


GULL WAY VILLAS CONDOMINIUM  
P.O. BOX 668  
OCEAN CITY, MARYLAND 21843



FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2020

SCHEDULES

- A. BALANCE SHEET
- B. STATEMENT OF CASH TRANCACTIONS
- C. BUDGET FOR THE YEAR ENDING MAY 31, 2021
- D. SCHEDULE FOR RESERVE FUNDS
- E. SCHEDULE OF ESSENTIAL WORK COMPLETED

To the Board of Directors  
Gull Way Villas Condominium  
Ocean City, Maryland 21842

These statements have been prepared from the books and records of the Association without audit.

May 31, 2020



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John K. Wells  
Gull Way Villas Condominium  
Treasurer

## NOTES TO FINANCIAL STATEMENTS – 2020

### Note 1 – Nature of Business and Summary of Significant Accounting Practices:

Gull Way Villas Condominium is a common interest realty association as defined by the American Institute of Certified Public Accountants, organized in the State of Maryland as a non-profit corporation for the purposes of maintaining and preserving the common property of Gull Way Villas Condominium. The Association consists of 96 residential units.

The Association prepares its financial statements on the accrual basis and uses fund accounting.

### Property and Equipment:

The ownership of commonly owned assets is vested directly or indirectly in the unit owners and these assets are not deemed to be severable. As a result, commonly owned assets are not capitalized in the Associations financial statements.

### Member Assessments:

Association members are subject to annual assessments to provide funds for operating expenses, future capital acquisitions, and major repairs and replacements. Each member shares equally in the operation costs and income of the Association.

### Income Tax:

The Association is subject to Federal income tax. Under an election of the Internal Revenue Code, revenues from maintenance fees and special assessments (exempt function income) are not subject to Federal tax. Income that is not exempt is taxed at a 30 percent rate after a \$100 exemption.

### Note 2 – Future Major Repairs and Replacements:

The Association's Board of Directors has required that funds be accumulated for future major repairs and replacements. When additional funds are needed, the board of directors has the right to increase regular assessments, pass special assessments, or delay major repairs until funds are available. The board has not determined the remaining useful lives for items in the reserve fund but may from time to time adjust the reserves to provide for additions and betterments as deemed necessary or desirable to protect member's interests.

### Note 3 – Members Assessments:

Effective January 1, 2020 monthly assessment to members was \$225 per month. For balance of the year 2020 the Board has determined that it is not necessary to make any change to monthly assessments. The four officers on the board receive a \$595 reduction in dues annually.

### Note 4 – Legal Matters

There are no open items.

Gull Way Villas Condominium  
Balance Sheet  
May 31, 2020

Schedule A

**Assets**

Account	Total
<b>Operations</b>	
Bank of OC Checking	\$50,497.34
Bank of OC Savings	7,767.97
PNC Bank Checking	4,062.77
Operations sub Total	<u>62,328.08</u>
<b>Reserve</b>	
Bank of OC High Yield	187,500.45
PNC Bank Money Market	175,643.36
Taylor Bank CD - 52	12,115.59
Taylor Bank CD - 54	12,999.26
Taylor Bank CD - 55	18,076.83
Reserve sub Total	<u>406,335.49</u>
<b>TOTAL ASSETS</b>	<u><u>\$468,663.57</u></u>

**Liabilities**

Prepaid Owners Assessments	15,575.00
<b>Total Liabilities</b>	<u><u>\$22,745.00</u></u>



Gull Way Villas Condominium  
Statement of Cash Transactions  
May 31, 2020

Schedule B

CASH BALANCE MAY 31, 2019		\$40,403
FUNDS PROVIDED BY:		
Assessments (Condo Fees) - includes prepaid	\$247,109.50	
Reserve Funds		10,685
Miscellaneous Income	16,771	
Bank Adjustment		1
Dividend		93
Interest		1,444
Late Fees & Late Fee Interest		895
Parking Permits		30
Patio Cleanup		50
Pool Passes		100
Resale Certificate		500
Return Check Fee		30
Return of Over Payment		60
Storm Preparation		400
Warranty Claim		13,168
<b>Total Funds Provided</b>		<b>\$263,880</b>
<b>TOTAL CASH AVAILABLE</b>		<b>\$304,283</b>
USES OF FUNDS:		
Building Maintenance		3,390
Building Repairs		10,269
Bulk Trash Pickup		30
Condo Fees		445
Grounds Maintenance		14,538
Grounds Maintenance:Fertilizing	450	
Grounds Maintenance:Plants/Flowers	1,299	
Grounds Maintenance:Mowing	4,065	
Grounds Maintenance:Parking Lots	4,530	
Other Grounds Maintenance	4,193	
Insurance		73,664
Insurance:Insurance - Board Of Dir's	1,885	
Insurance:Insurance - Commercial Property	32,818	
Insurance:Insurance - Flood	26,718	
Insurance:Insurance - Liability	2,871	
Insurance:Insurance - Umbrella	1,153	
Insurance:Insurance - Wind	6,917	
Insurance:Workman's Comp Insurance	1,302	
Late Fees		0
Licenses and Permits		260
Managers Salary		37,579
Operating Expense		22
Operating Expense - Bank Charge		3,794
Operating Expense - Office Supplies		790
Operating Expense - Post Office Box		154
Operating Expense - Postage		193
Operating Expense - Web Site		60
Pool Contract		16,600
Pool Maintenance		845
Pool Repairs		146
Pool Supplies		88
Professional Services		0
Tax - Federal Income Tax Paid		236
Utilities		10,344
Utilities:Utilities - Electric	3,506	
Utilities:Utilities - Telephone	1,110	
Utilities:Utilities - Water	5,729	
<b>TOTAL FUNDS EXPENDED</b>		<b><u>176,309</u></b>
Contribution to Reserve Funds		64,000
<b>CASH BALANCE MAY 31, 2020</b>		<b>62,328</b>

Gull Way Villas Condominium  
 Budget for Year Ending May 31, 2021  
 Submitted April 14, 2020

Schedule C

Estimated CASH BALANCE MAY 31, 2020		\$62,328
<b>FUNDS PROVIDED BY:</b>		
Assessments (Condo Fees) - includes prepaid	\$259,200	
Miscellaneous Income	1,200	
<b>Total Funds Provided</b>		<b>\$260,400</b>
<b>TOTAL CASH AVAILABLE</b>		<b>\$322,728</b>
<b>USES OF FUNDS:</b>		
Buildings and Grounds:		
Maintenance of Buildings		6,960
Termite Protection		
Repair of Buildings		8,700
Grounds Maintenance		14,150
Mowing (165/cut)	5,200	
Fertilizer & Weed Control	750	
Flowers	1,000	
Miscellaneous Maintenance	1,200	
Parking Lots		
Snow and Ice Control	4,500	
Maintenance, Repair and Repainting	1,500	
Federal Income Tax		200
Insurance:		82,144
Operating Expenses:		1,635
Bank Charges	500	
Post Office Box	160	
Office Supplies and Postage	880	
Web Site	95	
Payroll Taxes - (Included in manager's salary)		
Pool		6,330
Resident Manager		38,727
Utilities:		11,050
Electric	4,500	
Telephone	950	
Water	5,600	
Miscellaneous Business Expenses		4,020
<b>TOTAL ESTIMATED EXPENSES</b>		<b>\$173,916</b>
Contribution to Capital Reserve		90,000
<b>FUNDS NEED TO SUPPORT OPERATIONS:</b>		<b>\$201,588</b>
<b>ESTIMATED CASH BALANCE MAY 31, 2021</b>		<b>\$58,812</b>

Gull Way Villas Condominium  
Schedule of Reserve Funds  
May 31, 2020

Schedule D

**Total Reserve Fund Balance**

**\$406,335**

**Planned Use of Reserve Funds**

Fiscal Year		Estimated Cost*	Annual Total	Reserve Balance	Contributions to Reserve	Remarks
<b>2021</b>	Replace Garage Doors on Sheds	10,000		454,933	90,000	
	Contract Appraisal of Buildings (\$1,379)	0				
	Replace light posts & fixtures	1,138				Deferred
	Replace insulation crawl spaces	19,937				
	Replace vapor barrier crawl spaces	11,465	41,402			
<b>2022</b>	Concrete Dumpster Pad Parking	87		439,182	55,000	
	Wood Fence - custom picket Swimming Pool	16,591				
	Quartzite, epoxy resurface Swimming Pool	10,498				
	Replace Skim line Tile Swimming Pool	695				
	Ladders, stainless steel Swimming Pool	1,179				
	Pipe Railing, stainless steel Swimming Pool	534				
	Structural Repairs to Framing / Bench Pool Cabanas	970				
	Roof Leak Repair Allowance All Buildings	2,122				
	Wood deck structure- treated fir Second Floor Decks	39,146				Deferred
	Wood decking - treated fir Second Floor Decks	20,020				Deferred
	Deck railings and trim Second Floor Decks	50,377				Deferred
	Crawl Space Repairs All Crawl Spaces	2,546				
	Structural Repairs All Crawl Spaces	20,367				
	Water polyethylene pipe, 160 PSI, 3/All Buildings	1,445				
	Water polyethylene pipe, 160 PSI, 2 All Buildings	1,326				
	Sanitary piping PVC pipe, 4" diameter All Buildings	1,143				
	Sanitary piping PVC pipe, 8" diameter All Buildings	2,762				
Breezeway stair and landing design Professional Service	8,486	70,751				
<b>2023</b>	Roof Replacement	221,000		480,636	50,000	Deferred to 2028
	Clean northern elevatons (\$3,000)	0				
	Replace light posts & fixtures	3,628				Deferred
	Re-caulk all windows	4,918	8,546			
<b>2024</b>	Contract Appraisal of Buildings (1,510)	0		529,684	61,800	
	Crack Filler Parking Lots	2,160				
	Asphalt patching allowance Parking Lots	3,375				
	Asphalt sealcoating Parking Lots	3,476				
	Pavement Striping Parking Lots	1,395				
	Re-paint Interiors Pool Cabanas	2,346				
	Open wood stairs, treated All Breezeways	89,660				Deferred
	2nd Floor Deck Landings - Struct All Breezeways	18,350				Deferred
	2" wood decking - treated fir All Breezeways	9,385				Deferred
	Stair and Landing railings and trim All Breezeways	17,842				Deferred
	Storage Lockers Under Stairs All Breezeways	33,804	12,752			Deferred
<b>Increase condo fee to \$230 per month?</b>						

Gull Way Villas Condominium  
Schedule of Reserve Funds  
May 31, 2020

Schedule D

Fiscal Year		Estimated Cost*	Annual Total	Reserve Balance	Contributions to Reserve	Remarks	
2025	Conc. Wheel stops All Parking Lots	2,122		563,415	55,000		
	Residential post light fixture All Site \$1,285	1,285					
	Replace pool chairs/chaise	7,594					
	Replace skimmer drains & strainers - Pool	2,951					
	Pool equipment, sand filter Swimming Pool	3,771					
	Pool equipment, chlorination systemSwimming Pool	1,222					
	Roof Leak Repair Allowance All Buildings	2,324					
	Concrete pad Concrete Patios - All	5,758	21,269			Deferred	
2026	Residential light post All Site	2,649		610,251	50,000		
	Re caulk Joints Swimming Pool	515	3,164				
2027	Contract Appraisal of Buildings (1,700)	0		569,131	45,000		
	Maintain pool finish and tiles	11,000					
	Concrete Dumpster Pad	67					
	Residential post light fixture All Site	1,365					
	Park bench, welded supports with wAll Site	15,111					
	Pool pump, 1-1/2 HP Swimming Pool	4,016					
	Extr.Door, residential, steel, prehunStorage Shed - Lark La	1,415					
	Extr.Pr. Doors, residential, steel, prePool Shed - Bayshore	2,136					
	Extr.Doors, residential, steel, prehu Storage Shed - Baysh	2,829					
	Crawl Space Repairs All Crawl Spaces	2,963					
	Structural Repairs All Crawl Spaces	23,702					
	Contract Appraisal of Buildings Professional Service	1,654					
	Roof Specification and Site Visits Professional Service	30,862	86,120				
	2028	Quartzite, epoxy resurface Pool	12,593		410,718	40,000	
		Replace Skim line Tile Pool	834				
Replace roof 2626 Gull Way with roof hatch		27,926 2,905					
Replace roof 2628 Gull Way with roof hatch		27,926 2,905					
Replace roof 423 Lark Lane with roof hatch		27,926 2,905					
Replace roof 419 Lark Lane with roof hatch		27,926 2,905					
Replace roof 415 Lark Lane with roof hatch		27,926 2,905					
Replace roof 411 Lark Lane with roof hatch		27,926 2,905					
Roof leak allowance		2,545	198,413				



Gull Way Villas Condominium  
Schedule of Essential Work Completed  
May 31, 2020

Schedule E

Date	Work	Cost	Notes
May 2020	Asphalt seal coating parking lots	\$3,010	Reserve Funds
May 2020	Pavement striping parking lots	\$500	Reserve Funds
Nov 2019	Repair cracks in parking lots	\$1,020	Reserve Funds
Apr 2017	Repair damage from roof leak	\$2,975	Covered by insurance
Sep 2016	Replace both dumpsters	\$2,260	
Aug 2016	Repair interior damage from water leak	\$1,538	
Jun 2016	Repair pool bottom & tiles	<u>\$9,065</u>	
<b>June 1, 2016 through May 31, 2017 Total</b>		<b>\$15,837</b>	
Apr 2016	Repaint pool gazebos	\$1,900	
Feb 2016	Repair light pole	\$1,440	
Nov 2015	Repair interior damage from water leaks	\$1,703	
Oct 2015	Recaulk all windows	<u>\$3,985</u>	
<b>June 1, 2015 through May 31, 2016 Total</b>		<b>\$9,028</b>	
May 2015	Repair pool gazebos	\$14,810	
Nov 2014	Replace electric panels in sheds	\$1,920	
Nov 2014	Seal asphalt parking lots	\$3,500	
Oct 2014	Contract appraisal of buildings	<u>\$800</u>	
<b>June 1, 2014 through May 31, 2015 Total</b>		<b>\$21,030</b>	
Apr 2014	Repaint stairs	\$1,050	
Oct 2013	Replace return air ducts	\$10,480	Reserve Funds
Nov 2013	Repair pole lights	\$4,155	Reserve Funds
Nov - Dec 2013	Repair sidewalks	\$5,800	Reserve Funds
Nov - Dec 2013	Repair building footers	<u>\$2,675</u>	Reserve Funds
<b>June 1, 2013 through May 31, 2014 Total</b>		<b>\$24,160</b>	

Gull Way Villas Condominium  
Schedule of Essential Work Completed  
May 31, 2020

Schedule E

Date	Work	Cost	Notes
May 2020	Asphalt seal coating parking lots	\$3,010	Reserve Funds
May 2020	Pavement striping parking lots	\$500	Reserve Funds
Nov 2019	Repair cracks in parking lots	\$1,020	Reserve Funds
Oct 2019	Replace two fences	\$1,055	Reserve Funds
Oct 2019	Replace delaminating facias	\$5,100	Reserve Funds
<b>June 1, 2019 through May 31, 2020 Total</b>		<b>\$10,685</b>	
Jun 2018	Replace strapping on pool furniture	\$1,978	Reserve Funds
Jun 2018	Repair floor damage from building settling	\$1,600	
Jan 2019	Relocate pool electric panel	\$1,100	
Jan 2019	Repair damage from leak	\$1,380	
Feb 2019	Contract Reserve Fund study	\$2,730	
May 2019	Power wash buildings	<u>\$2,910</u>	
<b>June 1, 2018 through May 31, 2019 Total</b>		<b>\$11,698</b>	
Apr - May 2018	Replace strapping on pool furniture	\$1,299	Reserve Funds
Mar 2018	Repair floor damage from building settling	\$6,652	
Dec 2017	Contract appraisal of buildings	\$1,200	Reserve Funds
Dec 2017	Replace corroded deck support plates	\$620	
Dec 2017	Reattach electric and communication cables in crawl spaces	\$2,231	
Nov 2017	Replace mail boxes	\$6,776	Reserve Funds
Oct - Nov 2017	Repair building support columns	\$6,300	Reserve Funds
Oct 2017	Repair light poles	\$3,291	
May 2017 - Jun 2017	Repair damage from roof leak	<u>\$3,775</u>	Covered by roof mfg
<b>June 1, 2017 through May 31, 2018 Total</b>		<b>\$32,144</b>	