

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 August 31, 2018, and the related statements of income for the one month and two 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
September 17, 2018

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

Assets	
Current Assets	
Cash-Checking-American Bank	\$ 116,930.17
Cash-Navy Army MMA	137,061.89
Cash - American Bank Catastrophe Insurance	2,007,032.36
Cash - American Bank Flood Insurance	222,231.87
Accounts Receivable	45,963.03
Prepaid Insurance	<u>786.34</u>
Total Current Assets	<u>2,530,005.66</u>
Fixed Assets	
Other Assets	
Deposits	<u>120.00</u>
Total Other Assets	<u>120.00</u>
Total Assets	<u><u>\$ 2,530,125.66</u></u>
 Liabilities & Equity	
Current Liabilities	
Accounts Payable	\$ 7,286.49
Catastrophe Management Reserve	102,257.06
Accrued Wages/Taxes	587.44
Maintenance Reserve	31,000.00
Fica Payable	1,365.56
WH Payable	129.45
TWC Payable	(92.66)
Deferred Income-Mnt Fees	28,000.00
Deferred Maintenance Reserve	2,000.00
Deferred Revenue - Bulkhead	5,100.00
Deferred Revenue - Harvey Insurance	2,007,032.36
Deferred Revenue - Flood Insurance	<u>222,231.87</u>
Total Current Liabilities	<u>2,406,897.57</u>
Association Equity	
Beginning of Year	119,482.69
Current Earnings	<u>3,745.40</u>
Total Association Equity	<u>123,228.09</u>
Total Liabilities and Association Equity	<u><u>\$ 2,530,125.66</u></u>

See Accountants' Compilation Report

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

	<u>One Month Actual</u>	<u>One Month Budget</u>
Revenues		
Maintenance Fees	28,000.00	28,000.00
Insurance Proceeds - Catastrophe	788,457.21	1,552,884.00
Insurance Proceeds - Flood	18,550.00	0.00
Interest Income	208.08	0.00
Miscellaneous	0.00	700.00
Total Revenues	<u>835,215.29</u>	<u>1,581,584.00</u>
Expenditures		
Management Fee	3,500.00	3,500.00
Wages	6,438.00	6,500.00
Employee Benefits	0.00	400.00
Payroll Taxes	492.49	600.00
Maint-Building	2,637.27	0.00
Maint-Grounds	15,980.00	2,500.00
Maint-Plumbing	0.00	1,000.00
Maint-Pool	0.00	200.00
Maint-Docks, Piers & Bulkhead	3,600.00	9,000.00
Equipment Purchases	0.00	1,000.00
Utilities-Trash Disposal	1,190.76	800.00
Utilities-Electric	359.49	450.00
Utilities-Water	226.52	300.00
Utilities-Sewer	0.00	100.00
Utilities-Telephone	65.00	65.00
Insurance	426.00	500.00
Legal & Professional	850.00	1,200.00
Auto Expense	75.00	75.00
Office Supplies	0.00	100.00
Bank Fees	1.75	0.00
Catastrophe Expense	788,457.21	1,352,884.00
Flood Expense	18,550.00	200,000.00
Bad Debts	2.50	0.00
Misc Expense	243.98	60.00
Total Expenditures	<u>843,095.97</u>	<u>1,581,234.00</u>
Revenues Over (Under) Expenditures	<u>\$ (7,880.68)</u>	<u>\$ 350.00</u>

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

	2 Months Ended August 31, 2018 <u>Actual</u>	2 Months Ended August 31, 2018 <u>Budget</u>	Over / (Under) <u>Budget</u>
Revenue			
Maintenance Fees	\$ 56,000.00	\$ 56,000.00	\$ 0.00
Rebill to Homeowner	3,056.51	0.00	3,056.51
Insurance Proceeds - Catastrophe	1,465,107.21	3,104,768.00	(1,639,660.79)
Insurance Proceeds - Flood	164,969.58	0.00	164,969.58
Interest Income	403.40	0.00	403.40
Miscellaneous	<u>1,737.49</u>	<u>1,400.00</u>	<u>337.49</u>
Total Revenue	<u>1,691,274.19</u>	<u>3,162,168.00</u>	<u>\$ (1,470,893.81)</u>
Operating Expenses			
Management Fee	10,500.00	7,000.00	3,500.00
Wages	11,572.66	13,000.00	(1,427.34)
Employee Benefits	0.00	800.00	(800.00)
Payroll Taxes	885.30	1,200.00	(314.70)
Uniforms	0.00	300.00	(300.00)
Maint-Building	2,729.20	0.00	2,729.20
Maint-Grounds	18,480.00	10,000.00	8,480.00
Maint-Plumbing	0.00	1,000.00	(1,000.00)
Maint-Pool	0.00	400.00	(400.00)
Maint-Docks, Piers & Bulkhead	7,024.00	18,000.00	(10,976.00)
Equipment Purchases	729.37	5,000.00	(4,270.63)
Pest Control	0.00	20,000.00	(20,000.00)
Utilities-Trash Disposal	1,190.76	2,300.00	(1,109.24)
Utilities-Electric	473.38	900.00	(426.62)
Utilities-Water	429.38	600.00	(170.62)
Utilities-Sewer	0.00	200.00	(200.00)
Utilities-Telephone	130.00	130.00	0.00
Insurance	981.61	1,000.00	(18.39)
Legal & Professional	1,850.00	2,400.00	(550.00)
Auto Expense	165.00	150.00	15.00
Office Supplies	0.00	300.00	(300.00)
Bank Fees	3.50	0.00	3.50
Catastrophe Expense	1,465,107.21	2,682,761.00	(1,217,653.79)
Flood Expense	164,969.58	200,000.00	(35,030.42)
Bad Debts	2.50	0.00	2.50
Misc Expense	<u>305.34</u>	<u>120.00</u>	<u>185.34</u>
Total Operating Expenses	<u>1,687,528.79</u>	<u>2,967,561.00</u>	<u>(1,280,032.21)</u>
Operating Income (Loss)	<u>3,745.40</u>	<u>194,607.00</u>	<u>(190,861.60)</u>

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