546</u>	 <u>(2,631)</u>

SUTTON WALK AT LEXINGTON CONDOMINIUM ASSOCIATION, INC.  
SCHEDULE OF OPERATING FUND REVENUES & EXPENSES - BUDGET TO ACTUAL  
CONDOMINIUM 3 - (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u> <i>(Unaudited)</i>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>COMMON AREA AND POOL</b>			
Insurance - property pool	3,237	3,093	144
Electricity - pool	2,700	1,961	739
Pool license	108	132	(24)
Pool service	6,801	6,857	(56)
Pool repairs and maintenance	1,500	4,823	(3,323)
Telephone - pool	261	261	-
Water and sewer - pool	1,783	2,422	(639)
Landscape and irrigation - pool	<u>2,627</u>	<u>2,623</u>	<u>4</u>
Total common area and pool	<u>19,017</u>	<u>22,172</u>	<u>(3,155)</u>
<b>REPAIRS AND MAINTENANCE</b>			
Elevator contract	7,600	5,410	2,190
Fire monitoring	2,876	2,876	-
Fire sprinkler contract	320	470	(150)
Elevator inspections	910	915	(5)
Elevator repairs and maintenance	12,000	12,749	(749)
Fire alarm repairs	3,254	506	2,748
Sprinkler and extinguisher expense	3,160	930	2,230
Repairs and maintenance building	17,272	11,607	5,665
Plant and tree replacement	1,285	126	1,159
Landscape and irrigation	<u>29,730</u>	<u>29,588</u>	<u>142</u>
Total repairs and maintenance	<u>78,408</u>	<u>65,177</u>	<u>13,231</u>
<b>HURRICANE</b>	<u>-</u>	<u>6,219</u>	<u>(6,219)</u>
Total expenses	<u>360,504</u>	<u>367,963</u>	<u>(7,459)</u>
Excess of revenue over expenses	<u>\$ -</u>	<u>\$ 38,149</u>	<u>\$ 38,149</u>