



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 July 31, 2019, and the related statements of income for the one month and one month 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
August 14, 2019

Key Allegro Council of Co-Owners
Balance Sheet
July 31, 2019

| | |
|---|-----------------------------|
| Assets | |
| Current Assets | |
| Cash - Checking American Bank | \$ 96,408.66 |
| Cash-Navy Army MMA | 52,167.35 |
| Cash - American Bank Catastrophe Insurance | 190,501.39 |
| Cash - American Bank Flood & Bulkhead Insurance | 72,072.02 |
| Cash - American Bank Appliance Reserve | 58,229.08 |
| Cash-American Bank Management Reserve | 33,807.82 |
| Accounts Receivable | 26,831.84 |
| Prepaid Insurance | <u>5,919.34</u> |
| Total Current Assets | <u>535,937.50</u> |
| Fixed Assets | |
| Other Assets | |
| Deposits | <u>120.00</u> |
| Total Other Assets | <u>120.00</u> |
| Total Assets | <u>\$ 536,057.50</u> |
| Liabilities & Equity | |
| Current Liabilities | |
| Accounts Payable | \$ 2,428.65 |
| Deferred Revenue - Catastrophe Management | 33,807.82 |
| Accrued Wages/Taxes | 686.59 |
| Maintenance Reserve | 52,167.35 |
| Fica Payable | 1,114.98 |
| WH Payable | 568.00 |
| Deferred Income-Mnt Fees | 28,000.00 |
| Deferred Maintenance Reserve | 2,000.00 |
| Line of Credit - Bulkhead | 135,000.00 |
| Deferred Revenue - Harvey Insurance | 190,501.39 |
| Deferred Revenue - Appliance Reserve | <u>58,229.08</u> |
| Total Current Liabilities | <u>504,503.86</u> |
| Association Equity | |
| Beginning of Year | 63,873.08 |
| Current Earnings | <u>(32,319.44)</u> |
| Total Association Equity | <u>31,553.64</u> |
| Total Liabilities and Association Equity | <u>\$ 536,057.50</u> |

See Accountants' Compilation Report

Key Allegro Council of Co-Owners
Statement of Operations- Actual vs. Budget
For The Month Ending July 31, 2019

| | <u>One Month Actual</u> | <u>One Month Budget</u> |
|---|-------------------------|-------------------------|
| Revenues | | |
| Maintenance Fees | 28,000.00 | 29,000.00 |
| Insurance Proceeds-Catastrophe Management Reserve | 2,147.15 | 0.00 |
| Insurance Proceeds - Catastrophe | 2,100.00 | 0.00 |
| Miscellaneous Income | <u>2,868.08</u> | <u>700.00</u> |
| Total Revenues | <u>35,115.23</u> | <u>29,700.00</u> |
| Expenditures | | |
| Management Fee | 3,750.00 | 3,750.00 |
| Wages | 7,267.70 | 7,400.00 |
| Employee Benefits | 0.00 | 400.00 |
| Payroll Taxes | 555.98 | 566.00 |
| Uniforms | 0.00 | 300.00 |
| Maint-Building | 0.00 | 500.00 |
| Maint-Grounds | 3,001.32 | 2,500.00 |
| Maint-Electrical | 0.00 | 50.00 |
| Maint-Plumbing | 0.00 | 1,500.00 |
| Maint-Pool | 0.00 | 350.00 |
| Maint-Docks, Piers & Bulkhead | 5,276.97 | 1,700.00 |
| Equipment Purchases | 0.00 | 500.00 |
| Pest Control | 0.00 | 300.00 |
| Utilities-Trash Disposal | 600.06 | 1,000.00 |
| Utilities-Electric | 309.16 | 600.00 |
| Utilities-Water | 1,077.33 | 2,500.00 |
| Utilities-Sewer | 0.00 | 600.00 |
| Utilities-Telephone | 65.00 | 65.00 |
| Insurance | 827.40 | 500.00 |
| Debt Service - Bulkhead | 493.15 | 4,061.00 |
| Legal & Professional | 850.00 | 1,250.00 |
| Bulkhead Repair | 38,852.53 | 36,000.00 |
| Auto Expense | 219.17 | 75.00 |

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Key Allegro Council of Co-Owners
Statement of Operations- Actual vs. Budget
For The Month Ending July 31, 2019

| | <u>One Month Actual</u> | <u>One Month Budget</u> |
|------------------------------------|-------------------------|-------------------------|
| Office Supplies | 0.00 | 200.00 |
| Bank Fees | 1.75 | 0.00 |
| Catastrophe Expense | 2,100.00 | 0.00 |
| Catastrophe Management Expense | 2,147.15 | 0.00 |
| Misc Expense | <u>40.00</u> | <u>60.00</u> |
| | | |
| Total Expenditures | <u>67,434.67</u> | <u>66,727.00</u> |
| | | |
| Revenues Over (Under) Expenditures | <u>\$ (32,319.44)</u> | <u>\$ (37,027.00)</u> |

See Accountants' Compilation Report

**Key Allegro Council of Co-Owners
For The Periods Ending July 31, 2019**

| | 1 Month Ended July 31, 2019 <u>Actual</u> | 1 Month Ended July 31, 2019 <u>Budget</u> | Over / (Under) <u>Budget</u> |
|---|---|---|---------------------------------|
| Revenue | | | |
| Maintenance Fees | \$ 28,000.00 | \$ 29,000.00 | \$ (1,000.00) |
| Insurance Proceeds-Catastrophe Management Reserve | 2,147.15 | 0.00 | 2,147.15 |
| Insurance Proceeds - Catastrophe | 2,100.00 | 0.00 | 2,100.00 |
| Miscellaneous Income | <u>2,868.08</u> | <u>700.00</u> | <u>2,168.08</u> |
| | | | |
| Total Revenue | <u>35,115.23</u> | <u>29,700.00</u> | <u>\$ 5,415.23</u> |
| Operating Expenses | | | |
| Management Fee | 3,750.00 | 3,750.00 | 0.00 |
| Wages | 7,267.70 | 7,400.00 | (132.30) |
| Employee Benefits | 0.00 | 400.00 | (400.00) |
| Payroll Taxes | 555.98 | 566.00 | (10.02) |
| Uniforms | 0.00 | 300.00 | (300.00) |
| Maint-Building | 0.00 | 500.00 | (500.00) |
| Maint-Grounds | 3,001.32 | 2,500.00 | 501.32 |
| Maint-Electrical | 0.00 | 50.00 | (50.00) |
| Maint-Plumbing | 0.00 | 1,500.00 | (1,500.00) |
| Maint-Pool | 0.00 | 350.00 | (350.00) |
| Maint-Docks, Piers & Bulkhead | 5,276.97 | 1,700.00 | 3,576.97 |
| Equipment Purchases | 0.00 | 500.00 | (500.00) |
| Pest Control | 0.00 | 300.00 | (300.00) |
| Utilities-Trash Disposal | 600.06 | 1,000.00 | (399.94) |
| Utilities-Electric | 309.16 | 600.00 | (290.84) |
| Utilities-Water | 1,077.33 | 2,500.00 | (1,422.67) |
| Utilities-Sewer | 0.00 | 600.00 | (600.00) |
| Utilities-Telephone | 65.00 | 65.00 | 0.00 |
| Insurance | 827.40 | 500.00 | 327.40 |
| Debt Service - Bulkhead | 493.15 | 4,061.00 | (3,567.85) |
| Legal & Professional | 850.00 | 1,250.00 | (400.00) |

See Accountants' Compilation Report

Key Allegro Council of Co-Owners
For The Periods Ending July 31, 2019

| | 1 Month Ended July 31, 2019 <u>Actual</u> | 1 Month Ended July 31, 2019 <u>Budget</u> | Over / (Under) <u>Budget</u> |
|--------------------------------|---|---|---------------------------------|
| Bulkhead Repair | 38,852.53 | 36,000.00 | 2,852.53 |
| Auto Expense | 219.17 | 75.00 | 144.17 |
| Office Supplies | 0.00 | 200.00 | (200.00) |
| Bank Fees | 1.75 | 0.00 | 1.75 |
| Catastrophe Expense | 2,100.00 | 0.00 | 2,100.00 |
| Catastrophe Management Expense | 2,147.15 | 0.00 | 2,147.15 |
| Misc Expense | <u>40.00</u> | <u>60.00</u> | <u>(20.00)</u> |
| Total Operating Expenses | <u>67,434.67</u> | <u>66,727.00</u> | <u>707.67</u> |
| Operating Income (Loss) | <u>(32,319.44)</u> | <u>(37,027.00)</u> | <u>4,707.56</u> |

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