

PROMENADES EAST
CONDOMINIUM ASSOCIATION, INC.

PORT CHARLOTTE, FLORIDA

FINANCIAL REPORT

DECEMBER 31, 2009

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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, 2009**, 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, 2009**, 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 19, 2010

FINANCIAL REPORT

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
BALANCE SHEET
DECEMBER 31, 2009

	<u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Total</u> <u>(Memo Only)</u>
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash	\$ 65,795	\$ 554,173	\$ 619,968
Cash - Rental	18,455	-0-	18,455
Condominium fees receivable	19,113	-0-	19,113
Prepaid insurance	60,030	-0-	60,030
Prepaid taxes	<u>20,856</u>	<u>-0-</u>	<u>20,856</u>
Total Current Assets	<u>184,249</u>	<u>554,173</u>	<u>738,422</u>
<u>Common Property and Equipment</u>			
(Note 2)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
 Total Assets	 <u>\$ 184,249</u>	 <u>\$ 554,173</u>	 <u>\$ 738,422</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Current Liabilities</u>			
Accounts payable	\$ 3,698	\$ -0-	\$ 3,698
Payroll taxes – payable	1,938	-0-	1,938
Prepaid assessment	21,654	-0-	21,654
Security and key deposits	<u>19,180</u>	<u>-0-</u>	<u>19,180</u>
Total Current Liabilities	<u>46,470</u>	<u>-0-</u>	<u>46,470</u>
<u>Fund Balances</u>			
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-	554,173	554,173
Unrestricted fund balance	<u>89,502</u>	<u>-0-</u>	<u>89,502</u>
Total Fund Balances	<u>137,779</u>	<u>554,173</u>	<u>691,952</u>
 Total Liabilities and Fund Balances	 <u>\$ 184,249</u>	 <u>\$ 554,173</u>	 <u>\$ 738,422</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 REVENUE AND EXPENSES
FOR YEAR ENDED DECEMBER 31, 2009

	<u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Total</u> <u>(Memo Only)</u>
<u>Revenues:</u>			
Assessments	\$ 357,364	\$ 56,311	\$ 413,675
Interest	1,636	7,177	8,813
Insurance Revenue	712,097	-0-	712,097
Other	<u>21,987</u>	<u>65,074</u>	<u>87,061</u>
Total Revenues	<u>1,093,084</u>	<u>128,562</u>	<u>1,221,646</u>
<u>Expenses:</u>			
Salaries:			
Manager	53,735	-0-	53,735
Maintenance	13,442	-0-	13,442
Janitorial	15,271	-0-	15,271
Clerical	278	-0-	278
Payroll taxes	8,140	-0-	8,140
Accounting	6,173	-0-	6,173
Employee recognition	312	-0-	312
Bank charges	195	42	237
Continuing education	80	-0-	80
Recreation	611	-0-	611
Background checks	1,457	-0-	1,457
Copier costs	71	-0-	71
Insurance:			
General	68,779	-0-	68,779
Employee health	5,200	-0-	5,200
Workers compensation	2,125	-0-	2,125
Postage, stationary and supplies	2,897	-0-	2,897
Gasoline for errands	860	-0-	860
Miscellaneous	426	-0-	426
Legal	13,913	-0-	13,913
Inspection fees and license	400	-0-	400
Corporate registration	684	-0-	684
Telephone	4,477	-0-	4,477
Water/Sewer	84,068	-0-	84,068
Electric	33,049	-0-	33,049
Lawn mowing and tree trimming	12,752	-0-	12,752
Spraying and fertilizing	91	-0-	91
Landscaping	1,939	-0-	1,939
Small tools	95	-0-	95
Janitorial services	900	-0-	900

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, 2009

	<u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Total</u> <u>(Memo Only)</u>
Jockey pump water valves	48	-0-	48
Outside labor	5,814	-0-	5,814
Irrigation repair	1,020	-0-	1,020
LP gas generator	53	-0-	53
Computer software	72	-0-	72
Work clothes	82	-0-	82
Hardware	3,459	-0-	3,459
Janitorial supplies	552	-0-	552
Paint, lamps and hardware	1,298	-0-	1,298
Fire extinguishers	449	-0-	449
Equipment rental and repair	1,134	-0-	1,134
Diesel and fire pump inspection	692	-0-	692
Building Repairs	4,158	-0-	4,158
Travel	150	-0-	150
Water pump inspection	235	-0-	235
Elevator maintenance	5,563	-0-	5,563
Fire sprinkler	1,372	-0-	1,372
Pest control – Units	5,756	-0-	5,756
Pool and Spa Maintenance			
Pool chemicals	6,987	-0-	6,987
Pool filter repairs	1,810	-0-	1,810
Insurance repairs	484,752	-0-	484,752
Owner refunds	<u>354,706</u>	<u>-0-</u>	<u>354,706</u>
 Total Expenses	 <u>1,212,582</u>	 <u>42</u>	 <u>1,212,624</u>
 Net Excess (Deficit)	 <u>\$ (119,498)</u>	 <u>\$ 128,520</u>	 <u>\$ 9,022</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, 2009

	<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, 2009	\$ 44,692	\$ 3,585	\$ 425,653	\$ 229,419	\$ 703,349
Net excess (Deficit)	-0-	-0-	128,520	(119,498)	9,022
Unclaimed escrow	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(20,419)</u>	<u>(20,419)</u>
Balance - December 31, 2009	<u>\$ 44,692</u>	<u>\$ 3,585</u>	<u>\$ 554,173</u>	<u>\$ 89,502</u>	<u>\$ 691,952</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, 2009

	<u>Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total (Memo Only)</u>
Cash Flows from Operating Activities:			
Cash received from members	\$ 376,240	\$ 120,903	\$ 497,143
Cash paid to suppliers and employees	(1,213,094)	(42)	(1,213,136)
Interest	<u>1,636</u>	<u>7,177</u>	<u>8,813</u>
 Net Cash Provided (Used) By Operating Activities	 <u>(835,218)</u>	 <u>128,038</u>	 <u>(707,180)</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	 (835,218)	 128,038	 (707,180)
 Cash and cash equivalents - Beginning of year	 <u>901,013</u>	 <u>426,135</u>	 <u>1,327,148</u>
 Cash and Cash Equivalents - End of Year	 <u>\$ 65,795</u>	 <u>\$ 554,173</u>	 <u>\$ 619,968</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, 2009

	<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)	\$(119,498)	\$ 128,520	\$ 9,022
Adjustments to reconcile net income to net cash provided by operating activities:			
Decrease (increase) in escrow	19,209	-0-	19,209
Decrease (increase) in accounts receivable	(7,546)	-0-	(7,546)
Decrease (increase) in prepaid insurance	(3,509)	-0-	(3,509)
(Decrease) increase in payables	2,067	-0-	2,067
(Decrease) increase in payroll taxes payable	448	-0-	448
(Decrease) increase in prepaid assessments	4,358	-0-	4,358
(Decrease) increase in security and key deposits	1,320	-0-	1,320
(Decrease) in deferred revenue	(712,130)	-0-	(712,130)
Decrease (increase) in due to	482	(482)	-0-
Decrease in unclaimed escrow	<u>(20,419)</u>	<u>-0-</u>	<u>(20,419)</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ (835,218)</u>	<u>\$ 128,038</u>	<u>\$ (707,180)</u>

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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, 2009

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, 2009 consisted of homeowners of the Association.

Date of Management Review :

The Association has evaluated subsequent events and transactions after December 31, 2009 through February 19, 2010, 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, 2009:

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, 2009 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, 2009

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 \$554,173 at December 31, 2009, 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 January 1, 2009</u>	<u>Member Assess- ments</u>	<u>Other Contri- butions</u>	<u>Interest and Adjustments</u>	<u>(Expenses)</u>	<u>Balance December 31, 2009</u>
Roof	\$ 188,880	\$ 9,547	\$ 11,274	\$ 1,196	\$ (7)	\$ 210,890
Building painting	51,591	14,968	17,710	1,908	(11)	86,166
Parking lot	12,514	2,459	2,909	313	(2)	18,193
Pool re-marcite	12,362	870	1,029	111	(1)	14,371
Carpet replacement	17,077	7,368	8,717	939	(5)	34,096
Pool furniture	1,095	3,026	2,030	386	(2)	6,535
Elevator	34,759	2,363	2,921	240	(2)	40,281
Air conditioners	36,512	2,957	4,620	(166)	(2)	43,921
Generator	22,038	2,318	2,743	295	(2)	27,392
Fire pump	24,485	3,407	2,805	1,059	(3)	31,753
Pool/spa pumps/heaters	2,017	1,928	2,281	246	(1)	6,471
Fire Panel	22,323	5,100	6,035	650	(4)	34,104
Total	<u>\$ 425,653</u>	<u>\$ 56,311</u>	<u>\$ 65,074</u>	<u>\$ 7,177</u>	<u>\$ (42)</u>	<u>\$ 554,173</u>

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2009

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, 2009. 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.
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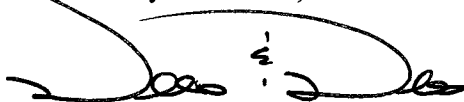
INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

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

Our report on our audit of the basic financial statements of **Promenades East Condominium Association, Inc.** for **December 31, 2009** appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Statement of Actual Receipts and Disbursements to Budget - Unrestricted Fund Only is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The supplementary information on future major repairs and replacements on page 15 is not a required part of the basic financial statements of **Promenades East Condominium Association, Inc.** but is supplementary information required by principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,



DEES & DEES, C.P.A.'s, P.A.
Port Charlotte, Florida
February 19, 2010

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
STATEMENT OF ACTUAL RECEIPTS AND DISBURSEMENTS TO BUDGET
UNRESTRICTED FUND ONLY
FOR YEAR ENDED DECEMBER 31, 2009

	<u>Actual</u>	<u>Budget</u> (Unaudited)	<u>Variance</u> (Unaudited)
<u>Receipts:</u>			
Assessments	\$ 413,675	\$ 413,674	\$ 1
Less: Restricted reserves	<u>56,311</u>	<u>36,511</u>	<u>19,800</u>
Net Fees	357,364	377,163	(19,799)
Interest	1,636	12,600	(10,964)
Insurance revenue	712,097	-0-	712,097
Other	<u>21,987</u>	<u>3,150</u>	<u>18,837</u>
Total Receipts	<u>1,093,084</u>	<u>392,913</u>	<u>700,171</u>
<u>Disbursements:</u>			
Salaries:			
Manager	53,735	51,846	1,889
Maintenance	13,442	14,842	(1,400)
Janitorial	15,271	15,473	(202)
Clerical	278	1,500	(1,222)
Payroll taxes	8,140	6,861	1,279
Accounting	6,173	6,500	(327)
Employee recognition	312	300	12
Bank charges	195	300	(105)
Continuing education	80	200	(120)
Recreation	611	800	(189)
Background checks	1,457	900	557
Copier costs	71	700	(629)
Insurance:			
General	68,779	68,786	(7)
Employee health	5,200	4,800	400
Workers compensation	2,125	3,050	(925)
Postage, stationary and supplies	2,897	3,475	(578)
Gasoline for errands	860	960	(100)
Miscellaneous	426	876	(450)
Legal	13,913	6,500	7,413
Inspection fees and license	400	1,300	(900)
Corporate registration	684	61	623
Telephone	4,477	4,725	(248)
Water/Sewer	84,068	80,200	3,868
Electric	33,049	47,380	(14,331)
Lawn mowing and tree trimming	12,752	12,850	(98)
Spraying and fertilizing	91	760	(669)

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, 2009

Landscaping	1,939	1,950	(11)
Small tools	95	395	(300)
Janitorial services	900	950	(50)
Jockey pump water valves	48	-0-	48
Outside labor	5,814	2,425	3,389
Irrigation repair	1,020	475	545
LP gas generator	53	265	(212)
Computer software	72	165	(93)
Work clothes	82	250	(168)
Office repair	-0-	350	(350)
Advertising	-0-	310	(310)
Corporate tax	-0-	6,800	(6,800)
Bad debts	-0-	800	(800)
Hardware	3,459	10,600	(7,141)
Janitorial supplies	552	500	52
Paint, lamps and hardware	1,298	3,420	(2,122)
Fire extinguishers	449	420	29
Equipment rental and repair	1,134	800	334
Diesel and fire pump inspection	692	1,450	(758)
Building Repairs	4,158	3,200	958
Travel	150	-0-	150
Water pump inspection	235	400	(165)
Elevator maintenance	5,563	5,348	215
Fire sprinkler	1,372	800	572
Pest control – Units	5,756	6,200	(444)
Pool and Spa Maintenance			
Pool chemicals	6,987	7,020	(33)
Pool filter repairs	1,810	1,675	135
Insurance repairs	484,752	-0-	484,752
Owner refunds	354,706	-0-	354,706
Total Disbursements	<u>1,212,582</u>	<u>392,913</u>	<u>819,669</u>
Net Excess (Deficit)	<u>\$ (119,498)</u>	<u>\$ -0-</u>	<u>\$ (119,498)</u>

PROMENADES EAST CONDOMINIUM ASSOCIATION, INC.
PORT CHARLOTTE, FLORIDA
SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
FOR YEAR ENDED DECEMBER 31, 2009
(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 12/31/09</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>2010 Statutory Funding Requirement</u>
Roof	\$ 210,890	17	\$ 300,000	\$ 5,241
Building painting	86,166	4	100,000	3,459
Parking lot	18,193	7	30,000	1,687
Pool re-marcite	14,371	9	20,000	625
Pool furniture	6,535	1	5,000	-0-
Elevator	40,281	23	75,000	1,510
Air conditioners	43,921	7	45,000	154
Generator	27,392	18	50,000	1,256
Fire pump	31,753	23	70,000	1,663
Spa/pool heaters	6,471	7	12,000	790
Fire panel	34,104	23	100,000	2,865
Carpet replacement	<u>34,096</u>	7	<u>60,000</u>	<u>3,701</u>
Totals	<u>\$ 554,173</u>		<u>\$ 867,000</u>	<u>\$ 22,951</u>