



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, 2019, 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 17, 2019

Key Allegro Council of Co-Owners
Balance Sheet
June 30, 2019

Assets	
Current Assets	
Cash - Checking American Bank	\$ 89,583.84
Cash-Navy Army MMA	50,142.37
Cash - American Bank Catastrophe Insurance	53,036.82
Cash - American Bank Flood & Bulkhead Insurance	75,924.55
Cash - American Bank Appliance Reserve	58,229.08
Cash-American Bank Management Reserve	32,376.39
Accounts Receivable	26,439.34
Prepaid Insurance	<u>6,746.74</u>
Total Current Assets	<u><u>392,479.13</u></u>
Fixed Assets	
Other Assets	
Deposits	<u>120.00</u>
Total Other Assets	<u>120.00</u>
Total Assets	<u><u>\$ 392,599.13</u></u>
Liabilities & Equity	
Current Liabilities	
Accounts Payable	\$ 2,251.84
Deferred Revenue - Catastrophe Management	32,376.39
Accrued Wages/Taxes	707.75
Maintenance Reserve	50,142.37
Fica Payable	1,129.98
WH Payable	580.00
TWC Payable	270.32
FUTA Payable	1.50
Deferred Income-Mnt Fees	28,000.00
Deferred Maintenance Reserve	2,000.00
Line of Credit - Bulkhead	100,000.00
Deferred Revenue - Harvey Insurance	53,036.82
Deferred Revenue - Appliance Reserve	<u>58,229.08</u>
Total Current Liabilities	<u>328,726.05</u>
Association Equity	
Beginning of Year	121,016.60
Current Earnings	<u>(57,143.52)</u>
Total Association Equity	<u>63,873.08</u>
Total Liabilities and Association Equity	<u><u>\$ 392,599.13</u></u>

See Accountants' Compilation Report

Key Allegro Council of Co-Owners
Statement of Operations- Actual vs. Budget
For The Month Ending June 30, 2019

	<u>One Month Actual</u>	<u>One Month Budget</u>
Revenues		
Spectrum Dues	0.00	5,000.00
Maintenance Fees	28,000.00	33,000.00
Insurance Proceeds - Catastrophe	352,900.00	21,200.00
Interest Income	22.50	0.00
Miscellaneous Income	0.00	700.00
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Total Revenues	380,922.50	59,900.00
Expenditures		
Management Fee	3,750.00	3,500.00
Wages	7,385.60	8,400.00
Employee Benefits	0.00	500.00
Payroll Taxes	564.99	800.00
Uniforms	0.00	300.00
Maint-Building	0.00	1,000.00
Maint-Grounds	6,225.02	10,000.00
Maint-Electrical	0.00	250.00
Maint-Plumbing	573.00	1,500.00
Maint-Pool	7,873.85	600.00
Maint-Docks, Piers & Bulkhead	3,760.00	6,000.00
Equipment Purchases	0.00	1,000.00
Pest Control	0.00	800.00
Utilities - Spectrum	0.00	5,000.00
Utilities-Trash Disposal	0.00	600.00
Utilities-Electric	517.73	600.00
Utilities-Water	880.86	3,400.00
Utilities-Sewer	0.00	2,000.00
Utilities-Telephone	65.00	65.00
Insurance	827.40	500.00
Legal & Professional	3,790.00	1,200.00
Bulkhead Repair	509.59	0.00

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Key Allegro Council of Co-Owners
Statement of Operations- Actual vs. Budget
For The Month Ending June 30, 2019

	<u>One Month Actual</u>	<u>One Month Budget</u>
Auto Expense	110.00	75.00
Office Supplies	0.00	100.00
Bank Fees	1.75	0.00
Catastrophe Expense	352,900.00	21,200.00
Donations	0.00	2,000.00
Misc Expense	<u>340.00</u>	<u>60.00</u>
 Total Expenditures	 <u>390,074.79</u>	 <u>71,450.00</u>
 Revenues Over (Under) Expenditures	 <u>\$ (9,152.29)</u>	 <u>\$ (11,550.00)</u>

See Accountants' Compilation Report

Key Allegro Council of Co-Owners
For The Periods Ending June 30, 2019

	12 Months Ended June 30, 2019 <u>Actual</u>	12 Months Ended June 30, 2019 <u>Budget</u>	Over / (Under) <u>Budget</u>
Revenue			
Spectrum Dues	\$ 0.00	\$ 38,000.00	\$ (38,000.00)
Maintenance Fees	336,914.41	374,500.00	(37,585.59)
Rebill to Homeowner	7,980.53	0.00	7,980.53
Insurance Proceeds-Catastrophe Management Reserve	63,417.91	0.00	63,417.91
Insurance Proceeds - Catastrophe	5,135,506.16	8,636,804.00	(3,501,297.84)
Insurance Proceeds - Appliance	41,770.92	0.00	41,770.92
Insurance Proceeds - Flood	471,874.50	0.00	471,874.50
Interest Income	1,359.57	0.00	1,359.57
Miscellaneous Income	<u>3,079.37</u>	<u>8,400.00</u>	<u>(5,320.63)</u>
Total Revenue	<u>6,061,903.37</u>	<u>9,057,704.00</u>	<u>\$ (2,995,800.63)</u>
Operating Expenses			
Management Fee	48,750.00	42,000.00	6,750.00
Wages	81,282.70	86,200.00	(4,917.30)
Employee Benefits	2,176.62	5,200.00	(3,023.38)
Payroll Taxes	8,109.61	8,000.00	109.61
Cont Serv-Bldg Maintenance	2,208.00	0.00	2,208.00
Uniforms	0.00	1,200.00	(1,200.00)
Maint-Roofs	0.00	500.00	(500.00)
Maint-Building	4,664.32	6,000.00	(1,335.68)
Maint-Grounds	70,382.24	42,500.00	27,882.24
Maint-Electrical	18,900.00	2,000.00	16,900.00
Maint-Plumbing	3,183.00	14,500.00	(11,317.00)
Maint-Pool	16,500.09	4,000.00	12,500.09
Maint-Prkng Lot/Tennis Crt	703.63	39,140.00	(38,436.37)
Maint-Docks, Piers & Bulkhead	47,982.25	84,000.00	(36,017.75)
Maint-Bulkhead Repair	625.22	0.00	625.22
Equipment Purchases	3,294.82	15,000.00	(11,705.18)
Pest Control	541.26	46,400.00	(45,858.74)

See Accountants' Compilation Report

**Key Allegro Council of Co-Owners
For The Periods Ending June 30, 2019**

	12 Months Ended June 30, 2019 <u>Actual</u>	12 Months Ended June 30, 2019 <u>Budget</u>	Over / (Under) <u>Budget</u>
Utilities - Spectrum	0.00	38,000.00	(38,000.00)
Utilities-Trash Disposal	6,143.22	10,200.00	(4,056.78)
Utilities-Electric	3,396.46	6,600.00	(3,203.54)
Utilities-Water	9,626.32	25,600.00	(15,973.68)
Utilities-Sewer	536.98	11,200.00	(10,663.02)
Utilities-Telephone	780.00	780.00	0.00
Insurance	6,577.71	11,600.00	(5,022.29)
Website/ Adv. & Promotion	538.00	600.00	(62.00)
Legal & Professional	14,990.63	14,400.00	590.63
Bulkhead Repair	323,452.01	0.00	323,452.01
Auto Expense	1,243.23	900.00	343.23
Office Supplies	850.60	1,300.00	(449.40)
Appliance Expense	41,770.92	0.00	41,770.92
Bank Fees	21.25	0.00	21.25
Catastrophe Expense	5,135,506.16	8,228,297.00	(3,092,790.84)
Flood Expense	177,807.52	400,000.00	(222,192.48)
Catastrophe Management Expense	63,417.91	0.00	63,417.91
Donations	1,000.00	2,000.00	(1,000.00)
Bad Debts	20,714.49	0.00	20,714.49
Misc Expense	<u>1,369.72</u>	<u>660.00</u>	<u>709.72</u>
Total Operating Expenses	<u>6,119,046.89</u>	<u>9,148,777.00</u>	<u>(3,029,730.11)</u>
Operating Income (Loss)	<u>(57,143.52)</u>	<u>(91,073.00)</u>	<u>33,929.48</u>

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