

**Resort Sixty-Six  
Owners' Association, Inc.**

**Financial Statements**

*Year ended December 31, 2014  
with Independent Auditors' Report*

**Resort Sixty-Six Owners' Association, Inc.**  
**Financial Statements**  
**Year ended December 31, 2014**

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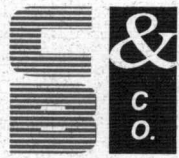
**Financial Statements**

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**COCUY, BURNS & Co., P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

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## **Independent Auditors' Report**

To the Board of Directors of  
Resort Sixty-Six Owners' Association, Inc.

We have audited the accompanying financial statements of Resort Sixty-Six Owners' Association, Inc. which comprise the balance sheet as of December 31, 2014, and the related statements of revenues, expenses and changes in fund (deficit) 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 auditors' 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 auditors consider 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 Resort Sixty-Six Owners' Association, Inc. as of December 31, 2014, 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.

*Cocuy, Burns & Co., P.A.*

Wellington, Florida

May 18, 2015



**Resort Sixty-Six Owners' Association, Inc.**  
**Balance Sheet**  
**December 31, 2014**

|  | <b>Funds</b>      |                    |                   |
|--|-------------------|--------------------|-------------------|
|  | <b>Operating</b>  | <b>Replacement</b> | <b>Total</b>      |
| <b>Assets</b>  |                   |                    |                   |
| Cash and cash equivalents                                    | \$ 540,872        | \$ 277,446         | \$ 818,318        |
| Accounts receivable – members (net of allowance of \$20,966) | 1,277             | -                  | 1,277             |
| Accounts receivable - related party                          | 5,883             | -                  | 5,883             |
| Accounts receivable - other                                  | 6,843             | -                  | 6,843             |
| Due from owners - tax escrow                                 | 15,179            | -                  | 15,179            |
| Due (to) from other funds                                    | (2,226)           | 2,226              | -                 |
| Prepaid expenses   | 20,173            | -                  | 20,173            |
| <b>Total assets</b>  | <b>\$ 588,001</b> | <b>\$ 279,672</b>  | <b>\$ 867,673</b> |
| <b>Liabilities and fund (deficit) balance</b>                |                   |                    |                   |
| Accounts payable   | \$ 24,385         | \$ -               | \$ 24,385         |
| Accrued expenses   | 23,833            | -                  | 23,833            |
| Assessments received in advance                              | 553,226           | -                  | 553,226           |
| <b>Total liabilities</b>                                     | <b>601,444</b>    | <b>-</b>           | <b>601,444</b>    |
| <b>Fund (deficit) balance</b>                                | <b>(13,443)</b>   | <b>279,672</b>     | <b>266,229</b>    |
| <b>Total liabilities and fund (deficit) balance</b>          | <b>\$ 588,001</b> | <b>\$ 279,672</b>  | <b>\$ 867,673</b> |

*See accompanying notes to financial statements.*

**Resort Sixty-Six Owners' Association, Inc.**  
**Statement of Revenues, Expenses and Changes in Fund (Deficit) Balance**  
**For the Year Ended December 31, 2014**

|                                      | Funds              |                   |                   |
|--------------------------------------|--------------------|-------------------|-------------------|
|                                      | Operating          | Replacement       | Total             |
| Revenues                             |                    |                   |                   |
| Maintenance fees                     | \$ 565,617         | \$ 149,000        | \$ 714,617        |
| Late charges                         | 2,923              | -                 | 2,923             |
| Rental income                        | 12,120             | -                 | 12,120            |
| Housekeeping income                  | 17,819             | -                 | 17,819            |
| Vending and recreation               | 2,203              | -                 | 2,203             |
| Other income                         | 12                 | -                 | 12                |
| Resale income                        | 3,922              | -                 | 3,922             |
| Interest income                      | -                  | 465               | 465               |
| Total revenues                       | <u>604,616</u>     | <u>149,465</u>    | <u>754,081</u>    |
| Expenses                             |                    |                   |                   |
| Front desk                           | 59,349             | -                 | 59,349            |
| Housekeeping                         | 139,756            | -                 | 139,756           |
| Maintenance                          | 116,662            | -                 | 116,662           |
| Utilities                            | 88,529             | -                 | 88,529            |
| Security                             | 34,967             | -                 | 34,967            |
| Telephone                            | 14,589             | -                 | 14,589            |
| General and administrative           | 170,319            | -                 | 170,319           |
| Major repairs and replacements       | -                  | 197,587           | 197,587           |
| Total expenses                       | <u>624,171</u>     | <u>197,587</u>    | <u>821,758</u>    |
| Deficiency of revenues over expenses | (19,555)           | (48,122)          | (67,677)          |
| Beginning fund balance               | 6,112              | 327,794           | 333,906           |
| Ending fund (deficit) balance        | <u>\$ (13,443)</u> | <u>\$ 279,672</u> | <u>\$ 266,229</u> |

*See accompanying notes to financial statements.*



**Resort Sixty-Six Owners' Association, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2014**

|   | <b>Funds</b>     |                    |              |
|---|------------------|--------------------|--------------|
|   | <b>Operating</b> | <b>Replacement</b> | <b>Total</b> |
| <b>Cash Flows from Operating Activities</b>   |                  |                    |              |
| Reconciliation of deficiency of revenues over expenses to net cash provided by (used in) operating activities:        |                  |                    |              |
| Deficiency of revenues over expenses  | \$ (19,555)      | \$ (48,122)        | \$ (67,677)  |
| Adjustments to reconcile deficiency of revenues over expenses to net cash provided by (used in) operating activities: |                  |                    |              |
| Increase in accounts receivable – members   | (1,277)          | -                  | (1,277)      |
| Increase in accounts receivable – related party   | (4,020)          | -                  | (4,020)      |
| Increase in accounts receivable – other   | (6,843)          | -                  | (6,843)      |
| Decrease in due from owners – tax escrow  | 23,759           |                    |              |
| Increase in prepaid expenses  | (1,887)          | -                  | (1,887)      |
| Increase in accounts payable  | 17,489           | -                  | 17,489       |
| Decrease in accrued expenses  | (5,892)          | -                  | (5,892)      |
| Increase in assessments received in advance   | 285,198          | -                  | 285,198      |
| Change in due (to) from other funds   | 3,439            | (3,439)            | -            |
| Net cash provided by (used in) operating activities   | 290,411          | (51,561)           | 215,091      |
| Increase (decrease) in cash and cash equivalents  | 290,411          | (51,561)           | 215,091      |
| Cash and cash equivalents at beginning of year  | 250,461          | 329,007            | 579,468      |
| Cash and cash equivalents at end of year  | \$ 540,872       | \$ 277,446         | \$ 794,559   |

*See accompanying notes to financial statements.*

**Resort Sixty-Six Owners' Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2014**

**NOTE 1 – THE ASSOCIATION**

Resort Sixty-Six Owners' Association, Inc. (the "Association") was incorporated on December 3, 1987, under the laws of Florida as a not-for-profit corporation, to operate and manage Resort Sixty-Six, an interval ownership condominium consisting of 27 timeshare units (1,377 unit-weeks, plus 27 maintenance weeks), located in Holmes Beach, Florida. The owners of all units in the condominium are the only members of the Association.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Fund Accounting

The Association prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("GAAP") and presents them as separate funds based on its different funding policies for operations and capital expenditures.

The operating fund reflects the portion of annual assessments paid by the owners to meet the 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 annual assessments designated in the budget to fund future major repairs and replacements, as further discussed in Note 6.

Property and Equipment

Ownership of commonly owned assets is vested directly or indirectly with the 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.

Revenue Recognition

Maintenance fee revenue is recorded monthly in the amount of the membership assessment allocation specified for current period operations based on the annual budget determined and approved by the Board of Directors (the "Board"). Each owner is an Association member and a proportionate share of the maintenance fee is assessed for each interval.



**Resort Sixty-Six Owners' Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2014**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property Taxes

Property taxes are considered to be a direct expense of the owners of the Association. Each owner is responsible for his pro-rata share of the taxes. The Association collects funds for the taxes from the owners and deposits them into the Association's operating account. The receipts are transferred to the tax escrow account and the Association remits payment to the tax collector. Therefore, the activity in the real estate tax escrow account is not reflected in the Association's statement of revenues, expenses and changes in fund (deficit) balance. Any credit received for early payment, or interest earned on the real estate tax escrow cash balance, is used to reduce taxes billed to the owners in the following year.

Income Taxes

The Association files its income tax return as a homeowners' association, in accordance with Internal Revenue Code Section 528. Under that Section, the Association is not taxed on common assessments to the Association members and other income received from Association members solely as a function of their membership in the Association. The Association did not incur an income tax liability for the year ended December 31, 2014.

The Association files income tax returns in the U.S. Federal jurisdiction. The Association is no longer subject to U.S. Federal income tax examinations by taxing authorities for years before 2011.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain 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 the estimates.

Fair Value of Financial Instruments

Substantially all of the Association's assets and liabilities, excluding prepaid expenses, are considered financial instruments. The carrying amounts of financial instruments as reported on the balance sheet approximate their fair value due to their short maturity.

**Resort Sixty-Six Owners' Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2014**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and Cash Equivalents

The Association considers all debt securities purchased with original maturities at the date of purchase of three months or less to be cash equivalents. The Association made no cash payments for income taxes or interest during the year ended December 31, 2014.

The Association maintains its cash and cash equivalent accounts at a financial institution located in Florida. Accounts at the commercial banking institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The uninsured balance at December 31, 2014 was \$308,853, based on the bank statement balances.

At December 31, 2014, balances with a financial services company consisted of interest bearing cash management accounts. Accounts at the financial services company are insured by the Securities Investor Protection Corporation up to \$500,000. These accounts were fully insured at December 31, 2014.

Subsequent Events

Management has evaluated subsequent events through May 18, 2015, the date which the financial statements were available to be issued.

**NOTE 3 – ACCOUNTS RECEIVABLE - MEMBERS**

At December 31, 2014, accounts receivable – members consist of the following:

|                                       | <b>Funds</b>     |                    |                 |
|---------------------------------------|------------------|--------------------|-----------------|
|                                       | <b>Operating</b> | <b>Replacement</b> | <b>Total</b>    |
| Maintenance fees                      | \$ 22,243        | \$ –               | \$ 22,243       |
| Less: allowance for doubtful accounts | (20,966)         | –                  | (20,966)        |
|                                       | <u>\$ 1,277</u>  | <u>\$ –</u>        | <u>\$ 1,277</u> |

**NOTE 4 – ASSESSMENTS RECEIVED IN ADVANCE**

Assessments received in advance consisted of 2015 maintenance fees billed to owners in October 2014, and received by the Association prior to January 1, 2015.



**Resort Sixty-Six Owners' Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2014**

**NOTE 5 – UNIT WEEKS HELD FOR RESALE**

As of December 31, 2014, the Association did not hold any unit weeks for resale.

During the year ended December 31, 2014, the Association received monies for the sale of unit weeks owned by the Association. This income was partially offset by the costs associated with unit weeks received by foreclosure.

**NOTE 6 – 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 assessment charged to each unit owner, and 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 current year's activity in the replacement fund:

| <b>Components</b>            | <b>Balance<br/>December<br/>31, 2013</b> | <b>Additions<br/>to Fund</b> | <b>Use<br/>of Funds</b> | <b>Other<br/>Changes<br/>to Fund</b> | <b>Balance<br/>December<br/>31, 2014</b> |
|------------------------------|--|------------------------------|-------------------------|--------------------------------------|--|
| Interior                     | \$ 159,227                               | \$ 84,000                    | \$ (77,892)             | \$ (82,000)                          | \$ 83,335                                |
| Paving                       | 1,498                                    | 21,000                       | —                       | —                                    | 22,498                                   |
| Painting                     | 29,334                                   | —                            | (112,000)               | 82,780                               | 114                                      |
| Roof                         | 62,943                                   | —                            | —                       | —                                    | 62,943                                   |
| Capital<br>improvements      | 74,440                                   | 44,000                       | (7,695)                 | —                                    | 110,745                                  |
| Unallocated<br>interest, net | 352                                      | 465                          | —                       | (780)                                | 37                                       |
| Total reserves               | <u>\$ 327,794</u>                        | <u>\$ 149,465</u>            | <u>\$ (197,587)</u>     | <u>\$ —</u>                          | <u>\$ 279,672</u>                        |

During the year ended December 31, 2014, the Association funded for major repairs and replacements over the estimated useful lives of the components, based on Bluegreen Resorts Management, Inc.'s (the "Management Company") estimates of current replacement costs. According to the Management Company's estimates, the 2015 budgeted funding is \$163,900, as shown in the unaudited supplementary information. This is based on the total number of units in the Association.

**Resort Sixty-Six Owners' Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2014**

**NOTE 6 – REPLACEMENT FUND (Continued)**

The components' actual replacement costs, useful lives, and investment income may vary from estimated amounts and the variation may be material. Therefore, the Association's 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.

Interest earned on reserve fund bank accounts is returned to the reserve fund for future use in that fund.

The Board approved and adopted the Association's reserves and budget for the year ended December 31, 2014.

**NOTE 7 – MATERIAL CONTRACTS**

The Association has a three-year management agreement with the Management Company, which runs through December 31, 2016. The contract automatically renews for successive three-year periods until terminated and can be canceled by either party with written notice. The Management Company provides on-site management and maintenance services, and off-site administrative and accounting services.

**NOTE 8 – RELATED PARTIES**

As of December 31, 2014, 689 of the unit weeks were owned by either an affiliate of the Management Company or Vacation Trust, Inc.

The Management Company earns fees for providing services to the Association. In addition, the Association reimburses the Management Company for the cost of personnel and insurance paid by the Management Company on behalf of the Association. During the year ended December 31, 2014, the Association incurred fees of \$51,486 and reimbursable expenses of \$219,847 to the Management Company. As of December 31, 2014, a total of \$9,747 was due to the Management Company for such items and are included in accounts payable/accrued expenses on the accompanying balance sheet.

At December 31, 2014, the Association had accounts receivable of \$5,883 due from the Management Company related to front desk activities and other expenses.

At December 31, 2014, the Association had accounts receivable of \$2,697 due from Vacation Trust, Inc., related to housekeeping expenses.



## **SUPPLEMENTARY INFORMATION**



**Independent Auditors' Report  
On Supplementary Information**

To the Board of Directors of  
Resort Sixty-Six Owners' Association, Inc.

We have audited the financial statements of Resort Sixty-Six Owners' Association, Inc. as of and for the year ended December 31, 2014, and our report thereon dated May 18, 2015, which expressed an unmodified opinion on those financial statements, appears on page 1.

**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, 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, 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. That 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, that 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 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.

**Disclaimer of Opinion on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements, on page 11, 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.

Wellington, Florida

*Cocuy, Burns & Co., P.A.*

May 18, 2015



**Resort Sixty-Six Owners' Association, Inc.**  
**Supplementary Information on Future Major Repairs and Replacements**  
**December 31, 2014**  
*(Unaudited)*

The following table represents an estimate of replacement costs based on a reserve study which was conducted by an independent consulting firm in 2014. The study was also based on information provided by the property manager, Board of Directors, resident manager, vendors and published replacement guides modified for local conditions related to reconstruction, and presents significant information about the components of common property:

| <b>Components</b>    | <b>Estimated Useful Life</b> | <b>Estimated Remaining Useful Life</b> | <b>Estimated Current Replacement Costs</b> | <b>2015 Proposed Budgeted Funding</b> |
|----------------------|------------------------------|--|--|---------------------------------------|
| Interior             | 15 years                     | 5 years                                | \$ 771,987                                 | \$ 101,598                            |
| Paving               | 25 years                     | 2 years                                | 7,497                                      | -                                     |
| Painting             | 6 years                      | 5 years                                | 157,121                                    | 30,000                                |
| Roof                 | 26 years                     | 16 years                               | 148,975                                    | -                                     |
| Capital improvements | 19 years                     | 8 years                                | 575,601                                    | 32,302                                |
| Total reserves       |                              |  | <u>\$ 1,661,181</u>                        | <u>\$ 163,900</u>                     |

Estimated future replacement costs have been revised to take into account the effects of inflation at an assumed rate of 3% per year.

**Resort Sixty-Six Owners' Association, Inc.**  
**Schedule of Operating Fund Revenues and Expenses – Budget to Actual**  
**For the Year Ended December 31, 2014**

|                           | <b>Budget</b>      | <b>Actual</b>  | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|---------------------------|--------------------|----------------|---|
|                           | <b>(Unaudited)</b> |                | <b>(Unaudited)</b>                              |
| <b>Revenues</b>           |                    |                |   |
| Maintenance fees          | \$ 565,620         | \$ 565,617     | \$ (3)  |
| Late charges              | 3,684              | 2,923          | (761)   |
| Rental income             | 25,266             | 12,120         | (13,146)  |
| Housekeeping income       | 24,252             | 17,819         | (6,433)   |
| Vending and recreation    | 3,718              | 2,203          | (1,515)   |
| Other income              | -                  | 12             | 12  |
| Resale income             | 2,000              | 3,922          | 1,922   |
| Total revenues            | <u>624,540</u>     | <u>604,616</u> | <u>(19,924)</u>                                 |
| <b>Expenses</b>           |                    |                |   |
| <b>Front desk</b>         |                    |                |   |
| Contributions to 401(k)   | 239                | -              | 239   |
| Contract labor            | -                  | 1,313          | (1,313)   |
| Educational seminars      | 45                 | 150            | (105)   |
| Health insurance          | 7,222              | 3,343          | 3,879   |
| Miscellaneous expenses    | 600                | 248            | 352   |
| Office supplies           | 1,836              | 2,381          | (545)   |
| Office equipment          | 1,590              | 2,011          | (421)   |
| Payroll                   | 38,329             | 42,342         | (4,013)   |
| Payroll taxes             | 3,890              | 4,185          | (295)   |
| Postage                   | 502                | 237            | 265   |
| Printing                  | -                  | 1,218          | (1,218)   |
| Uniforms                  | 418                | 437            | (19)  |
| Workers compensation      | 1,675              | 1,484          | 191   |
| Total front desk expenses | <u>56,346</u>      | <u>59,349</u>  | <u>(3,003)</u>                                  |
| <b>Housekeeping</b>       |                    |                |   |
| Cleaning supplies         | 4,483              | 4,369          | 114   |
| Contract labor            | -                  | 37,684         | (37,684)  |
| Contributions to 401(k)   | 239                | -              | 239   |
| Guest supplies            | 18,067             | 12,942         | 5,125   |
| Health insurance          | 4,022              | 3,893          | 129   |
| Housewares                | 8,300              | 6,802          | 1,498   |
| Linen replacement         | 8,250              | 7,906          | 344   |
| Office supplies           | 134                | 409            | (275)   |
| Payroll                   | 78,125             | 55,679         | 22,446  |
| Payroll taxes             | 7,928              | 5,568          | 2,360   |

*See independent auditors' report on supplementary information.*



**Resort Sixty-Six Owners' Association, Inc.**  
**Schedule of Operating Fund Revenues and Expenses – Budget to Actual**  
**(Continued)**  
**For the Year Ended December 31, 2014**

|                                   | <b>Budget</b>      | <b>Actual</b>  | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|-----------------------------------|--------------------|----------------|---|
|                                   | <b>(Unaudited)</b> |                | <b>(Unaudited)</b>                              |
| <b>Housekeeping (continued)</b>   |                    |                |   |
| Recruiting and relocation expense | \$ 136             | \$ -           | \$ 136  |
| Uniforms                          | 700                | 2,700          | (2,000)   |
| Workers compensation              | 3,414              | 1,804          | 1,610   |
| Total housekeeping expenses       | <u>133,798</u>     | <u>139,756</u> | <u>(5,958)</u>                                  |
| Contract labor                    | -                  | 18,423         | (18,423)  |
| Contributions to 401(k)           | 239                | -              | 239   |
| Contract services                 | 1,026              | 1,439          | (413)   |
| Health insurance                  | 4,705              | 4,262          | 443   |
| Landscaping and grounds           | 2,347              | 3,733          | (1,386)   |
| Office supplies                   | 134                | 167            | (33)  |
| Parts, equipment and supplies     | 23,224             | 38,455         | (15,231)  |
| Payroll                           | 58,635             | 34,260         | 24,375  |
| Payroll taxes                     | 5,951              | 3,949          | 2,002   |
| Pest control                      | 3,290              | 1,385          | 1,905   |
| Pool and spa                      | 5,742              | 8,907          | (3,165)   |
| Recruiting and relocation expense | -                  | 325            | (325)   |
| Repairs and maintenance           | -                  | (398)          | 398   |
| Travel and entertainment          | 125                | -              | 125   |
| Uniforms                          | 535                | 871            | (336)   |
| Workers compensation              | 2,562              | 884            | 1,678   |
| Total maintenance expenses        | <u>108,515</u>     | <u>116,662</u> | <u>(8,147)</u>                                  |
| <b>Utilities</b>                  |                    |                |   |
| Cable                             | 9,828              | 9,118          | 710   |
| Electric                          | 28,280             | 33,572         | (5,292)   |
| Gas                               | 12,412             | 8,554          | 3,858   |
| Internet                          | 8,651              | 2,927          | 5,724   |
| Trash                             | 10,200             | 8,797          | 1,403   |
| Water and sewer                   | 30,800             | 25,561         | 5,239   |
| Total utilities expenses          | <u>100,171</u>     | <u>88,529</u>  | <u>11,642</u>                                   |
| Contract labor                    | <u>34,704</u>      | <u>34,967</u>  | <u>(263)</u>                                    |
| Total security expense            | <u>34,704</u>      | <u>34,967</u>  | <u>(263)</u>                                    |

*See independent auditors' report on supplementary information.*

**Resort Sixty-Six Owners' Association, Inc.**  
**Schedule of Operating Fund Revenues and Expenses – Budget to Actual**  
**(Continued)**  
**For the Year Ended December 31, 2014**

|   | <b>Budget</b>      | <b>Actual</b>      | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|---|--------------------|--------------------|---|
|   | <b>(Unaudited)</b> |                    | <b>(Unaudited)</b>                              |
| <b>Telephone</b>                          |                    |                    |   |
| Telephone                                 | \$ 11,557          | \$ 14,589          | \$ (3,032)                                      |
| Total telephone expense                   | <u>11,557</u>      | <u>14,589</u>      | <u>(3,032)</u>                                  |
| <b>General and administrative</b>         |                    |                    |   |
| Accounting fees                           | 7,422              | 7,422              | -   |
| Association mailings                      | 1,179              | 1,669              | (490)   |
| Association meetings                      | 126                | 83                 | 43  |
| Bank charges                              | 9,039              | 4,413              | 4,626   |
| Bad debt expense                          | 10,726             | 9,858              | 868   |
| Consulting                                | -                  | 1,398              | (1,398)   |
| Contributions to 401(k)                   | 750                | 1,725              | (975)   |
| Credit cards                              | -                  | 4,299              | (4,299)   |
| Division fees                             | 2,754              | 2,754              | -   |
| Educational seminars                      | 481                | 275                | 206   |
| Employee relations                        | 700                | 1,272              | (572)   |
| Health insurance                          | 7,908              | 7,348              | 560   |
| Insurance expense                         | 23,756             | 20,081             | 3,675   |
| Legal and audit                           | 5,400              | 4,980              | 420   |
| Licenses and permits                      | 1,072              | 1,190              | (118)   |
| Management fees                           | 44,064             | 44,064             | -   |
| Miscellaneous expense                     | -                  | (24)               | 24  |
| Office supplies                           | 900                | 1,821              | (921)   |
| Owners/guest parties                      | 1,800              | 1,308              | 492   |
| Payroll                                   | 51,623             | 43,495             | 8,128   |
| Payroll taxes                             | 5,114              | 3,863              | 1,251   |
| Postage                                   | -                  | 387                | (387)   |
| Printing                                  | 1,093              | 2,377              | (1,284)   |
| Recruiting and relocation                 | -                  | 355                | (355)   |
| Travel and entertainment                  | 1,286              | 2,142              | (856)   |
| Workers compensation                      | 2,256              | 1,764              | 492   |
| Total general and administrative expenses | <u>179,449</u>     | <u>170,319</u>     | <u>9,130</u>                                    |
| <br>Total expenses                        | <br>624,540        | <br>624,171        | <br>369   |
| Deficiency of revenues over expenses      | <u>\$ -</u>        | <u>\$ (19,555)</u> | <u>\$ (19,555)</u>                              |

*See independent auditors' report on supplementary information.*