

**MARBELLA AT SPANISH WELLS III  
CONDOMINIUM ASSOCIATION, INC.**

**BONITA SPRINGS, FLORIDA**

**REVIEWED FINANCIAL STATEMENTS**

**December 31, 2021**

**THE SPIRES GROUP, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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# THE SPIRES GROUP, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

FORT MYERS OFFICE  
P 239-936-4336  
F 239-936-4941  
12734 Kenwood Lane, Ste. 25  
Fort Myers, FL 33907

NAPLES OFFICE  
P 239-596-6580  
F 239-596-6574  
5415 Jaeger Ste. B  
Naples, FL 34109

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of  
Marbella at Spanish Wells III Condominium Association, Inc.  
Bonita Springs, Florida

We have reviewed the accompanying financial statements of Marbella at Spanish Wells III Condominium Association, Inc., which comprise the balance sheet as of December 31, 2021 and the related statements of revenues, expenses, changes in fund balance, statement of replacement fund activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Marbella at Spanish Wells III Condominium Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### Accountant's Conclusion on the Financial Statements

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Supplementary Information**

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with the accounting principles generally accepted in the United States of America. Our review was not conducted for the purpose of forming an opinion on the financial as a whole. The Schedule of Operating Revenues and Expenses Budget to Actual on page 14-15, are presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from the information that is the representation of management. We have not audited or reviewed the supplementary, and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

### **Required Supplementary Information**

The Florida Statutes requires that information about future major repairs and replacements of common property on page 13 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required part of the basic financial statements, is required by the Florida Statutes, which considers it to be an essential part of financial reporting and for placing the basic financial statements in the appropriate operational, economic, or historical context. The information is the responsibility of management. The required supplementary information was subjected to our review engagement; however, we have not audited the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 16 is to be presented to supplement the basic financial statements. Such 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. We have not audited, reviewed, or compiled the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on it.



The Spires Group, P.A.  
Fort Myers, Florida  
May 17, 2022

**MARBELLA AT SPANISH WELLS III CONDOMINIUM ASSOCIATION, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2021**

	FUNDS		
	Operating	Replacement	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 112,867	\$ 627,154	\$ 740,021
Certificates of Deposit - Face Value	-	265,000	265,000
Accounts Receivable - Owners	9,565	-	9,565
Deposits	4,946	-	4,946
Prepaid Insurance	30,592	-	30,592
Prepaid Income Tax Withholding	1,343	-	1,343
Due from Replacement	50	-	50
Total Assets	<u>\$ 159,363</u>	<u>\$ 892,154</u>	<u>\$ 1,051,517</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 15,186	\$ -	\$ 15,186
Prepaid Assessments	32,442	-	32,442
A/R - Refund / Transfer	89	-	89
Due to Operating	-	50	50
Deferred Liabilities - Replacement	-	883,010	883,010
Total Liabilities	<u>47,717</u>	<u>883,060</u>	<u>930,777</u>
Fund Balances	<u>111,646</u>	<u>9,094</u>	<u>120,740</u>
Total Liabilities and Fund Balances	<u>\$ 159,363</u>	<u>\$ 892,154</u>	<u>\$ 1,051,517</u>

See accompanying notes and accountant's report.



**MARBELLA AT SPANISH WELLS III CONDOMINIUM ASSOCIATION, INC.**  
**STATEMENT OF REVENUES AND EXPENSES**  
**AND CHANGES AND FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	FUNDS		
	Operating	Replacement	Total
<b>REVENUES</b>			
Maintenance Fees	\$ 731,470	\$ 15,720	\$ 747,190
Interest Income	13	9,094	9,107
Late Fees & Interest	720	-	720
Miscellaneous Income	1,657	-	1,657
Total Revenues	<u>733,860</u>	<u>24,814</u>	<u>758,674</u>
<b>EXPENSES</b>			
Administration	40,117	-	40,117
Insurance	62,448	-	62,448
Master Fees	480,960	-	480,960
Maintenance	79,842	-	79,842
Utilities	73,153	-	73,153
Reserve Expenditures	-	15,720	15,720
Total Expenses	<u>736,520</u>	<u>15,720</u>	<u>752,240</u>
Excess (deficit) of revenue over expenses	(2,660)	9,094	6,434
<b>FUND BALANCES - JANUARY 1, 2021</b>	<u>114,306</u>	<u>-</u>	<u>114,306</u>
<b>FUND BALANCES - DECEMBER 31, 2021</b>	<u>\$ 111,646</u>	<u>\$ 9,094</u>	<u>\$ 120,740</u>

See accompanying notes and accountant's report.

**MARBELLA AT SPANISH WELLS III CONDOMINIUM ASSOCIATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	FUNDS		
	Operating	Replacement	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Sources of Cash:			
Cash Received from Owners	\$ 724,402	\$ 88,000	\$ 812,402
Interest Income Received	13	9,094	9,107
Other Cash Receipts	2,377	-	2,377
Cash Paid for Operating Expenses and Repairs	<u>(737,571)</u>	<u>(15,720)</u>	<u>(753,291)</u>
Cash Used in Operating Activities:			
Net Cash Provided by (Used in) Operating Activities	(10,779)	81,374	70,595
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Purchase) / Redeemed Certificate of Deposit	-	190,000	190,000
Net cash provided by investing activities	<u>-</u>	<u>190,000</u>	<u>190,000</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interfund transfer	<u>(50)</u>	<u>50</u>	<u>-</u>
Net cash provided by (used in) financing activities	(50)	50	-
Net Increase (Decrease) in Cash	\$ (10,829)	\$ 271,424	\$ 260,595
Beginning Cash, January 1, 2021	<u>123,696</u>	<u>355,730</u>	<u>479,426</u>
Ending Cash, December 31, 2021	<u>\$ 112,867</u>	<u>\$ 627,154</u>	<u>\$ 740,021</u>

See accompanying notes and accountant's report.

**MARBELLA AT SPANISH WELLS III CONDOMINIUM ASSOCIATION, INC.**  
**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

RECONCILIATION OF REVENUES OVER (UNDER) EXPENSES TO NET CASH  
 PROVIDED (USED) BY OPERATING ACTIVITIES

	FUNDS		
	Operating	Replacement	Total
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Revenues Over (Under) Expenses	\$ (2,660)	\$ 9,094	\$ 6,434
<b>(Increase) Decrease in:</b>			
Accounts Receivable	(8,186)	-	(8,186)
Prepaid Insurance	(10,991)	-	(10,991)
Prepaid Expense	480	-	480
<b>Increase (Decrease) in:</b>			
Accounts Payable	9,755	-	9,755
Accrued Expenses	(295)	-	(295)
Prepaid Maintenance Fees	1,029	-	1,029
A/R - Refund / Transfer	89	-	89
Deferred Liabilities	-	72,280	72,280
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (10,779)</u>	<u>\$ 81,374</u>	<u>\$ 70,595</u>

See accompanying notes and accountant's report.



**MARBELLA AT SPANISH WELL III CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 - THE ASSOCIATION**

Marbella III at Spanish Wells Condominium Association, Inc. (the "Association"), was incorporated May 19, 2005 under the laws of Florida as a corporation not for profit, to operate and manage Marbella at Spanish Wells III Condominium Association, Inc., consisting of 120 units located on 14.21 acres in Bonita Springs, Florida. The Association began operation in April 2006. The owners of all the units in the Association are the only members.

**NOTE 2 – DATE OF MANAGEMENT REVIEW**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 17, 2022, the date that the financial statements were available to be issued.

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

Member Assessments

The Association's current policy is to assess each unit owner a fixed amount per month, based on the annual budget determined by the Board of Directors (the "Board"). Each unit owner is assessed based on his proportionate share of ownership in the common elements. Accounts receivable - owners at the balance sheet date represents fees due from the unit owners. The Association's policy is to retain legal counsel and place liens on the properties that are delinquent. As of December 31, 2021, the Association has one owner who is delinquent more than 4 quarters. Accordingly, the Association has not elected to set up an allowance for uncollectible accounts as of December 31, 2021.

The Association treats uncollectible assessments as credit losses. Method, inputs, and assumptions used to evaluate when assessments are considered uncollectible include consideration of past experience and susceptibility to factors outside the Association's control. The balances of assessments receivable as of the beginning and end of the year are \$1,379 and \$9,565, respectively.

Cash and Cash equivalent

For purposes of reporting cash flows, the Association considers all short-term highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**MARBELLA AT SPANISH WELL III CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Certificates of Deposits

The Association invests in federally insured certificates of deposit which are considered held-to-maturity. As a result, certificates are carried at cost. Subsequent write ups or write downs to fair value to recognize unrealized gains or losses are not recorded.

Property and Equipment

The Association follows prevalent industry practice, as contained in the "Real Estate – Common Interest Realty Association Topic of the FASB ASC" in accounting for the common property of the Association. Property that is not directly associated with the units is capitalized only if the Association has title or other evidence of ownership of the property, and either the Association can dispose of the property at the discretion of the Board or the property is used by the Association to generate significant cash flows from members based on usage or from nonmembers.

The Association's accounting policy is to capitalize the cost of personal property with an estimated useful life in excess of one year and to depreciate such property over the estimated remaining life of the asset using the straight-line method. The Association has elected to capitalize anything with a value of \$1,000 or greater. As of December 31, 2021, the Association has not capitalized any assets.

Deferred Liabilities - Replacement

The Association recognizes revenue from members as the related performance obligations are satisfied. A deferred liability - replacement is (are) recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The balances of deferred revenue – liabilities replacement as of the beginning and end of the year are \$810,730 and \$883,010, respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax

The Association's policy is to record interest expense or penalties related to income tax in operating expenses. For the year ended December 31, 2021, no interest or penalties were paid or accrued.

Interest Income

The Association recognizes interest income on the operating fund and the replacement fund when earned. The Association's policy is to account for the fund expenditures using fund interest income before fund assessment income.



**MARBELLA AT SPANISH WELL III CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4 – FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate \$883,010, and are presented on the accompanying balance sheet as a contract liability (assessments received in advance-replacement fund) at December 31, 2021, are held in separate accounts and are generally not available for operating purposes. The Association also has replacement fund balances as of December 31, 2021 of \$9,094 which are also restricted funds for the use of future major repairs and replacements.

Florida Statutes require the Association to accumulate funds for future major repairs and replacements and later statutes required funds be accumulated for any item for which the deferred maintenance expenses or replacement cost is greater than \$10,000 unless the reserves are waived or reduced by the unit owners. The funds are segregated and held primarily in interest bearing accounts and are not available for expenditures for normal operations. Interest income earned in the replacement fund is retained in the replacement fund.

There has been a formal study to estimate the remaining useful lives and the replacement costs of the property in 2019. In preparing the 2022 budget the Board used the formal study to determine the remaining useful lives and the replacement costs of the components of common property. The table included in the unaudited supplementary information on Schedule of Capital Expenditures and Deferred Maintenance on page 16 is based on these estimates.

The unit owners approved the pooled method of accounting for the replacement fund. Under this method, the replacement costs and remaining lives for each item are determined and the required funding is based on the pooled or cumulative balance as of the end of the year and the pooled estimated time remaining. Additions and expenses are not allocated to a specific replacement fund component.

Actual expenditures may vary from the estimated future replacement costs and these variances could be material. Consequently, the amounts accumulated in the replacement fund may not be adequate to fund the major repairs and replacements. If additional funds are needed, the Association may, subject to membership approval, increase regular assessments, or delay major repairs or replacements until funds are available, or the Board may pass special assessments.

**NOTE 5 - ASSESSMENTS CHARGES TO UNIT OWNERS**

Pursuant to the Declaration of Condominium and Bylaws of the Association, regular and special assessments are allocated to each unit owner. During the year ended December 31, 2021, the Association assessed members \$507.89 per month to fund operations and \$61.11 per month to fund the reserve for future repairs and replacements.

**NOTE 6 – PREPAID ASSESSMENTS**

The prepaid assessments consist of 2022 maintenance fees received prior to January 1, 2022. At the balance sheet date, there was \$32,442 of prepaid assessments.

**MARBELLA AT SPANISH WELL III CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 7 – INCOME TAXES**

The Association is subject to federal and state income taxes. Annually, the Association may qualify and elect to be treated as a tax-exempt organization under Section 528 of the Internal Revenue Code. Under this election, revenue from maintenance fees, reserve and special assessments (exempt-function income) is not subject to state or federal income taxes. However, income that is not exempt-function is federally taxed at a 30% rate (after a \$100 exemption) and is exempt from Florida income tax. If the Association does not qualify and/or make this election, it is taxed as a regular corporation under the provisions of Internal Revenue Code Section 277. This section provides that the excess of income from members is used to offset next year expenses or returned to the member to avoid being taxed. The Association is taxed on all non-member income net of allocable expenses. The Association had no federal income tax for the year ended December 31, 2021, using the 1120H method of tax filing and no state income tax liability. As of December 31, 2021, the balance in Prepaid income tax is \$1,343.

The Association uses the standard Accounting for Uncertainty in Income Taxes. It is the Association's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by "a-more-likely-than-not" threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for 2021. Currently, the statute of limitations remains open for tax returns filed subsequent to and including 2018; however, no IRS or Florida Department of Revenue examinations are in process or anticipated.

**NOTE 8 - CONCENTRATION OF CREDIT RISK**

The Association maintains accounts at various financial institutions in the form of bank deposits which, at times, may exceed federally-insured limits of \$250,000. As of December 31, 2021, the Association maintained balances at various institutions. The Association has not experienced any losses on such accounts and believes it is not exposed to any significant risk on cash.

**NOTE 9 - INVESTMENTS**

The Association has elected to invest their funds in certificate of deposits through Morgan Stanley. Assets purchased through Morgan Stanley are cost. The table below presents the assets as of December 31, 2021:

<u>Description</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Cost</u>
Ally Bank	06/27/22	2.25%	\$ 65,000
Comenity Bank	06/28/23	2.45%	\$100,000
Comenity Bank	06/28/24	2.50%	\$100,000
		<b>Totals</b>	<b><u>\$265,000</u></b>

**MARBELLA AT SPANISH WELL III CONDOMINIUM ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 10 – INSURANCE HURRICANE LITIGATION**

On March 30, 2020, the Association hired a public adjuster to help with the filing of the roof claims from Hurricane Irma. The cost of the public adjuster is 10% of the insurance claim. As of December 31, 2021, the Association had not received a decision on the claim with a mediation date set for February 2, 2022 which ended in favor of the Association.

**NOTE 11 – RELATED PARTY TRANSACTIONS**

Marbella at Spanish Wells Homeowners' Association, Inc.

Unit owners are members of Marbella at Spanish Wells Homeowners' Association, Inc. (the "HOA") and pay a portion of expenses related to operating certain common areas and facilities owned by the HOA. During the year ended December 31, 2021, the Association collected and remitted \$210,240 on behalf of unit owners to the HOA. As of December 31, 2021, there are no funds due to the HOA.

Spanish Wells Community Association, Inc.

Unit owners are members of Spanish Wells Community Association, Inc. (the "SWCA") and pay a portion of expenses related to operating certain common areas and facilities owned by SWCA. During the year ended December 31, 2021, the Association collected and remitted \$270,720 on behalf of the unit owners to SWCA. As of December 31, 2021, there are no funds due to the SWCA.

## **SUPPLEMENTARY INFORMATION**



**MARBELLA AT SPANISH WELLS III CONDOMINIUM ASSOCIATION, INC.**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF DEFERRED LIABILITIES AND REPLACEMENT FUND ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Deferred Liabilities Components	BALANCE 1/1/2021	ADDITIONS	DELETIONS	TRANSFERS	BALANCE 12/31/2021
Pooling Method	\$ 810,730	\$ 88,000	\$ -	\$ (15,720)	\$ 883,010
Fire Safety Systems	-	-	(6,525)	6,525	-
Elevator	-	-	(9,195)	9,195	-
<b>Total Deferred Liabilities</b>	<b>\$ 810,730</b>	<b>\$ 88,000</b>	<b>\$ (15,720)</b>	<b>\$ -</b>	<b>\$ 883,010</b>

  

Fund Balance Components	BALANCE 1/1/2021	ADDITIONS	DELETIONS	TRANSFERS	BALANCE 12/31/2021
Interest	\$ -	\$ 9,094	\$ -	\$ -	\$ 9,094
<b>Total Fund Balance</b>	<b>\$ -</b>	<b>\$ 9,094</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,094</b>
<b>Total Deferred Liabilities &amp; Fund Balances</b>	<b>\$ 810,730</b>	<b>\$ 97,094</b>	<b>\$ (15,720)</b>	<b>\$ -</b>	<b>\$ 892,104</b>

Interest income of \$9,094 earned on the replacement funds in 2021 are included in additions to funds.

See accompanying notes and accountant's report.

**MARBELLA AT SPANISH WELLS III CONDOMINIUM ASSOCIATION, INC.**  
**SUPPLEMENTARY INFORMATION**  
**STATEMENT OF REVENUE AND EXPENSES**  
**BUDGET TO ACTUAL - OPERATING FUND**  
**DECEMBER 31, 2021**

REVENUES	ACTUAL	<u>2021</u> BUDGET	VARIANCE
Association Fees	\$ 250,510	\$ 250,510	\$ -
Assessment - Master (SWCA)	270,720	270,720	-
Assessment - Master (HOA)	210,240	210,240	-
Late Fees	330	-	330
Owner Interest Income	390	-	390
Interest Income	13	-	13
Miscellaneous Income	1,657	-	1,657
Total Revenues	<u>733,860</u>	<u>731,470</u>	<u>2,390</u>
<b><u>Administration</u></b>			
Management Contract	23,400	23,400	-
Auditing / Accounting	3,175	3,000	175
Consulting Fees	-	1,500	(1,500)
Legal Fees	8,191	2,500	5,691
Office Expense / Postage	3,205	6,000	(2,795)
Fees Payable to Division	515	480	35
Corporate Annual Report	61	62	(1)
Licenses & Permits	185	300	(115)
Refund to owner	1,385	-	1,385
Total Administration	<u>40,117</u>	<u>37,242</u>	<u>2,875</u>
<b><u>Insurance</u></b>			
insurance - Property & Casualty	49,779	60,500	(10,721)
Insurance - D&O	2,521	2,750	(229)
Insurance - Crime	-	240	(240)
Insurance - Umbrella	1,750	1,580	170
Insurance - General Liability	7,205	8,186	(981)
Insurance - Worker's Compensation	573	630	(57)
Insurance - Equipment Breakdown	-	884	(884)
Insurance - Cyber Liability	620	650	(30)
Total Insurance	<u>62,448</u>	<u>75,420</u>	<u>(12,972)</u>
<b><u>Master Fees</u></b>			
Fees to Marbella HOA	210,240	210,240	-
Fees to SWCA	270,720	270,720	-
Total Master Fees	<u>480,960</u>	<u>480,960</u>	<u>-</u>

See accountant's review report.

**MARBELLA AT SPANISH WELLS III CONDOMINIUM ASSOCIATION, INC.**  
**SUPPLEMENTARY INFORMATION**  
**STATEMENT OF REVENUE AND EXPENSES**  
**BUDGET TO ACTUAL - OPERATING FUND (CONTINUED)**  
**DECEMBER 31, 2021**

EXPENSES (continued)	<u>ACTUAL</u>	<u>2021 BUDGET</u>	<u>VARIANCE</u>
<u>Maintenance</u>			
Extermination	2,480	3,960	(1,480)
Cleaning Contract	27,025	25,980	1,045
Property Repairs	32,550	20,000	12,550
Fire Alarm / Sprinkler Inspections	1,664	1,500	164
Fire Alarm / Monitoring	2,476	2,304	172
Fire Extinguisher Maintenance	895	1,000	(105)
Elevator Contract	7,917	8,400	(483)
Elevator Repair & Maintenance	1,650	2,000	(350)
Elevator Phone	3,185	2,900	285
Total Maintenance	<u>79,842</u>	<u>68,044</u>	<u>11,798</u>
<u>Utilities</u>			
Water & Sewer	62,075	60,000	2,075
Electricity	4,750	4,500	250
Trash / Recycling	6,328	5,304	1,024
Total Utilities	<u>73,153</u>	<u>69,804</u>	<u>3,349</u>
Total Expenses	<u>736,520</u>	<u>731,470</u>	<u>5,050</u>
Excess of Revenues Over (Under) Expenses	<u>\$ (2,660)</u>	<u>\$ -</u>	<u>\$ (2,660)</u>

See accountant's review report.

**MARBELLA AT SPANISH WELLS III CONDOMINIUM ASSOCIATION, INC.**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUND COMPONENTS**  
**DECEMBER 31, 2021**

The following table is based on the management's use of the Associations Reserve, reserve study that was performed in 2019, and presents significant information about the components of common property:

Components	Estimated Useful Lives	Estimated Remaining Useful Lives	Estimated Current Replacement Costs	2022 Funding
Carports	30 years	17 years	\$ 194,400	\$ -
Roofs	30 years	17 years	1,369,889	-
Fire Safety Systems	30 years	17 years	75,000	-
Elevators	20-30 years	7-17 years	164,000	-
Pavement	20-25 years	7-11 years	211,875	-
Painting & Waterproofing	8 years	2 years	123,000	-
Insurance Deductible	1 year	0 years	10,000	-
Woodpecker Repairs	1 year	0 years	9,300	-
Deferred Maintenance	1 year	0 years	5,000	-
Pooling Method				88,000
Total			<u>\$ 2,162,464</u>	<u>\$ 88,000</u>

The Association's 2022 budget is prepared using the pooling method for reserve expenditures that is not in accordance with the Florida Statutes Chapter 718 due to its lack of reflecting each reserve components replacement while maintaining a positive ending year balance.

See accountant's review report.