



JOHNSON & CREEKMORE, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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To Management
Key Allegro Council of Co-Owners
2611 Highway 35 N
Rockport, TX 78382

Management is responsible for the accompanying financial statements of Key Allegro Council of Co-Owners (a corporation), which comprise the balance sheet as of April 30, 2018, and the related statements of income for the one month and ten months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements of Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Required Supplementary Information

Management has omitted supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Supplementary Information

The supplementary budget information is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The supplementary budget information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary budget information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary budget information.

We are not independent with respect to Key Allegro Council of Co-Owners.

Johnson & Creekmore, PLLC

Rockport, Texas
April 18, 2018

Key Allegro Council of Co-Owners
Balance Sheet
March 31, 2018

Assets	
Current Assets	
Cash-Checking-American Bank	\$ 103,240.57
Cash-Navy Army MMA	264,972.24
Cash- American Bank Insurance	3,469,815.56
Accounts Receivable	33,705.17
Prepaid Insurance	3,434.78
Prepaid Management	<u>3,500.00</u>
Total Current Assets	<u><u>3,878,668.32</u></u>
Fixed Assets	
Other Assets	
Deposits	<u>120.00</u>
Total Other Assets	<u>120.00</u>
Total Assets	<u><u>\$ 3,878,788.32</u></u>
 Liabilities & Equity	
Current Liabilities	
Accounts Payable	\$ 1,069.68
Catastrophe Management Reserve	75,661.87
Accrued Wages/Taxes	592.85
Maintenance Reserve	21,000.00
Fica Payable	985.02
WH Payable	509.00
TWC Payable	416.54
FUTA Payable	82.72
Deferred Income-Mnt Fees	28,000.00
Deferred Maintenance Reserve	2,000.00
Deferred Revenue - Bulkhead	170,000.00
Deferred Revenue - Harvey Insurance Proceeds	<u>3,469,815.56</u>
Total Current Liabilities	<u>3,770,133.24</u>
Total Liabilities	<u><u>3,770,133.24</u></u>
Association Equity	
Beginning of Year	4,425.08
Current Earnings	<u>104,230.00</u>

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Key Allegro Council of Co-Owners
Balance Sheet
March 31, 2018

Total Association Equity	<u>108,655.08</u>
Total Liabilities & Association Equity	<u>\$ 3,878,788.32</u>

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Key Allegro Council of Co-Owners
Statement of Operations- Actual vs. Budget
For The Month Ending March 31, 2018

	<u>One Month Actual</u>	<u>One Month Budget</u>
Revenues		
Maintenance Fees	28,000.00	28,000.00
Rebill to Homeowner	1,020.00	0.00
Special Assessments	0.00	60,000.00
Insurance Proceeds	11,166.38	0.00
Interest Income	214.08	0.00
Miscellaneous	0.00	700.00
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Total Revenues	40,400.46	88,700.00
Expenditures		
Management Fee	3,500.00	3,500.00
Wages	6,438.00	8,100.00
Employee Benefits	65.00	500.00
Employee Meals	0.00	900.00
Payroll Taxes	770.45	625.00
Uniforms	0.00	100.00
Maint-Building	(1,160.70)	5,000.00
Maint-Grounds	2,500.00	3,000.00
Maint-Electrical	0.00	500.00
Maint-Plumbing	668.00	400.00
Maint-Pool	0.00	100.00
Maint-Docks & Piers	3,500.00	1,000.00
Equipment Purchases	834.09	0.00
Pest Control	0.00	800.00
Utilities-Trash Disposal	595.48	800.00
Utilities-Electric	222.39	600.00
Utilities-Water	299.06	3,100.00
Utilities-Sewer	103.17	1,300.00
Utilities-Telephone	0.00	100.00
Insurance	551.61	500.00
Legal & Professional	2,091.34	1,200.00
Auto Expense	75.00	200.00
Office Supplies	153.72	100.00
Bank Fees	1.75	0.00
Catastrophe Expense	11,166.38	0.00
Bad Debts	14.17	0.00

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Key Allegro Council of Co-Owners
Statement of Operations- Actual vs. Budget
For The Month Ending March 31, 2018

	<u>One Month Actual</u>	<u>One Month Budget</u>
Misc Expense	286.59	100.00
Total Expenditures	<u>32,675.50</u>	<u>32,525.00</u>
Revenues Over (Under) Expenditures	<u>\$ 7,724.96</u>	<u>\$ 56,175.00</u>

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**Key Allegro Council of Co-Owners
For The Periods Ending March 31, 2018**

	9 Months Ended March 31, 2018 <u>Actual</u>	9 Months Ended March 31, 2018 <u>Budget</u>	Over / (Under) <u>Budget</u>
Revenue			
Maintenance Fees	\$ 267,000.00	\$ 267,000.00	\$ 0.00
Rebill to Homeowner	5,001.22	0.00	5,001.22
Special Assessments	0.00	120,000.00	(120,000.00)
Insurance Proceeds	4,020,709.32	0.00	4,020,709.32
Interest Income	811.83	0.00	811.83
Miscellaneous	<u>7,474.32</u>	<u>6,300.00</u>	<u>1,174.32</u>
Total Revenue	<u>4,300,996.69</u>	<u>393,300.00</u>	<u>\$ 3,907,696.69</u>
Operating Expenses			
Rebilled to Owner	2,400.00	0.00	2,400.00
Management Fee	31,500.00	31,500.00	0.00
Wages	48,859.38	57,500.00	(8,640.62)
Employee Benefits	1,624.31	3,900.00	(2,275.69)
Employee Meals	0.00	900.00	(900.00)
Payroll Taxes	4,252.62	5,425.00	(1,172.38)
Uniforms	0.00	500.00	(500.00)
Maint-Roofs	0.00	6,000.00	(6,000.00)
Maint-Building	5,518.92	44,000.00	(38,481.08)
Maint-Grounds	27,719.33	33,000.00	(5,280.67)
Maint-Electrical	0.00	4,500.00	(4,500.00)
Maint-Plumbing	1,707.68	3,600.00	(1,892.32)
Maint-Pool	388.56	1,400.00	(1,011.44)
Maint-Prkng Lot/Tennis Crt	0.00	7,500.00	(7,500.00)
Maint-Docks & Piers	5,550.00	11,000.00	(5,450.00)
Maint-Painting	58.43	0.00	58.43
Equipment Purchases	1,133.86	4,000.00	(2,866.14)
Pest Control	927.71	7,200.00	(6,272.29)
Maint-Wood Replacement	6,528.22	0.00	6,528.22
Utilities-Trash Disposal	2,061.79	7,200.00	(5,138.21)
Utilities-Electric	2,868.71	5,400.00	(2,531.29)
Utilities-Water	11,652.01	29,000.00	(17,347.99)
Utilities-Sewer	1,872.58	13,100.00	(11,227.42)
Utilities-Telephone	325.00	1,000.00	(675.00)
Insurance	5,593.45	4,500.00	1,093.45
Website/ Adv. & Promotion	0.00	650.00	(650.00)
Legal & Professional	10,311.34	10,900.00	(588.66)
Auto Expense	555.00	1,800.00	(1,245.00)
Office Supplies	460.57	900.00	(439.43)
Bank Fees	22.72	0.00	22.72

See Accountants' Compilation Report

**Key Allegro Council of Co-Owners
For The Periods Ending March 31, 2018**

	9 Months Ended March 31, 2018 <u>Actual</u>	9 Months Ended March 31, 2018 <u>Budget</u>	Over / (Under) <u>Budget</u>
Web Expense	357.23	0.00	357.23
Catastrophe Expense	4,020,709.32	0.00	4,020,709.32
Taxes-Other	3.13	0.00	3.13
Bad Debts	17.09	0.00	17.09
Misc Expense	<u>1,787.73</u>	<u>900.00</u>	<u>887.73</u>
Total Operating Expenses	<u>4,196,766.69</u>	<u>297,275.00</u>	<u>3,899,491.69</u>
Operating Income (Loss)	<u>104,230.00</u>	<u>96,025.00</u>	<u>8,205.00</u>

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