

**PROMENADES EAST**  
**CONDOMINIUM ASSOCIATION, INC.**

**PORT CHARLOTTE, FLORIDA**

**FINANCIAL REPORT**

**DECEMBER 31, 2010**

## TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Report	
Balance Sheet	2
Statement of Revenue and Expenses	3 - 4
Statement of Changes in Fund Balances	5
Statement of Cash Flows	6 - 7
Notes to Financial Statements	8 - 11
Supplementary Information	
Independent Auditor's Report on Supplementary Information	12
Statement of Actual Receipts and Disbursements to Budget - Unrestricted Fund Only	13
Supplementary Information on Future Major Repairs and Replacements	14-15

**FINANCIAL REPORT**

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**INDEPENDENT AUDITORS' REPORT**

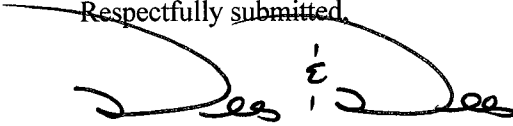
**The Board of Directors  
Promenades East Condominium Association, Inc.  
Port Charlotte, Florida**

We have audited the accompanying balance sheet of **Promenades East Condominium Association, Inc.** (a non-profit organization) as of **December 31, 2010**, and the related statements of revenue and expenses, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the **Promenades East Condominium Association, Inc.'s** management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Promenades East Condominium Association, Inc.** as of **December 31, 2010**, and the results of its operations and changes in its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,



DEES & DEES, C.P.A.'s, P.A.  
Port Charlotte, Florida  
February 17, 2011

**PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**BALANCE SHEET**  
**DECEMBER 31, 2010**

	<u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Total</u> <u>(Memo Only)</u>
<b><u>ASSETS</u></b>			
<b><u>Current Assets</u></b>			
Cash	\$ 55,008	\$ 604,372	\$ 659,380
Cash - Escrow	17,000	-0-	17,000
Condominium fees receivable	22,303	-0-	22,303
Prepaid insurance	56,006	-0-	56,006
Prepaid taxes	<u>1,532</u>	<u>-0-</u>	<u>1,532</u>
Total Current Assets	<u>151,849</u>	<u>604,372</u>	<u>756,221</u>
<b><u>Common Property and Equipment</u></b>			
(Note 2)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	<b><u>\$ 151,849</u></b>	<b><u>\$ 604,372</u></b>	<b><u>\$ 756,221</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	\$ 304	\$ -0-	\$ 304
Payroll taxes – payable	2,192	-0-	2,192
Prepaid assessment	10,901	-0-	10,901
Security and key deposits	<u>17,387</u>	<u>-0-</u>	<u>17,387</u>
Total Current Liabilities	<u>30,784</u>	<u>-0-</u>	<u>30,784</u>
<b><u>Fund Balances</u></b>			
Owners' capital contributions (Note 3)	44,692	-0-	44,692
Developer capital contribution (Note 4)	3,585	-0-	3,585
Restricted fund balance (Note 5)	-0-	604,372	604,372
Unrestricted fund balance	<u>72,788</u>	<u>-0-</u>	<u>72,788</u>
Total Fund Balances	<u>121,065</u>	<u>604,372</u>	<u>725,437</u>
Total Liabilities and Fund Balances	<b><u>\$ 151,849</u></b>	<b><u>\$ 604,372</u></b>	<b><u>\$ 756,221</u></b>

Read Independent Auditors' Report  
The accompanying notes are an integral part of this statement.

**PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**STATEMENT OF REVENUE AND EXPENSES**  
**FOR YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Total</u> <u>(Memo Only)</u>
<b><u>Revenues:</u></b>			
Assessments	\$ 365,004	\$ 48,671	\$ 413,675
Interest	11	5,795	5,806
Insurance Revenue	1,542	-0-	1,542
Other	<u>12,765</u>	<u>-0-</u>	<u>12,765</u>
Total Revenues	<u>379,322</u>	<u>54,466</u>	<u>433,788</u>
<b><u>Expenses:</u></b>			
Salaries:			
Manager	52,790	-0-	52,790
Maintenance	12,475	-0-	12,475
Janitorial	15,213	-0-	15,213
Clerical	390	-0-	390
Payroll taxes	8,623	-0-	8,623
Accounting	6,117	-0-	6,117
Employee recognition	312	-0-	312
Bank charges	472	102	574
Continuing education	79	-0-	79
Recreation	744	-0-	744
Background checks	1,345	-0-	1,345
Copier costs	335	-0-	335
Insurance:			
General	71,897	-0-	71,897
Employee health	4,800	-0-	4,800
Workers compensation	2,260	-0-	2,260
Postage, stationary and supplies	1,111	-0-	1,111
Gasoline for errands	930	-0-	930
Miscellaneous	638	-0-	638
Legal	11,242	-0-	11,242
Inspection fees and license	1,400	-0-	1,400
Corporate registration	649	-0-	649
Telephone	4,501	-0-	4,501
Water/Sewer	88,487	-0-	88,487
Electric	26,481	-0-	26,481
Lawn mowing and tree trimming	12,895	-0-	12,895
Air conditioner repair	1,012	-0-	1,012
Landscaping	3,094	-0-	3,094
Small tools	309	-0-	309
Janitorial services	3,229	-0-	3,229

Read Independent Auditors' Report

The accompanying notes are an integral part of this statement.

**PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**STATEMENT OF REVENUE AND EXPENSES (CONT.)**  
**FOR YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Total</u> <u>(Memo Only)</u>
Training and education	105	-0-	105
Advertising	250	-0-	250
Fire alarm service	396	-0-	396
Outside labor	5,623	-0-	5,623
Irrigation repair	1,698	-0-	1,698
Outside pest control	1,050	-0-	1,050
Computer software	504	-0-	504
Work clothes	165	-0-	165
Hardware	813	-0-	813
Janitorial supplies	252	-0-	252
Paint, lamps and hardware	1,990	-0-	1,990
Fire extinguishers	460	-0-	460
Equipment rental and repair	545	-0-	545
Diesel and fire pump inspection	4,257	-0-	4,257
Building Repairs	4,072	-0-	4,072
Office equipment	465	-0-	465
Mulch	3,138	-0-	3,138
Elevator maintenance	5,143	-0-	5,143
Fire sprinkler	857	-0-	857
Pest control – Units	5,257	-0-	5,257
Pool and Spa Maintenance	667	4,165	4,832
Pool chemicals	6,412	-0-	6,412
Pool filter repairs	1,797	-0-	1,797
Taxes	1,532	-0-	1,532
Plants	317	-0-	317
Office equipment repairs	272	-0-	272
Bad debts	<u>1,315</u>	<u>-0-</u>	<u>1,315</u>
 Total Expenses	 <u>383,182</u>	 <u>4,267</u>	 <u>387,449</u>
 Net Excess (Deficit)	 <u>\$ (3,860)</u>	 <u>\$ 50,199</u>	 <u>\$ 46,339</u>

Read Independent Auditors' Report  
The accompanying notes are an integral part of this statement.

**PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**FOR YEAR ENDED DECEMBER 31, 2010**

	<u>Owners' Capital Contribution</u>	<u>Developer Capital Contribution</u>	<u>Restricted Fund Balance</u>	<u>Unrestricted Fund Balance</u>	<u>Total (Memo Only)</u>
Balance - January 1, 2010	\$ 44,692	\$ 3,585	\$ 554,173	\$ 89,502	\$ 691,952
Net excess (Deficit) 2008 Income Taxes	-0-	-0-	50,199	(3,860)	46,339
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(12,854)</u>	<u>(12,854)</u>
Balance - December 31, 2010	<u>\$ 44,692</u>	<u>\$ 3,585</u>	<u>\$ 604,372</u>	<u>\$ 72,788</u>	<u>\$ 725,437</u>

Read Independent Auditors' Report  
The accompanying notes are an integral part of this statement.



**PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**FOR YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total (Memo Only)</u>
Cash Flows from Operating Activities:			
Cash received from members	\$ 365,030	\$ 48,671	\$ 413,701
Cash paid to suppliers and employees	(375,828)	(4,267)	(380,095)
Interest	<u>11</u>	<u>5,795</u>	<u>5,806</u>
 Net Cash Provided (Used) By Operating Activities	 <u>(10,787)</u>	 <u>50,199</u>	 <u>39,412</u>
 Cash Flows from Investing Activities:			
 Net Cash Provided (Used) By Investing Activities	 <u>-0-</u>	 <u>-0-</u>	 <u>-0-</u>
 Cash Flows from Financing Activities:			
 Net Cash Provided (Used) By Financing Activities	 <u>-0-</u>	 <u>-0-</u>	 <u>-0-</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 (10,787)	 50,199	 39,412
 Cash and cash equivalents - Beginning of year	 <u>65,795</u>	 <u>554,173</u>	 <u>619,968</u>
 Cash and Cash Equivalents - End of Year	 <u><b>\$ 55,008</b></u>	 <u><b>\$ 604,372</b></u>	 <u><b>\$ 659,380</b></u>

Read Independent Auditors' Report  
The accompanying notes are an integral part of this statement.

**PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**STATEMENT OF CASH FLOWS (CONT.)**  
**FOR YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Total</u> <u>(Memo Only)</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities:			
Net excess (Deficit)	\$ (3,860)	\$ 50,199	\$ 46,339
Adjustments to reconcile net income to net cash provided by operating activities:			
Decrease (increase) in escrow	1,455	-0-	1,455
Decrease (increase) in accounts receivable	(3,190)	-0-	(3,190)
Decrease (increase) in prepaid insurance	4,024	-0-	4,024
(Decrease) increase in payables	(3,394)	-0-	(3,394)
(Decrease) increase in payroll taxes payable	254	-0-	254
(Decrease) increase in prepaid assessments	(10,753)	-0-	(10,753)
(Decrease) increase in security and key deposits	(1,793)	-0-	(1,793)
Decrease (increase) in prepaid taxes	<u>6,470</u>	<u>-0-</u>	<u>6,470</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ (10,787)</u>	<u>\$ 50,199</u>	<u>\$ 39,412</u>

Read Independent Auditors' Report  
The accompanying notes are an integral part of this statement.

**PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

Note 1 Nature of Business and Significant Accounting Policies

Nature of Business

**Promenades East Condominium Association, Inc.** is a not-for-profit corporation organized under the laws of the State of Florida. The Association operates Promenades East Condominium, which consists of 147 units located in Port Charlotte, Florida.

Promenades East Condominium was declared such October 12, 1982, pursuant to the filing of its condominium documents. The first unit was closed on October 18, 1982.

Significant Accounting Policies

A summary of the significant accounting policies followed by the Association is set forth below:

General Accounting Policies

The Association uses the fund method of accounting, which requires that funds, such as unrestricted operating funds and restricted funds for future repairs and replacements, be classified separately for accounting and reporting purposes.

Fund accounting is helpful in segregating funds having restrictions on their use. Disbursements from the unrestricted fund are generally at the discretion of the Board of Directors. Disbursements from the restricted fund may be made only for their designated purposes.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Association considers all highly liquid debt instruments purchased to be cash equivalent.

Condominium Fees Receivable

The Association considers any unpaid assessment delinquent ten days after the due date. The Association may record a claim of lien against the condominium owner to obtain the amount due. All receivables are considered collectable.

Properties

The Association recognizes purchased property and equipment to which it has title at cost and at fair market value for those assets contributed to the Association. Depreciation is provided over the assets estimated useful lives (ranging from five to ten years) using the straight line method.

**PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2010**

Note 1 Nature of Business and Significant Accounting Policies (Cont.)

Significant Accounting Policies (Cont.)

Assessments

The Board of Directors shall from time to time, and at least annually, prepare a budget for the condominium, determine the amount of assessments payable by the unit owners to meet the common expenses of the condominium and allocate and assess such expenses among the unit owners in accordance with the provisions of the condominium declaration and the bylaws.

Management

The Association's Board of Directors for the period ended December 31, 2010 consisted of homeowners of the Association.

Date of Management Review :

The Association has evaluated subsequent events and transactions after December 31, 2010 through February 17, 2011, the date the financial statements were available to be issued.

Note 2 Property, Plant and Equipment

Property, plant and equipment are comprised of the following at December 31, 2010:

Common property improvements	\$ 2,113
Equipment	<u>1,067</u>
	3,180
Less: Accumulated depreciation	<u>(3,180)</u>
Remaining Basis	<u>\$ -0-</u>

Note 3 Owners' Capital Contribution

At December 31, 2010 owners' capital contribution consisted of:

Unit owners at closing made a capital contribution to the Association equal to twice their monthly assessment.	\$ 29,706
Owners indirectly paid for all furniture and fixtures in the common areas. These assets were recorded as owners' capital.	<u>14,986</u>
	<u>\$ 44,692</u>

**PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2010**

Note 4 Developer Capital Contribution

The developer funded the Association \$2,085 in excess of the developer's obligations at June 15, 1982. The developer has contributed these funds as contributed capital to the Association. The developer contributed an additional \$1,500 in contributed capital during 1985.

Note 5 Restricted Fund Balance

Pursuant to the Florida Condominium Act and the Association's governing documents, the Association is required to accumulate funds for future major repairs and replacements. Accumulated funds, which aggregate approximately \$604,372 at December 31, 2010, are held in separate accounts and are not available for expenditures for normal operations. It is the Association's policy that interest earned on such funds is allocated to various reserve fund accounts. The Association's Board of Directors conducts a study in December to estimate the remaining useful lives and the replacement costs of the common property components.

Funds are accumulated in the restricted fund based on current estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures and the variations may be material. Therefore, amounts accumulated in the restricted 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 membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Detail for these restricted fund balances are as follows:

<u>Reserve</u>	<u>Balance</u> <u>January 1,</u> <u>2010</u>	<u>Member</u> <u>Assess-</u> <u>ments</u>	<u>Interest</u>	<u>(Expenses)</u>	<u>Balance</u> <u>December 31,</u> <u>2010</u>
Roof	\$ 210,890	\$ 9,111	\$ 1,085	\$ (19)	\$ 221,067
Building painting	86,166	8,829	1,051	(18)	96,028
Parking lot	18,193	3,076	366	(6)	21,629
Pool/Spa	14,371	1,110	132	(2)	15,611
Carpet replacement	34,096	6,984	832	(15)	41,897
Pool furniture	6,535	3,125	372	(7)	10,025
Elevator	40,281	2,438	290	(5)	43,004
Air conditioners	43,921	3,149	375	(7)	47,438
Generator	27,392	2,181	260	(5)	29,828
Fire pump	31,753	2,229	265	(5)	34,242
Spa/Pool heaters	6,471	1,533	183	(4,168)	4,019
Fire Panel	34,104	4,906	584	(10)	39,584
Total	<u>\$ 554,173</u>	<u>\$ 48,671</u>	<u>\$ 5,795</u>	<u>\$ (4,267)</u>	<u>\$ 604,372</u>

**PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2010**

Note 6 Compensated Absences

The Association provides for all compensated absences as they are incurred. Any liability for uncompensated absences is immaterial.

Note 7 Commonly Owned Assets

Commonly owned assets primarily include the land, buildings and other recreational areas within the development. These assets are not owned by the Association. The ownership of these assets vests with the unit owners and these assets are not deemed to be severable. As a result, commonly owned assets are not capitalized in the Association's financial statements. Replacements, major repairs and the purchase of additional commonly owned assets are not capitalized as assets. These assets are accounted for as expenditures in the Unrestricted and Restricted Funds at the time of the expenditure.

Note 8 Income Taxes

The Association is classified as a nonexempt membership organization for both federal and state income tax purposes for the year ended December 31, 2010. It does not qualify as an exempt organization. The Association is subject to specific rulings and regulations applicable to nonexempt membership organizations. In general, the Association is required to separate its taxable income and deductions into membership transactions, non-membership transactions, and capital transactions.

For federal tax purposes, the Association is taxed on all net income from non-membership activities reduced only by losses from non-membership activities for which a profit motive exists. Non-membership income may not be offset by membership losses, and any excess membership deductions may only be carried forward to offset membership income of future tax periods. Any net membership income not applied to the subsequent tax year is subject to taxation. The Association files form 1120, which has graduated tax rates of 15% to 39% that are applied to net taxable income.

For state income tax purposes, the Association also is taxed on all net income from non-membership activities reduced only by losses from non-membership activities for which a profit motive exists. Non-membership income may not be offset by membership losses. Any net membership income is not subject to taxation. The tax rate that is applied to net taxable income is 5.5%.

**SUPPLEMENTARY INFORMATION**

Fred B. Dees, C.P.A.  
Fred B. Dees, Jr., C.P.A.

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**INDEPENDENT AUDITOR'S REPORT**  
**ON SUPPLEMENTARY INFORMATION**

**The Board of Directors**  
**Promenades East Condominium Association, Inc.**  
**Port Charlotte, Florida**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Actual Receipts and Disbursement to Budget-Unrestricted Fund Only which is the responsibility of the Association's management, is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information 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 the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that 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.

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements on page 15 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, who 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.

Respectfully submitted,

DEES & DEES, C.P.A.'s, P.A.  
Port Charlotte, Florida  
February 17, 2011



**PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**STATEMENT OF ACTUAL RECEIPTS AND DISBURSEMENTS TO BUDGET**  
**UNRESTRICTED FUND ONLY**  
**FOR YEAR ENDED DECEMBER 31, 2010**

	<u>Actual</u>	<u>Budget</u> (Unaudited)	<u>Variance</u> (Unaudited)
<b>Receipts:</b>			
Assessments	\$ 413,675	\$ 413,674	\$ 1
Less: Restricted reserves	<u>48,671</u>	<u>29,515</u>	<u>19,156</u>
Net Fees	365,004	384,159	(19,155)
Interest	11	8,000	(7,989)
Insurance revenue	1,542	1,200	342
Other	<u>12,765</u>	<u>2,550</u>	<u>10,215</u>
Total Receipts	<u>379,322</u>	<u>395,909</u>	<u>(16,587)</u>
<b>Disbursements:</b>			
<b>Salaries:</b>			
Manager	52,790	52,960	(170)
Maintenance	12,475	13,745	(1,270)
Janitorial	15,213	15,525	(312)
Clerical	390	800	(410)
Payroll taxes	8,623	8,665	(42)
Accounting	6,117	6,050	67
Employee recognition	312	400	(88)
Bank charges	472	180	292
Continuing education	79	150	(71)
Recreation	744	800	(56)
Background checks	1,345	900	445
Copier costs	335	600	(265)
<b>Insurance:</b>			
General	71,897	74,748	(2,851)
Employee health	4,800	4,800	-0-
Workers compensation	2,260	2,392	(132)
Postage, stationary and supplies	1,111	2,000	(889)
Gasoline for errands	930	960	(30)
Miscellaneous	638	800	(162)
Legal	11,242	5,620	5,622
Inspection fees and license	1,400	2,600	(1,200)
Corporate registration	649	649	-0-
Telephone	4,501	4,765	(264)
Water/Sewer	88,487	84,000	4,487
Electric	26,481	33,452	(6,971)
Lawn mowing and tree trimming	12,895	12,850	45
Spraying and fertilizing	-0-	280	(280)
Office equipment	465	-0-	465

Read Independent Auditors' Report on Supplementary  
Information and Accompanying Notes to Financial Statements.

**PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**STATEMENT OF ACTUAL RECEIPTS AND DISBURSEMENTS TO BUDGET**  
**UNRESTRICTED FUND ONLY (CONT.)**  
**FOR YEAR ENDED DECEMBER 31, 2010**

Outside pest control	1,050	-0-	1,050
Fire alarm service	396	-0-	396
Landscaping	3,094	3,200	(106)
Small tools	309	400	(91)
Janitorial services	3,229	3,650	(421)
Air conditioner repair	1,012	-0-	1,012
Outside labor	5,623	4,825	798
Irrigation repair	1,698	2,600	(902)
LP gas generator	-0-	265	(265)
Computer software	504	475	29
Work clothes	165	180	(15)
Office equipment repairs	272	350	(78)
Advertising	250	310	(60)
Corporate tax	1,532	5,800	(4,268)
Bad debts	1,315	9,134	(7,819)
Hardware	813	1,450	(637)
Janitorial supplies	252	460	(208)
Paint, lamps and hardware	1,990	3,420	(1,430)
Fire extinguishers	460	535	(75)
Equipment rental and repair	545	400	145
Diesel and fire pump inspection	4,257	1,435	2,822
Building Repairs	4,072	3,200	872
Training and education	105	-0-	105
Water pump inspection	-0-	250	(250)
Elevator maintenance	5,143	5,348	(205)
Fire sprinkler	857	1,800	(943)
Pest control – Units	5,257	6,600	(1,343)
Pool and Spa Maintenance	667	-0-	667
Pool chemicals	6,412	6,888	(476)
Pool filter repairs	1,797	2,243	(446)
Plants	317	-0-	317
Mulch	3,138	-0-	3,138
Total Disbursements	<u>383,182</u>	<u>395,909</u>	<u>(12,727)</u>
Net Excess (Deficit)	<u>\$ (3,860)</u>	<u>\$ -0-</u>	<u>\$ (3,860)</u>

Read Independent Auditors' Report on Supplementary  
Information and Accompanying Notes to Financial Statements.

**PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.**  
**PORT CHARLOTTE, FLORIDA**  
**SUPPLEMENTARY INFORMATION ON FUTURE**  
**MAJOR REPAIRS AND REPLACEMENTS**  
**FOR YEAR ENDED DECEMBER 31, 2010**  
**(UNAUDITED)**

The Board of Directors annually conducts a study to estimate the remaining useful lives and replacement costs of the components of common property. The estimates were obtained from historical cost data, contractors data and repair information.

The following table is based on the study and presents significant information about the components of common property.

<u>Components</u>	<u>Components of Fund Balances at 12/31/10</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>2011 Statutory Funding Requirement</u>
Roof	\$ 221,067	16	\$ 300,000	\$ 5,157
Building painting	96,028	3	100,000	2,482
Parking lot	21,629	6	30,000	1,597
Pool/Spa	15,611	8	20,000	603
Pool furniture	10,025	0	5,000	-0-
Elevator	43,004	22	75,000	1,309
Air conditioners	47,438	6	45,000	1,939
Generator	29,828	17	50,000	1,237
Fire pump	34,242	22	70,000	1,271
Spa/pool heaters	4,019	6	12,000	1,431
Fire panel	39,584	22	100,000	2,834
Carpet replacement	<u>41,897</u>	6	<u>60,000</u>	<u>3,475</u>
Totals	<b><u>\$ 604,372</u></b>		<b><u>\$ 867,000</u></b>	<b><u>\$ 23,335</u></b>

Fred B. Dees, C.P.A.  
Fred B. Dees, Jr., C.P.A.

February 17, 2011

**Board of Directors**  
**Promenades East Condominium Association, Inc.**  
**Port Charlotte, Florida**

We have audited the financial statements of **Promenades East Condominium Association, Inc.** for the year ended **December 31, 2010**, and have issued our report thereon dated February 17, 2011. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 6, 2011, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated February 17, 2011.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Promenades East Condominium Association, Inc.** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during year ended December 31, 2010. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no particularly sensitive accounting estimates contained in these financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive of their significance to financial statement users. There are no particularly sensitive disclosures affecting these financial statements.

**Board of Directors**  
**Promenades East Condominium Association, Inc.**  
**Page 2**  
**February 17, 2011**

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 17, 2011.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

This information is intended solely for the use of the Board of Directors and management of **Promenades East Condominium Association, Inc.** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



DEES & DEES, C.P.A.'s, P.A.  
February 17, 2011