DISNEY'S BOARDWALK VILLAS CONDOMINIUM ASSOCIATION, INC.
LAKE BUENA VISTA, FLORIDA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

Myers Brettholtz & COMPANY, PA
CPAs and Consultants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Disney's BoardWalk Villas Condominium Association, Inc.

We have audited the accompanying financial statements of Disney's BoardWalk Villas Condominium Association, Inc., which comprise the balance sheet as of December 31, 2019, and the related statements of comprehensive income and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Disney's BoardWalk Villas Condominium Association, Inc. as of December 31, 2019, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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To the Board of Directors of
Disney's BoardWalk Villas Condominium Association, Inc.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements on page 17 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating fund revenue and expenses - budget to actual, is required by Florida Statutes. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the portion marked "unaudited," has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Myers, Brettholtz & Company, PA

MYERS, BRETTHOLTZ & COMPANY, PA
Fort Myers, Florida
May 15, 2020

DISNEY'S BOARDWALK VILLAS CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2019

	Operating Fund	Replacement Fund	Total
Assets			
Cash and cash equivalents	$ 1,612,023	$ 3,096,048	$ 4,708,071
Restricted cash - real estate tax	740,578	-	740,578
Investments	-	39,366,663	39,366,663
Annual dues receivable	212,276	-	212,276
Due from DVCM	1,962,863	-	1,962,863
Interest receivable	-	150,955	150,955
Prepaid expenses	51,943	-	51,943
Due from (to) funds	(644,221)	644,221	-
Total assets	$ 3,935,462	$ 43,257,887	$ 47,193,349
Liabilities and Fund Balance			
Liabilities			
Accrued expenses	$ 30,928	$ -	$ 30,928
Income tax payable	154,814	-	154,814
Due to DVD	375,414	-	375,414
Annual dues received in advance	3,374,306	481,152	3,855,458
Deferred tax liability	-	3,612	3,612
Contract liability	-	42,511,245	42,511,245
Total liabilities	3,935,462	42,996,009	46,931,471
Fund balance			
Accumulated excess of revenue over expenses	-	254,202	254,202
Accumulated other comprehensive income			
Net unrealized gain on investments	-	7,676	7,676
Total fund balance	-	261,878	261,878
Total liabilities and fund balance	$ 3,935,462	$ 43,257,887	$ 47,193,349

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

DISNEY'S BOARDWALK VILLAS CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF COMPREHENSIVE INCOME AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Operating Fund	Replacement Fund	Total
Revenue			
Members' annual dues	$ 21,279,552	$ 441,619	$ 21,721,171
Developers' annual dues	417,052	8,676	425,728
Breakage	702,087	-	702,087
Self parking	80,118	-	80,118
Member late fees and interest	174,618	-	174,618
Interest, net of bank fees	-	922,894	922,894
Amortization of purchase premiums	-	(309,811)	(309,811)
Total revenue	22,653,427	1,063,378	23,716,805
Expenses	22,399,225	1,063,378	23,462,603
Excess of revenue over expenses	254,202	-	254,202
Other Comprehensive Income, Net of Tax			
Unrealized gain on investments			
Unrealized holding gain during period	-	1,817	1,817
Total comprehensive income	254,202	1,817	256,019
Fund balance, beginning of year	-	5,859	5,859
Interfund transfer	(254,202)	254,202	-
Fund balance, end of year	$ -	$ 261,878	$ 261,878

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

DISNEY'S BOARDWALK VILLAS CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Operating Fund	Replacement Fund	Total
Cash Flows From Operating Activities			
Excess of revenue over expenses	$ 254,202	$ -	$ 254,202
Adjustments to reconcile excess of revenue over expenses to net cash (used) provided by operating activities:			
Amortization of purchase premiums	-	309,811	309,811
Changes in:			
Annual dues receivable	102,702	-	102,702
Accounts receivable - other	2,983	-	2,983
Due from DVCM	(1,962,863)	-	(1,962,863)
Interest receivable	-	104,920	104,920
Prepaid expenses	(515)	-	(515)
Accrued expenses	1,602	-	1,602
Income tax payable	37,043	-	37,043
Due to DVD	116,890	-	116,890
Due to DVCM	(123,877)	-	(123,877)
Annual dues received in advance	1,429,696	200,838	1,630,534
Contract liability	-	5,234,483	5,234,483
Net cash (used) provided by operating activities	(142,137)	5,850,052	5,707,915
Cash Flows From Investing Activities			
Proceeds from sale of investments	-	31,760,000	31,760,000
Purchases of investments	-	(37,484,708)	(37,484,708)
Net cash used by investing activities	-	(5,724,708)	(5,724,708)
Cash Flows From Financing Activities			
Interfund reimbursement	397,393	(397,393)	-
Interfund transfer	(254,202)	254,202	-
Net cash provided (used) by financing activities	143,191	(143,191)	-
Net increase (decrease)	1,054	(17,847)	(16,793)
Cash, cash equivalents and restricted cash, beginning of year	2,351,547	3,113,895	5,465,442
Cash, cash equivalents and restricted cash, end of year	$ 2,352,601	$ 3,096,048	$ 5,448,649
Supplemental Information			
Income tax paid	$ 117,771	$ -	$ 117,771
Interest paid	$ -	$ -	$ -

Read Independent Auditor's Report.
The accompanying notes are an integral part of the financial statements.

NOTE 1 - THE ASSOCIATION

Nature of Operations

Disney's BoardWalk Villas Condominium Association, Inc. (the "Association") was incorporated on July 12, 1996, under the laws of Florida as a corporation not-for-profit, to operate and manage Disney Vacation Club at Disney's BoardWalk Villas (the "Condominium"), a leasehold condominium consisting of vacation homes being developed in phases, located in Lake Buena Vista, Florida. The owners of all leasehold interests in the Condominium are the only members.

As of December 31, 2019, the Condominium consisted of 112 declared phases, containing 383 vacation homes. Each phase principally consists of one unit, containing 4-17 vacation homes in studio, one-bedroom, two-bedroom, and grand villa type configurations. As of December 31, 2019, there had been declared ownership interests equivalent to approximately 4,888,849 vacation points in the Condominium.

Ownership Rights and Vacation Points

An ownership interest is symbolized by an annual allotment of "vacation points". For purposes of reservations, the developer, Disney Vacation Development, Inc. ("DVD"), has established daily vacation point values according to the type and size of the accommodations and the time period sought.

Each ownership interest is sold free and clear of all liens, encumbrances, defects, judgments and mortgages, except that each such interest shall be subject to the following matters of title including: The Declaration of Condominium; The Ground Lease; The Master Declaration of Covenants, Conditions and Restrictions; The Master Cotenancy Agreement; membership in the Disney Vacation Club; any mortgage placed upon the ownership interest; taxes and annual dues for the year of purchase and subsequent years; and restrictions, reservations, conditions, limitations and easements of record prior to purchase or imposed by authorities having jurisdiction over the subject property.

Each unit shall have one (1) vote in the Association. The vote of each unit shall be cast by its voting representative. Where a unit is owned by more than one owner, the cotenants of the unit shall file a voting certificate with the Association in accordance with the articles of incorporation and bylaws of the Association, setting forth which cotenant is designated as the voting representative for that unit.

NOTE 2 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 15, 2020, the date that the financial statements were available to be issued.

In December 2019, a novel strain of coronavirus surfaced and has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The extent and duration of operational decisions as a result of COVID-19 and the effect on the financial position or operations of the Association is unknown at this time.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and presents them as separate funds based on its different funding policies for operations and major repairs and replacements.

The operating fund reflects the operating portion of the members' annual dues assessed, to meet the various day-to-day expenditures incurred in the administration and operation of the Condominium and recreational facilities.

The replacement fund is composed of the portion of the members' annual dues designated in the budget to fund future major repairs and replacements, as further described in Note 8.

Investments

The Association classifies its debt securities as available-for-sale. Debt securities for which the Association does not have the intent or ability to hold to maturity are classified as available-for-sale. Available-for-sale securities are carried at fair market value, with the unrealized gains and losses, net of tax, included in the determination of other comprehensive income and reported as a separate component of fund balance. Gains or losses on securities sold are based on the specific identification method.

Annual Dues Receivable

Annual dues receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding dues from members. Annual dues receivable are generally considered delinquent when the payment is not received on or before the due date. The accompanying financial statements contain no allowance for uncollectible accounts since in management's opinion all accounts are fully collectible, pursuant to an agreement with DVD, as further described in Note 6. The Association treats uncollectible dues as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The balances of annual dues receivable as of the beginning and end of the year are $314,978 and $212,276, respectively.

Property and Equipment

The Association follows prevalent industry practice, as contained in ASC Subtopic 972-360, "Real Estate - Common Interest Realty Associations - Property, Plant and Equipment" in accounting for the common property of the Association, which it is responsible to preserve and maintain. Property 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 or the property is used by the Association to generate significant cash flow from members on the basis of usage or from nonmembers.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Property associated with the units is not capitalized. Property not directly associated with the units consists of equipment. These items are not capitalized as they do not meet the capitalization criteria, since ownership of the commonly owned assets is vested in the members, those assets are not titled in the Association's name and disposition of those assets by the Board of Directors (the "Board") is restricted. Additions and improvements to common property are accounted for as major repair and replacement expenditures in the replacement fund.

Contract Liability

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to the replacement fund assessments. The balance of contract liability as of the beginning and end of the year are $37,276,762 and $42,511,245, respectively.

Income Taxes

The Association can elect to file its income tax return as a Homeowners' Association, in accordance with Internal Revenue Code Section 528. Under that section, the Association is not taxed on uniform assessments to members and other income received from Association members solely as a function of their membership in the Association. The effect of the election is to tax the Association only on its "non-exempt function" income, reduced by a specific $100 deduction at a flat 32% rate. If such election is not made, the Association's net income is subject to tax at statutory corporate rates. The tax effect related to other comprehensive income is reflected on the balance sheet.

Management has analyzed its various federal filing positions and believes that the Association's income tax filing positions and deductions are well documented, supported and contain no uncertain tax positions. Additionally, management believes that no accruals for tax liabilities, interest or penalties are required. Therefore, no reserves for uncertain income tax positions have been recorded. Further, no interest or penalties have been included since no reserves were recorded. When applicable, such interest and penalties will be reported as income tax expense. The Association's federal income tax returns remain subject to examination by the Internal Revenue Service for three years from the date of filing.

The Association has elected to be taxed as a Homeowners' Association, which has resulted in a federal income tax liability of $154,814 for the year ended December 31, 2019. There is no state income tax imposed on the Association.

As of December 31, 2019, the Association has $123,621 of capital loss carryforwards that expire between the years 2020 and 2021.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Real Estate Taxes

The Association acts as a conduit for the collection of real estate taxes for Orange County and Reedy Creek Improvement District. Real estate taxes are not considered funds owned by the Association. Therefore, the activity of the real estate tax escrow account is not reflected in the Association's statement of comprehensive income and changes in fund balance. Any collections made in excess of actual taxes paid is used to reduce assessments to the Association's members. Conversely, any real estate taxes paid that exceed the amounts billed is charged to the Association's members in the next billing cycle. Interest income on real estate tax cash balances is disbursed, in accordance with the requirements of Florida law, to the Association as ordinary income after all real estate taxes for that year have been paid in full.

Fair Value of Financial Instruments

Substantially all of the Association's assets and liabilities, excluding prepaid expenses, annual dues received in advance, deferred tax liability and contract liability, are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying amounts that approximate fair value because of the short maturity of the instrument. The fair value of substantially all debt securities is determined by a broker using a third party source.

Revenue Recognition

Association members are subject to annual dues to provide funds for the Association's operating expenses and major repairs and replacements. Annual dues revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. Any excess assessments at year-end are transferred to the replacement fund.

Member late fees and interest revenue is recognized when collected.

Cash Flows

The Association considers all highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents.

Restricted cash - real estate tax consists of funds held in escrow for real estate taxes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Association maintains cash balances at one financial institution. Accounts at the commercial banking institution are insured by the Federal Deposit Insurance Corporation (the "FDIC") up to $250,000. As of December 31, 2019, the uninsured balance was $2,102,600, based on the bank statement balances, less the FDIC insurance. Cash equivalents totaling $3,096,048, as of December 31, 2019, are not insured by the FDIC.

NOTE 5 - INVESTMENTS

The Association invests idle cash balances in various debt securities. The amortized historical cost, aggregate fair value, and gross unrealized holding gain, summarized by major security type, as of December 31, 2019, consisted of:

Replacement Fund	Amortized Historical Cost	Aggregate Fair Value	Gross Unrealized Holding Gain
Debt Securities			
Bonds	$ 39,355,375	$ 39,366,663	$ 11,288

Future maturities of debt securities held as of December 31, 2019, consisted of:

Maturities	Amortized Historical Cost	Aggregate Fair Value	Unrealized Holding Gain
Less than one year	$ 13,260,375	$ 13,266,796	$ 6,421
1 - 5 years	1,750,000	1,754,867	4,867
More than 10 years	24,345,000	24,345,000	-
	$ 39,355,375	$ 39,366,663	$ 11,288

The following are the major categories of assets measured at fair value on a recurring basis during the year ended December 31, 2019, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total as of December 31, 2019
Bonds	$ -	$ 39,366,663	$ -	$ 39,366,663

NOTE 6 - ANNUAL DUES RECEIVABLE

The Association has the right to place a lien against each ownership interest to secure the payment of annual dues or other exactions coming due for the use, maintenance, upkeep or repair of the recreational or commonly used facilities. An owner's failure to make these payments may result in foreclosure of the lien. All such liens shall be subordinate to any mortgage recorded prior to the date of recording the claim of lien.

Pursuant to the Master Cotenancy Agreement, DVD has the right, but not the obligation, to pay the amount due from a defaulting cotenant and thereby acquire a lien against the defaulting cotenant's ownership interest to secure repayment of amounts paid by DVD. In the event DVD elects not to exercise that right, a non-defaulting cotenant may elect to pay the amounts due from a defaulting cotenant, and thereby acquire a lien against the defaulting cotenant's ownership interest.

NOTE 7 - ANNUAL DUES RECEIVED IN ADVANCE

Assessments received in advance consisted of future year assessments received by the Association prior to January 1, 2020.

NOTE 8 - 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 $42,511,245 and $261,878, and are presented on the accompanying balance sheet as a contract liability and fund balance, respectively, as of December 31, 2019, are held in separate accounts and are generally not available for operating purposes. The Association's policy is to retain the investment income earned on such funds in the replacement fund. The Board adopted a resolution approving a transfer of the operating excess of revenue over expenses to the replacement fund.

During 2019, the Association funded for major repairs and replacements over the estimated useful lives of the components, based on estimates of current replacement costs, in accordance with Florida Statutes. The Board has adopted the pooling method for replacement funding.

The 2020 proposed budgeted funding is $5,836,537, as shown in the unaudited supplementary information. The components' actual replacement costs, useful lives, and investment income may vary from the estimated amounts and the variation may be material. Therefore, the Association's replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to the Board's approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 9 - RELATED PARTY TRANSACTIONS

The Developer

DVD is a Florida corporation and a related entity of The Walt Disney Company ("TWDC"), a Delaware corporation. DVD acquired the property under the terms of a ground lease by and between Walt Disney Parks and Resorts U.S., Inc. ("WDPR"), a Florida corporation (formerly Walt Disney World Co.), its successors and assigns, as successor by merger to Walt Disney World Hospitality & Recreation Corporation ("WDWHRC"), and DVD. WDPR is also a subsidiary of TWDC. DVD developed the Condominium on the property located in Orange County, Florida, and sells ownership interests in condominium units as part of the vacation ownership plan. Unless otherwise extended, the ground lease will expire on January 31, 2042, and vest to the benefit of WDPR.

Certain directors or officers of DVD or Disney Vacation Club Management, LLC ("DVCM") serve on the Board or as officers of the Association. Certain directors or officers of the Association are also employees of TWDC or its affiliates.

DVD retains no less than 2% of the total ownership interests in each unit declared in the Condominium and is responsible for annual dues with respect to its retained or unsold ownership interests. DVD has retained ownership interests equivalent to approximately 97,836 vacation points. In addition, DVD had unsold ownership interests equivalent to approximately 27,912 vacation points as of December 31, 2019. During the year ended December 31, 2019, DVD annual dues paid to the Association were $526,364.

The use of certain facilities, including without limitation, general support and structural improvements, hotel check-in facility, back office facilities, telephone equipment rooms, etc., are being provided to the Association pursuant to the terms of either the management agreement or as a support facility under the terms of the Master Declaration. The cost of operating and maintaining such facilities is being apportioned among its users, including owners, and are included in certain operating expenses of the Association. The Association's apportioned share is approximated at 25% of the operating expenses. As of December 31, 2019, $375,414 was due to DVD primarily related to these support facilities and sales tax on the support facilities.

The Manager and Resort Operations

DVCM, a Florida corporation, is the manager of the Association and is also a subsidiary of TWDC.

Management fees payable to DVCM are 12% of the total annual operating and reserve budget exclusive of real estate taxes, transportation fees, and the management fee, itself. Management fees incurred during the year ended December 31, 2019, were $2,699,106.

DVCM has an agreement with the Association whereby DVCM may operate a resort hotel with respect to the rental of unreserved accommodations in the Condominium. Proceeds, resulting from the rental of unreserved accommodations, are retained by the Association up to an amount equal to 2 ½ percent of the adjusted operating and capital reserves budget, as defined, in each calendar year, as breakage revenue. During the year ended December 31, 2019, the Association received $702,087 in breakage revenue.

Substantially all operating expenses have been allocated to the Association from DVCM, and certain operating expenses have been rendered by or incurred through other TWDC entities.

NOTE 9 - RELATED PARTY TRANSACTIONS (Continued)

The Manager and Resort Operations (Continued)

Amounts due to or from DVCM are payable in full and due on demand. As of December 31, 2019, the amount due from DVCM of $1,962,863 related to annual dues collected but not yet remitted to the Association, net of allocable expenses.

NOTE 10 - COMMITMENT

The Association has a three-year management agreement ending June 27, 2020, with DVCM. The management agreement automatically renews for successive periods of three (3) years each, upon its scheduled expiration, unless either party gives the other written notice of nonrenewal, as stipulated in the agreement. DVCM provides on-site management and maintenance services, and off-site administrative and accounting services.

NOTE 11 - NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, *Real Estate - Common Interest Realty Associations, Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services.

The Association adopted the requirements of new guidance as of January 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Adoption of the new guidance resulted in changes to the accounting policies for assessment revenue and contract liabilities related to the replacement fund, as previously described.

The adoption of the new revenue recognition guidance resulted in the following change to fund balance as of January 1, 2019:

Fund balance, as previously reported, at January 1, 2019	$ 37,282,621
Adjustment for effects of Topic 606	(37,276,762)
Fund balance, as adjusted, at January 1, 2019	$ 5,859

The effect of the adoption is a decrease in 2019 assessments by $5,234,483 and a recording of a contract liability as of December 31, 2019, of $42,511,245. The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

The modified retrospective method of transition requires the effect of applying the new guidance on each item included in the 2019 financial statements be disclosed.

NOTE 11 - NEW ACCOUNTING GUIDANCE IMPLEMENTATION (Continued)

Following are the line items from the balance sheet as of December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

	Amounts That Would Have Been Reported	Effects of Applying Topic 606 Guidance	As Reported
Liabilities			
Contract liability	$ -	$ 42,511,245	$ 42,511,245
Fund balance			
Ending fund balance	$ 42,773,123	$ (42,511,245)	$ 261,878

The following are the line items from the statement of comprehensive income and changes in fund balance and the statement of cash flows for the year ended December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance:

	Amounts That Would Have Been Reported	Effects of Applying Topic 606 Guidance	As Reported
Revenue			
Annual dues	$ 27,381,382	$ (5,234,483)	$ 22,146,899
Excess of revenue over expenses	$ 5,488,685	$ (5,234,483)	$ 254,202
Cash Flows			
Excess of revenue over expenses	$ 5,488,685	$ (5,234,483)	$ 254,202
Increase in contract liability	$ -	$ 5,234,483	$ 5,234,483

SUPPLEMENTARY INFORMATION

DISNEY'S BOARDWALK VILLAS CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2019
(Unaudited)

The following table represents a study performed by WDPR in collaboration with an independent contractor during 2019 to estimate the useful lives and replacement costs of the components of common property. Amounts are based on normal operation and without the effect of potential catastrophic occurrences.

Components	Average Estimated Useful Lives	Average Estimated Remaining Useful Lives	Estimated Current Replacement Costs	2020 Proposed Budgeted Funding
Roof replacement / repair	7 - 40 years	1 - 19 years	$ 5,936,147	
Interior refurbishment	1 - 28 years	1 - 10 years	52,188,855	
External building painting	9 years	5 years	3,111,621	
Common element renovation	1 - 30 years	1 - 19 years	23,211,609	
Pavement resurfacing	3 - 25 years	1 - 15 years	1,379,586	
			$ 85,827,818	$ 5,836,537

The funding requirement of $6,282,308 will be reduced by estimated investment income earned on replacement funds in the amount of $445,771.

DISNEY'S BOARDWALK VILLAS CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND REVENUE AND EXPENSES -
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget *(Unaudited)*	Actual	Variance
Revenue			
Members' and developers' annual dues	$ 21,696,604	$ 21,696,604	$ -
Breakage	702,087	702,087	-
Self parking	62,653	80,118	17,465
Member late fees and interest	152,036	174,618	22,582
Interest - operating and real estate taxes	5,093	-	(5,093)
Total operating fund revenue	22,618,473	22,653,427	34,954
Expenses			
Administration and front desk	3,815,381	3,813,913	1,468
Annual audit	14,500	14,900	(400)
DVC reservation component	29,560	29,797	(237)
Division fees	39,066	39,066	-
Housekeeping	6,441,494	6,191,006	250,488
Income tax	104,945	154,814	(49,869)
Insurance	416,368	412,268	4,100
Legal	1,000	-	1,000
Maintenance	3,591,274	3,563,942	27,332
Management fees	2,699,106	2,699,106	-
Member activities	1,157,919	1,193,262	(35,343)
Sales tax on supporting facility	317,932	301,182	16,750
Security	490,972	500,373	(9,401)
Transportation	2,189,728	2,253,503	(63,775)
Utilities	1,309,228	1,232,093	77,135
Total operating fund expenses	22,618,473	22,399,225	219,248
Excess of revenue over expenses	$ -	$ 254,202	$ 254,202