

**WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM
ASSOCIATION, INC.**

FINANCIAL STATEMENTS

OCTOBER 31, 2010 & 2011

**MARC LABOSSIÈRE PA
CERTIFIED PUBLIC ACCOUNTANTS**

WATESIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.

INDEX TO FINANCIAL STATEMENTS

OCTOBER 31, 2010 & 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Unit Owners
Waterside Village of Palm Beach Condominium Association, Inc.

We have audited the accompanying balance sheets of Waterside Village of Palm Beach Condominium Association, Inc. as of October 31, 2010 & 2011, and the related statements of revenues, expenses, changes in fund balances, and cash flows for the years ending October 31, 2010 & 2011. These financial statements are the responsibility of the Association'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 State 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 Waterside Village of Palm Beach Condominium Association, Inc. as of October 31, 2010 & 2011, and the results of its operations and its cash flows for the years ending October 31, 2010 & 2011 in conformity with accounting principles generally accepted in the United States of America.

The supplementary information on future major repairs and replacements as required by the American Institute of Certified Public Accountants are not a required statement of the basic financial statements. We have compiled these schedules without audit or review from information that is the representation of management. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Marc Labossiere PA

Marc Labossiere, P.A.
January 19, 2012

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
 BALANCE SHEET
 As of October 31, 2010 & 2011

ASSETS	10/2011			10/2010		
	OPERATING FUND	RESTRICTED FUND	TOTAL	OPERATING FUND	RESTRICTED FUND	TOTAL
Cash in Banks	\$ 101,143	\$ 52,286	\$ 153,429	\$ 89,561	\$ 126,111	\$ 215,672
Certificate of Deposit	-0-	410,980	410,980	-0-	262,483	262,483
Assessments Receivable	102,878		102,878	131,609		131,609
Less: Provision for Bad Debts	(97,733)		(97,733)	(119,400)		(119,400)
Due To/From Fund	-0-	-0-	-0-	(23,086)	23,086	-0-
Prepaid Expenses	92,216		92,216	85,966		85,966
Deposits	2,235		2,235	3,235		3,235
Property and equipment – net of accumulated depreciation of \$ 254,973	<u>96,301</u>	<u>.....</u>	<u>96,301</u>	<u>30,435</u>	<u>.....</u>	<u>30,435</u>
TOTAL ASSETS	<u>\$ 297,040</u>	<u>\$ 463,266</u>	<u>\$ 760,306</u>	<u>\$ 198,320</u>	<u>\$ 411,680</u>	<u>\$ 610,000</u>
LIABILITIES & FUND BALANCES						
Accounts Payable & Accrued Liabilities	79,428		79,428	51,675		51,675
Loans Payable	7,500		7,500	6,993		6,993
Prepaid Maintenance Assessments	<u>36,275</u>		<u>36,275</u>	<u>38,660</u>	<u>.....</u>	<u>38,660</u>
Total Liabilities	123,203	-0-	123,203	97,328	-0-	97,328
FUND BALANCES	<u>173,837</u>	<u>463,266</u>	<u>637,103</u>	<u>100,992</u>	<u>411,680</u>	<u>512,672</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 297,040</u>	<u>\$ 463,266</u>	<u>\$ 760,306</u>	<u>\$ 198,320</u>	<u>\$ 411,680</u>	<u>\$ 610,000</u>

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUE, EXPENSES
FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011

<u>REVENUE</u>	10/2011			10/2010		
	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>
Maintenance Assessments	\$ 1,337,880	\$ 92,400	\$ 1,430,280	\$ 1,279,975	\$ 150,000	\$ 1,429,975
User Fees	30,699		30,699	33,000		33,000
Interest Income	401	9,186	9,587	111	7,165	7,276
Late Fees	3,800		3,800	7,305		7,305
Current Year Surplus Allocated to Land Purchase	50,000		50,000	-0-		-0-
Other Revenues	<u>5,031</u>	-----	<u>5,031</u>	<u>5,619</u>	-----	<u>5,619</u>
TOTAL REVENUES	<u>1,427,811</u>	<u>101,586</u>	<u>1,529,397</u>	<u>1,326,010</u>	<u>157,165</u>	<u>1,483,175</u>
<u>EXPENSES</u>						
Salaries and Benefits	208,688		208,688	203,378		203,378
Water & Sewer	214,618		214,618	207,583		207,583
Insurance	179,027		179,027	181,203		181,203
Cable Television	72,670		72,670	67,712		67,712
Repairs, Maintenance and Supplies	69,240		69,240	63,924		63,924
Electric and Gas Utilities	38,773		38,773	40,286		40,286
Depreciation Expenses	2,668		2,668	23,797		23,797
Trash Collection	35,453		35,453	35,311		35,311
Grounds Maintenance, Landscaping and Supplies	185,818		185,818	165,068		165,068
Professional Fees	30,990		30,990	36,135		36,135
Pest Control	14,948		14,948	23,307		23,307
Office Expenses and Supplies	18,176		18,176	19,295		19,295
Pool Maintenance and Supplies	13,614		13,614	8,254		8,254
Telephone	7,981		7,981	8,211		8,211
Licenses, Taxes and Fees	5,624		5,624	4,158		4,158
Travel	707		707	839		839
Other	13,635		13,635	11,738		11,738
Interest and Bank Charges	476		476	753		753
Security	54,046		54,046	52,602		52,602
Shuffleboard Improvements	-0-		-0-	2,990		2,990
Screening Fees	9,188		9,188	10,063		10,063
Painting Program	38,331		38,331	52,271		52,271
Bad Debts	21,167		21,167	65,874		65,874
Purchase Miner Road	-0-	50,000	50,000	-0-		-0-
Clubhouse Improvements	-0-		-0-	7,984		7,984
Contingency	1,443		1,443	9,065		9,065
Pergola	7,029		7,029	-0-		-0-
Collection Costs	18,145		18,145	6,308		6,308
Gazebo	21,103		21,103	-0-		-0-
Main Office/Guard House	4,096		4,096	-0-		-0-
Removal of Fixed Assets	-0-		-0-	40,863		40,863
Streets	5,952		5,952	3,512		3,512
Pool & Spa	-0-		-0-	-0-	29,155	29,155
Library	12,861		12,861	-0-		-0-
Awnings	44,755		44,755	28,660		28,660
Sprinklers	<u>3,676</u>	<u>-0-</u>	<u>3,676</u>	<u>7,893</u>	<u>-0-</u>	<u>7,893</u>
TOTAL EXPENSES	<u>1,354,898</u>	<u>50,000</u>	<u>1,404,898</u>	<u>1,389,037</u>	<u>29,155</u>	<u>1,418,192</u>
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 72,913</u>	<u>\$ 51,586</u>	<u>\$124,499</u>	<u>\$ (63,027)</u>	<u>\$ 128,010</u>	<u>\$ 64,983</u>

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

**WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011**

10/2011				
	<u>OPERATING</u> <u>FUND</u>	<u>REPLACEMENT</u> <u>FUND</u>	<u>CONTRIBUTED</u> <u>CAPITAL</u>	<u>TOTAL</u>
FUND BALANCE BEGINNING	\$ 100,992	\$ 411,680	\$ -0-	\$ 512,672
Prior Period Adjustment	(68)			(68)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>72,913</u>	<u>51,586</u>		<u>124,499</u>
FUND BALANCE ENDING	<u>\$ 173,837</u>	<u>\$ 463,266</u>	<u>\$ -0-</u>	<u>\$637,103</u>

10/2010				
	<u>OPERATING</u> <u>FUND</u>	<u>REPLACEMENT</u> <u>FUND</u>	<u>CONTRIBUTED</u> <u>CAPITAL</u>	<u>TOTAL</u>
FUND BALANCE BEGINNING	\$ 164,019	\$ 283,670	\$ -0-	\$ 447,689
ADJUSTMENT				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(63,027)</u>	<u>128,010</u>		<u>64,983</u>
FUND BALANCE ENDING	<u>\$ 100,992</u>	<u>\$ 411,680</u>	<u>\$ -0-</u>	<u>\$ 512,672</u>

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
 STATEMENT OF CASH FLOWS
 FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011

	10/2011			10/2010		
	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:						
SOURCES OF CASH:						
Maintenance Assessments	\$ 1,364,226	\$ 92,400	\$ 1,456,626	\$ 1,249,679	\$ 150,000	\$ 1,399,679
User Fees	30,699		30,699	33,000		33,000
Interest Income	401	9,186	9,587	111	7,165	7,276
Late Fees	3,800		3,800	7,305		7,305
Current Year Surplus allocated to Land Purchase	50,000		50,000	-0-		-0-
Special Assessment – Shutters	-0-	-0-	-0-	24,130		24,130
Other Income	<u>5,031</u>	<u>.....</u>	<u>5,031</u>	<u>5,619</u>		<u>5,619</u>
TOTAL SOURCES OF CASH	<u>1,454,157</u>	<u>101,586</u>	<u>1,555,743</u>	<u>1,319,844</u>	<u>157,165</u>	<u>1,477,009</u>
USES OF CASH:						
Expenses Paid	<u>1,397,404</u>	<u>-0-</u>	<u>1,397,404</u>	<u>1,300,361</u>	<u>29,155</u>	<u>1,329,516</u>
TOTAL USES OF CASH	<u>1,397,404</u>	<u>-0-</u>	<u>1,397,404</u>	<u>1,300,361</u>	<u>29,155</u>	<u>1,329,516</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>56,753</u>	<u>101,586</u>	<u>158,339</u>	<u>19,483</u>	<u>128,010</u>	<u>147,493</u>
CASH FLOWS FROM FINANCING ACTIVITIES:						
Increase (Decrease) in loans payable	507		507	6,993	-0-	6,993
Interfund	<u>22,856</u>	<u>(22,856)</u>	<u>-0-</u>	<u>24,270</u>	<u>(24,270)</u>	<u>-0-</u>
NET CASH FROM FINANCING ACTIVITIES	<u>23,463</u>	<u>(22,856)</u>	<u>507</u>	<u>31,263</u>	<u>(24,270)</u>	<u>6,993</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of Fixed Assets	(68,534)	-0-	(68,534)	-0-	-0-	-0-
Removal of Fixed Assets	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>40,863</u>	<u>-0-</u>	<u>40,863</u>
	<u>(68,534)</u>		<u>(68,534)</u>			
(Increase) Decrease in certificate of deposit	<u>-0-</u>	<u>(152,555)</u>	<u>(152,555)</u>	<u>-0-</u>	<u>(6,983)</u>	<u>(6,683)</u>
NET CASH FROM INVESTING ACTIVITIES	<u>-0-</u>	<u>(152,555)</u>	<u>(152,555)</u>	<u>-0-</u>	<u>(6,983)</u>	<u>(6,983)</u>
NET INCREASE (DECREASE) IN CASH	11,582	(73,825)	85,607	91,609	96,757	188,366
CASH BEGINNING BALANCE	<u>89,561</u>	<u>126,111</u>	<u>215,672</u>	<u>(2,048)</u>	<u>29,354</u>	<u>27,306</u>
CASH ENDING BALANCE	<u>\$ 101,143</u>	<u>\$ 52,286</u>	<u>\$ 153,429</u>	<u>\$ 89,561</u>	<u>\$ 126,111</u>	<u>\$ 215,672</u>

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

**WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011**

	10/2011			10/2010		
	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>
RECONCILIATION OF EXCESS REVENUE TO CASH FROM OPERATING ACTIVITIES:						
Excess (Deficiency) of Revenues over expenses	\$ 72,913	\$ 51,586	\$ 124,499	\$ (63,027)	\$ 128,010	\$ 64,983
Adjustments to Reconcile Excess of Revenue to Net Cash Provided by Operating Activities:						
Depreciation expenses	2,668		2,668	23,797		23,797
Increase in Maintenance Assessments receivable	28,731		28,731	(33,036)		(33,036)
(Increase) Decrease in shutter assessment receivable	-0-		-0-			
Transfer Miner Road	(46,010)	50,000	3,990	24,130		24,130
Increase In Provision for Bad Debts	(21,667)		(21,667)	52,560		52,560
(Increase) decrease in Deposits	1,000		1,000	-0-		-0-
Decrease (increase) in prepaid expenses	(6,250)		(6,250)	4,274		4,274
Increase (decrease) in accounts payable	27,753		27,753	8,045		8,045
(Decrease) increase in prepaid maintenance assessments	(2,385)	(2,385)	2,740	2,740
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 56,753</u>	<u>\$ 101,586</u>	<u>\$ 158,339</u>	<u>\$ 19,483</u>	<u>\$ 128,010</u>	<u>\$ 147,493</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid for Income Taxes \$ -0-

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Waterside Village of Palm Beach Condominium Association, Inc. (the Association) was incorporated in the State of Florida as a not-for-profit corporation on September 16, 1988. The Association was formed to maintain and protect the common areas owned by the individual unit owners in common and consists of 412 units. One unit is used as the Association Office.

Basis of Presentation

The Association uses the accrual method of accounting, i.e., revenues are recognized as earned as of the date of billing and expenses are deducted in the period in which they are incurred.

The Association's financial statements use the fund method for presentation purposes. This method separates the assets, liabilities, and revenues and expenses of the operating and restricted funds (reserves). Disbursements from the operating fund are generally at the discretion of the Board of Directors whereas restricted funds may only be used for their designated purpose.

This financial statement is prepared in accordance with Florida Statute Section 718.301 (4) (c).

Cash Equivalents

For purposes of the statement of cash flows, the association considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association. The Association capitalizes personal property to which it has title. Furniture and equipment are recorded at cost. Depreciation is computed principally on the accelerated cost recovery system method over the estimated remaining useful lives of the assets which range from five to thirty one and one-half years.

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011

2. MAINTENANCE ASSESSMENTS

The Association's declaration provides that each owner is chargeable for their share of common expenses based upon the budget adopted. The Association has lien rights in the event of delinquent assessments, which can be exercised through foreclosure proceedings. The Association provides an allowance for losses on receivables based on a review of the current status of existing receivables, where applicable.

3. CERTIFICATES OF DEPOSITS

At October 31, 2011 the Association's certificates of deposit consist of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
RBC Bank	1.49 %	10/03/12	\$ 54,486
Iberia Bank	Varies	01/29/16	100,000
Iberia Bank	Varies	05/31/16	50,000
Iberia Bank	Varies	09/30/16	100,000
RBC Bank	3.15%	10/27/14	<u>106,494</u>
Total			<u>\$ 410,980</u>

4. DEPOSITS

As of October 31, 2011 the Association's deposits consist of amounts on deposit with utility companies to obtain electric service.

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011

5. PROPERTY AND EQUIPMENT

As of October 31, 2011 Property and Equipment consists of the following:

Condominium unit	\$ 71,101
Maintenance Building	6,701
Equipment	10,641
Miner Road land	68,534
Satellite TV System	<u>194,297</u>
	351,274
Less: Accumulated Depreciation	<u>254,973</u>
Property and Equipment – Net	<u>\$ 96,301</u>

Included in Equipment above is \$ 18,000 of personal property which was transferred to the Association by the developer on the date of turnover. Such property was recorded based on values provided by the developer.

The Association has decided not to capitalize any purchases of Property & Equipment but rather to expense them in the year they occur, with the exception of Land Purchase.

6. RESTRICTED FUNDS - RESERVES

Florida Statutes provide that each proposed budget include provisions for reserves for capital improvements and deferred maintenance. These accounts, if adopted, are restricted to their intended purposes unless modified by a qualified unit owner vote.

The approved budget includes provisions for reserves for capital improvements and deferred maintenance. These funds are being accumulated based on the estimates of future needs for repairs and replacements of common property components as disclosed in the supplemental information. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the 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 to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011

The balance at October 31, 2011, consists of the following:

	<u>BEGINNING FUND BALANCE 10/31/10</u>	<u>MEMBERS' ADDITIONS</u>	<u>AMOUNTS DISBURSED</u>	<u>ENDING FUND BALANCE 10/31/11</u>
Roofs	\$ 144,866	\$ 25,000	\$ -0-	\$ 169,866
Painting	4,270	2,400	-0-	6,670
Streets	71,005	15,000	-0-	86,005
Pools and Spa	6,540	10,000	-0-	16,540
Awnings	46,074	10,000	-0-	56,074
Sprinklers	18,221	5,000	-0-	23,221
Interest	15,704	9,186	-0-	24,890
Miner Street Purchase	50,000	-0-	50,000	-0-
Working Capital	<u>55,000</u>	<u>25,000</u>	<u>-0-</u>	<u>80,000</u>
	<u>\$ 411,680</u>	<u>\$ 101,586</u>	<u>\$ 50,000</u>	<u>\$ 463,266</u>

7. INCOME TAXES

The Association is treated as a tax-exempt organization under section 528 of the Internal Revenue Code with respect to its operating business income. It is taxed at the usual corporate income tax rates on its non-business income such as interest earned.

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011

8. USE OF ESTIMATES

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

9. UNINSURED CASH BALANCES

The Association maintains its operating and replacement cash balances at Regions Bank and RBC Bank. Accounts located at commercial banks are secured by the Federal Deposit Insurance Corporation up to \$ 250,000. From time to time, the Association may have cash in financial institutions in excess of federally insured Limits. As of October 31, 2011, the Association had cash in excess of FDIC limits.

10. INSURANCE

The association maintains multiple insurance policies to remain compliant with the requirements set forth in the association's governing documents and chapter 718 F.S. Detailed information on any of these policies is available in the management office.

Item	Provider	Coverage Dates	Coverage Amount	Deductible	Premium
Property	Citizens	05/01/10-05-01-11	\$ 33,021,700	5% Hurricane per building	\$ 126,778
General Liability	Philadelphia	05/01/10-05/01/11	\$1,000,000/2,000,000	\$ 0	\$ 23,067
Umbrella	St.Paul	05/01/10-05/01/11	\$ 5,000,000	\$ 0	\$ 7,219
Crime	CNA	05/01/10-05/01/11	\$100,000	\$ 250	\$ 560
Directors & Officers	CNA	01/01/10-01/01/11	\$ 2,000,000	\$ 2,500	\$ 3,205
Equipment Breakdown	Hartford Steam Boiler	01/01/10-01/01/11	\$ 20,337,000	\$ 1,500	\$ 2,158

**WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2010 & 2011**

11. LAND PURCHASE

On October 28, 2009 the Association entered into a Purchase and Sale agreement with The Town of Hypoluxo to purchase real property know as 928 and 936 Miner Road, Hypoluxo, FL. A \$ 1,000 deposit was made on October 21, 2009. The closing took place during the current year.

SUPPLEMENTARY INFORMATION

SUPPLEMENTAL SCHEDULE

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND
REPLACEMENTS

OCTOBER 31, 2011

(Compiled)

The Association has not conducted an independent study to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on estimates that were provided by the management. Actual expenditures may vary from these estimated amounts and the variance may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The following presents significant information about the components of common property:

<u>COMPONENTS</u>	<u>ESTIMATED REMAINING USEFUL LIVES</u>	<u>ESTIMATED REPLACEMENT COSTS</u>	<u>APPROXIMATE ANNUAL FUNDING REQUIREMENT</u>
Roofs	25 Years	\$ 800,000	\$ 25,000
Painting	1-7 Years	15,000	2,400
Streets	14 Years	575,000	35,000
Pools and Spas	3-5 Years	50,000	12,600
Awnings	4 Years	100,000	20,000
Sprinklers	5 Years	<u>50,000</u>	<u>5,000</u>
		<u>\$ 1,590,000</u>	<u>\$ 100,000</u>