



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 June 30, 2018, and the related statements of income for the one month and twelve 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
July 18, 2018

Key Allegro Council of Co-Owners
Balance Sheet
June 30, 2018

Assets	
Current Assets	
Cash-Checking-American Bank	\$ 114,455.36
Cash-Navy Army MMA	117,303.31
Cash- American Bank Insurance	2,310,723.72
Accounts Receivable	40,887.50
Prepaid Insurance	<u>1,767.95</u>
Total Current Assets	<u>2,585,137.84</u>
Fixed Assets	
Other Assets	
Deposits	<u>120.00</u>
Total Other Assets	<u>120.00</u>
Total Assets	<u><u>\$ 2,585,257.84</u></u>
Liabilities & Equity	
Current Liabilities	
Accounts Payable	\$ 5,030.63
Catastrophe Management Reserve	86,614.46
Accrued Wages/Taxes	604.39
Maintenance Reserve	27,000.00
Fica Payable	1,361.06
WH Payable	124.94
TWC Payable	8.67
FUTA Payable	1.33
Deferred Income-Mnt Fees	28,000.00
Deferred Maintenance Reserve	2,000.00
Deferred Revenue - Bulkhead	5,100.00
Deferred Revenue - Harvey Insurance Proceeds	<u>2,310,723.72</u>
Total Current Liabilities	<u>2,466,569.20</u>
Association Equity	
Beginning of Year	4,425.08
Current Earnings	<u>114,263.56</u>
Total Association Equity	<u>118,688.64</u>
Total Liabilities and Association Equity	<u><u>\$ 2,585,257.84</u></u>

See Accountants' Compilation Report

Key Allegro Council of Co-Owners
Statement of Operations- Actual vs. Budget
For The Month Ending June 30, 2018

	<u>One Month Actual</u>	<u>One Month Budget</u>
Revenues		
Maintenance Fees	28,000.00	28,000.00
Rebill to Homeowner	155.28	0.00
Special Assessments	66,199.47	0.00
Insurance Proceeds	550,865.60	0.00
Interest Income	55.34	0.00
Miscellaneous	10,000.00	700.00
Total Revenues	<u>655,275.69</u>	<u>28,700.00</u>
Expenditures		
Management Fee	3,500.00	3,500.00
Wages	6,427.54	8,100.00
Employee Benefits	0.00	500.00
Payroll Taxes	491.70	900.00
Maint-Building	7,014.95	4,000.00
Maint-Grounds	2,500.00	3,500.00
Maint-Electrical	0.00	500.00
Maint-Plumbing	0.00	400.00
Maint-Pool	0.00	200.00
Maint-Prkng Lot/Tennis Crt	0.00	100.00
Maint-Docks, Piers & Bulkhead	7,145.55	500.00
Equipment Purchases	196.45	0.00
Pest Control	0.00	800.00
Utilities-Trash Disposal	595.38	800.00
Utilities-Electric	221.85	600.00
Utilities-Water	419.69	3,100.00
Utilities-Sewer	184.80	2,000.00
Utilities-Telephone	65.00	100.00
Insurance	555.61	500.00
Legal & Professional	921.81	1,200.00
Bulkhead Repair	66,199.47	0.00
Auto Expense	75.00	200.00
Office Supplies	14.54	100.00
Bank Fees	1.75	0.00
Catastrophe Expense	550,865.60	0.00
Donations	0.00	2,000.00
Bad Debts	2.50	0.00
Misc Expense	50.00	100.00

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Key Allegro Council of Co-Owners
Statement of Operations- Actual vs. Budget
For The Month Ending June 30, 2018

	<u>One Month Actual</u>	<u>One Month Budget</u>
Total Expenditures	647,449.19	33,700.00
Revenues Over (Under) Expenditures	\$ <u>7,826.50</u>	\$ <u>(5,000.00)</u>

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Key Allegro Council of Co-Owners For The Periods Ending June 30, 2018

	12 Months Ended June 30, 2018 <u>Actual</u>	12 Months Ended June 30, 2018 <u>Budget</u>	Over / (Under) <u>Budget</u>
Revenue			
Maintenance Fees	\$ 351,000.00	\$ 356,000.00	\$ (5,000.00)
Rebill to Homeowner	6,398.74	0.00	6,398.74
Special Assessments	164,900.00	170,000.00	(5,100.00)
Insurance Proceeds	6,264,106.23	0.00	6,264,106.23
Interest Income	1,373.00	0.00	1,373.00
Miscellaneous	<u>17,624.32</u>	<u>8,400.00</u>	<u>9,224.32</u>
Total Revenue	<u>6,805,402.29</u>	<u>534,400.00</u>	<u>\$ 6,271,002.29</u>
Operating Expenses			
Rebilled to Owner	2,400.00	0.00	2,400.00
Management Fee	42,000.00	42,000.00	0.00
Wages	65,426.77	78,600.00	(13,173.23)
Employee Benefits	1,624.31	5,200.00	(3,575.69)
Employee Meals	0.00	900.00	(900.00)
Payroll Taxes	5,827.55	7,325.00	(1,497.45)
Uniforms	0.00	600.00	(600.00)
Maint-Roofs	0.00	8,000.00	(8,000.00)
Maint-Building	23,441.71	58,000.00	(34,558.29)
Maint-Grounds	35,219.33	43,500.00	(8,280.67)
Maint-Electrical	0.00	6,000.00	(6,000.00)
Maint-Plumbing	1,707.68	4,800.00	(3,092.32)
Maint-Pool	3,488.56	2,000.00	1,488.56
Maint-Prkng Lot/Tennis Crt	0.00	7,800.00	(7,800.00)
Maint-Docks, Piers & Bulkhead	22,455.55	14,500.00	7,955.55
Maint-Painting	58.43	0.00	58.43
Equipment Purchases	1,739.12	5,000.00	(3,260.88)
Pest Control	927.71	9,600.00	(8,672.29)
Maint-Wood Replacement	6,528.22	0.00	6,528.22
Utilities-Trash Disposal	3,550.24	9,600.00	(6,049.76)
Utilities-Electric	3,473.45	7,200.00	(3,726.55)
Utilities-Water	12,710.67	38,300.00	(25,589.33)
Utilities-Sewer	2,301.93	17,700.00	(15,398.07)
Utilities-Telephone	520.00	1,300.00	(780.00)
Insurance	7,260.28	6,000.00	1,260.28
Website/ Adv. & Promotion	0.00	650.00	(650.00)
Legal & Professional	14,926.27	14,500.00	426.27
Bulkhead Repair	164,900.00	170,000.00	(5,100.00)
Auto Expense	918.61	2,400.00	(1,481.39)
Office Supplies	618.00	1,200.00	(582.00)

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**Key Allegro Council of Co-Owners
For The Periods Ending June 30, 2018**

	12 Months Ended June 30, 2018 <u>Actual</u>	12 Months Ended June 30, 2018 <u>Budget</u>	Over / (Under) <u>Budget</u>
Bank Fees	34.97	0.00	34.97
Web Expense	895.23	0.00	895.23
Catastrophe Expense	6,264,106.23	0.00	6,264,106.23
Taxes-Other	3.13	0.00	3.13
Donations	0.00	2,000.00	(2,000.00)
Bad Debts	19.59	0.00	19.59
Misc Expense	<u>2,055.19</u>	<u>1,200.00</u>	<u>855.19</u>
Total Operating Expenses	<u>6,691,138.73</u>	<u>565,875.00</u>	<u>6,125,263.73</u>
Operating Income (Loss)	<u>114,263.56</u>	<u>(31,475.00)</u>	<u>145,738.56</u>

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