

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION INC.

BOARD OF DIRECTORS MEETING JANUARY 25th, 2014

The meeting was held on January 25th, 2014, at 1:30 p.m. at the Clubhouse.

Present: André Mongrain, President and Treasurer
Claude Comtois, Vice President
Stéphane Lamarche, Secretary
Normand Cadieux, Director
Claude Martel, Director
Marian Petrescu, Director
Michael Shane, Director

And Daniel Harvey, Property Manager

1- Quorum

The roll call confirmed that each Director was present and quorum was achieved.

2- Approval of the Agenda

Stéphane Lamarche moved to amend the agenda by adding an item #6: the approval of a contract with Tropic Green Lawn Care inc. for an amount of \$6,306.00 and pushing back the adjournment item to #-7; this motion was seconded by Normand Cadieux and unanimously approved,

Approval of the amended agenda was moved then by Claude Comtois, seconded by Marian Petrescu and unanimously approved.

3- Approval of the minutes of the Board's meeting held on October 29th, 2013

Approval of the minutes of the meeting held October 29th, 2013 was moved by Michael Shane, seconded by Claude Comtois and unanimously approved.

4- Review of audited financial statement for the year 2012/2013

President Mongrain presented and commented the Audited Financial Statement of the Association which contained the Independent Auditor's Report from Mr. Marc Labossière. Mr. Mongrain mentioned that, this year again, the report is "unqualified" meaning that there was no negative comments from the auditor. The Financial Statements are attached as Appendix 1.

5- Appointment of the auditor for the year 2013/2014

It was moved by André Mongrain, seconded by Stéphane Lamarche and unanimously approved that Mr. Marc Labossière be appointed auditor of the Association for the 2013/2014 fiscal year.

6- Contract Approval

.Normand Cadieux moved to approve a contract with Tropic Green Lawn Care inc, for an amount of \$6,306.00; the motion was seconded by Marian Petrescu and unanimously approved.

7- Adjournment

Moved by Claude Comtois, seconded by Normand Cadieux, and unanimously approved, the meeting was adjourned at 2:05 pm.

Stéphane Lamarche
Secretary
1-29-14

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Waterside Village of Palm Beach Condominium Association, Inc.

We have audited the accompanying financial statements of Waterside Village of Palm Beach Condominium Association, Inc., which comprise the balance sheets as of October 31, 2012 and October 31, 2013, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the years 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 audits. We conducted our audits 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 Waterside Village of Palm Beach Condominium Association, Inc. as of October 31, 2012 and October 31, 2013, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a statement on Future major repairs and replacements on pages 13 & 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is

MARC LABOSSIÈRE, P.A.

1222 NE 4TH AVENUE

FORT LAUDERDALE, FLORIDA 33304

CERTIFIED PUBLIC ACCOUNTANT

MEMBER FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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.

Marc Labossiere PA

Fort Lauderdale, Florida

January 16, 2014

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.

BALANCE SHEET

As of October 31, 2012 & 2013

<u>ASSETS</u>	10/2013			10/2012		
	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>
Cash in Banks	\$ 101,559	\$ 59,721	\$ 161,280	\$ 140,098	\$ 26,188	\$ 166,286
Certificate of Deposit	-0-	613,419	613,419	-0-	539,908	539,908
Assessments Receivable	89,885		89,885	81,593		81,593
Less: Provision for Bad Debts	(81,865)		(81,865)	(79,860)		(79,860)
Prepaid Expenses	123,934		123,934	117,972		117,972
Deposits	2,235		2,235	2,235		2,235
Property and equipment – net of accumulated depreciation of \$ 260,309	<u>119,347</u>	<u>.....</u>	<u>119,347</u>	<u>121,053</u>	<u>.....</u>	<u>121,053</u>
TOTAL ASSETS	<u>\$ 355,095</u>	<u>\$ 673,140</u>	<u>\$ 1,028,235</u>	<u>\$ 383,091</u>	<u>\$ 566,096</u>	<u>\$ 949,187</u>
 <u>LIABILITIES & FUND BALANCES</u>						
Accounts Payable & Accrued Liabilities	74,931		74,931	104,776		104,776
Prepaid Maintenance Assessments	<u>70,767</u>		<u>70,767</u>	<u>69,320</u>	<u>.....</u>	<u>69,320</u>
Total Liabilities	145,698	-0-	145,698	174,096	-0-	174,096
FUND BALANCES	<u>209,397</u>	<u>673,140</u>	<u>882,537</u>	<u>208,995</u>	<u>566,096</u>	<u>775,091</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 355,095</u>	<u>\$ 673,140</u>	<u>\$ 1,028,235</u>	<u>\$ 383,091</u>	<u>\$ 566,096</u>	<u>\$ 949,187</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, 2012 & 2013

REVENUE	10/2013			10/2012		
	OPERATING FUND	RESTRICTED FUND	TOTAL	OPERATING FUND	RESTRICTED FUND	TOTAL
Maintenance Assessments	\$ 1,387,680	\$ 92,500	\$ 1,480,180	\$ 1,336,985	\$ 92,400	\$ 1,429,385
Screening Fees	26,098		26,098	31,745		31,745
Interest Income	137	14,544	14,681	881	10,430	11,311
Late Fees	5,450		5,450	5,503		5,503
Other Revenues	<u>5,576</u>	<u>5,576</u>	<u>5,762</u>	<u>5,762</u>
TOTAL REVENUES	<u>1,424,941</u>	<u>107,044</u>	<u>1,531,985</u>	<u>1,380,876</u>	<u>102,830</u>	<u>1,483,706</u>
EXPENSES						
Salaries and Benefits	209,373		209,373	209,423		209,423
Water & Sewer	220,412		220,412	217,408		217,408
Insurance	246,322		246,322	212,631		212,631
Cable Television	67,681		67,681	57,829		57,829
Repairs, Maintenance and Supplies	66,961		66,961	58,247		58,247
Electric and Gas Utilities	44,878		44,878	42,275		42,275
Depreciation Expenses	2,668		2,668	2,668		2,668
Trash Collection	38,772		38,772	38,879		38,879
Grounds Maintenance, Landscaping and Supplies	188,739		188,739	226,035		226,035
Professional Fees	30,514		30,514	30,578		30,578
Pest Control	26,273		26,273	20,980		20,980
Office Expenses and Supplies	16,950		16,950	17,732		17,732
Pool Maintenance and Supplies	23,348		23,348	12,870		12,870
Telephone & WIFI	8,834		8,834	8,483		8,483
Licenses, Taxes and Fees	5,191		5,191	4,993		4,993
Travel	1,033		1,033	1,437		1,437
Other	238		238	248		248
Interest and Bank Charges	806		806	870		870
Security	55,209		55,209	53,636		53,636
Social Facilities	13,177		13,177	10,989		10,989
Screening Fees	7,525		7,525	9,675		9,675
Painting Program	40,998		40,998	37,058		37,058
Bad Debts (Recovery)	10,545		10,545	(3,924)		(3,924)
Entrance Signs/Fountain	-0-		-0-	16,071		16,071
Contingency	1,238		1,238	6		6
Pergola	6,340		6,340	-0-		-0-
Collection Costs	10,657		10,657	5,781		5,781
Gazebo				13,850		13,850
Bench Replacements	4,965		4,965	-0-		-0-
Shutters	34,669		34,669			
Tennis Court	6,632		6,632			
Streets	5,465		5,465	7,308		7,308
Pool & Spa	1,118		1,118	2,992		2,992
Library				3,282		3,282
Awnings	20,690		20,690	20,421		20,421
Sprinklers	6,318	-0-	6,318	4,987	-0-	4,987
TOTAL EXPENSES	<u>1,424,539</u>	<u>-0-</u>	<u>1,424,539</u>	<u>1,345,718</u>	<u>-0-</u>	<u>1,345,718</u>
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 402</u>	<u>\$ 107,044</u>	<u>\$ 107,446</u>	<u>\$ 35,158</u>	<u>\$ 102,830</u>	<u>\$ 137,988</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, 2012 & 2013

10/2013

	<u>OPERATING</u> <u>FUND</u>	<u>REPLACEMENT</u> <u>FUND</u>	<u>CONTRIBUTED</u> <u>CAPITAL</u>	<u>TOTAL</u>
FUND BALANCE BEGINNING	\$ 208,995	\$ 566,096	\$ -0-	\$ 775,091
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>402</u>	<u>107,044</u>		<u>107,446</u>
FUND BALANCE ENDING	<u>\$ 209,397</u>	<u>\$ 673,140</u>	<u>\$ -0-</u>	<u>\$ 882,537</u>

10/2012

	<u>OPERATING</u> <u>FUND</u>	<u>REPLACEMENT</u> <u>FUND</u>	<u>CONTRIBUTED</u> <u>CAPITAL</u>	<u>TOTAL</u>
FUND BALANCE BEGINNING	\$ 173,837	\$ 463,266	\$ -0-	\$ 637,103
ADJUSTMENT				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>35,158</u>	<u>102,830</u>		<u>137,988</u>
FUND BALANCE ENDING	<u>\$ 208,995</u>	<u>\$ 566,096</u>	<u>\$ -0-</u>	<u>\$ 775,091</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, 2012 & 2013

	10/2013			10/2012		
	<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	\$ 1,380,835	\$ 92,500	\$ 1,473,335	\$ 1,409,188	\$ 92,400	\$ 1,501,588
User Fees	26,098		26,098	31,745		31,745
Interest Income	137	14,544	14,681	881	10,430	11,311
Late Fees	5,450		5,450	5,503		5,503
Other Income	<u>5,576</u>	<u>.....</u>	<u>5,576</u>	<u>5,762</u>		<u>5,762</u>
TOTAL SOURCES OF CASH	<u>1,418,096</u>	<u>107,044</u>	<u>1,525,140</u>	<u>1,453,079</u>	<u>102,830</u>	<u>1,555,909</u>
USES OF CASH:						
Expenses Paid	<u>1,455,673</u>	<u>-0-</u>	<u>1,455,673</u>	<u>1,379,204</u>	<u>-0-</u>	<u>1,379,204</u>
TOTAL USES OF CASH	<u>1,455,673</u>	<u>-0-</u>	<u>1,455,673</u>	<u>1,379,204</u>	<u>-0-</u>	<u>1,379,204</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(37,577)</u>	<u>107,044</u>	<u>69,467</u>	<u>73,875</u>	<u>102,830</u>	<u>176,705</u>
CASH FLOWS FROM FINANCING ACTIVITIES:						
Increase (Decrease) in loans payable				(7,500)	-0-	(7,500)
NET CASH FROM FINANCING ACTIVITIES	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(7,500)</u>	<u>-0-</u>	<u>(7,500)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of Fixed Assets	(962)	-0-	(962)	(27,420)	-0-	(27,420)
(Increase) Decrease in certificate of deposit	<u>-0-</u>	<u>(73,511)</u>	<u>(73,511)</u>	<u>-0-</u>	<u>(128,928)</u>	<u>(128,928)</u>
NET CASH FROM INVESTING ACTIVITIES	<u>(962)</u>	<u>(73,511)</u>	<u>(74,473)</u>	<u>(27,420)</u>	<u>(128,928)</u>	<u>(156,348)</u>
NET INCREASE (DECREASE) IN CASH	(38,539)	33,533	(5,006)	38,955	(26,098)	12,857
CASH BEGINNING BALANCE	<u>140,098</u>	<u>26,188</u>	<u>166,286</u>	<u>101,143</u>	<u>52,286</u>	<u>153,429</u>
CASH ENDING BALANCE	<u>\$ 101,559</u>	<u>\$ 59,721</u>	<u>\$ 161,280</u>	<u>\$ 140,098</u>	<u>\$ 26,188</u>	<u>\$ 166,286</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, 2012 & 2013

	10/2013			10/2012		
	<u>OPERATING</u> <u>FUND</u>	<u>RESTRICTED</u> <u>FUND</u>	<u>TOTAL</u>	<u>OPERATING</u> <u>FUND</u>	<u>RESTRICTED</u> <u>FUND</u>	<u>TOTAL</u>
RECONCILIATION OF EXCESS REVENUE TO CASH FROM OPERATING ACTIVITIES:						
Excess (Deficiency) of Revenues over expenses	\$ 402	\$ 107,044	\$ 107,446	\$ 35,158	\$ 102,830	\$ 137,988
Adjustments to Reconcile Excess of Revenue to Net Cash Provided by Operating Activities:						
Depreciation expenses	2,668		2,668	2,668		2,668
Increase in Maintenance Assessments receivable	(8,292)		(8,292)	21,285		21,285
Increase (Decrease) In Provision for Bad Debts	2,005		2,005	(17,873)		(17,873)
Decrease (increase) in prepaid expenses	(5,962)		(5,962)	(25,756)		(25,756)
Increase (decrease) in accounts payable	(29,845)		(29,845)	25,348		25,348
(Decrease) increase in prepaid maintenance assessments	<u>1,447</u>	<u>.....</u>	<u>1,447</u>	<u>33,045</u>	<u>.....</u>	<u>33,045</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (37,577)</u>	<u>\$ 107,044</u>	<u>\$ 69,467</u>	<u>\$ 73,875</u>	<u>\$ 102,830</u>	<u>\$ 176,705</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, 2012 & 2013

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. It is located in the town of Hypoluxo. 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, 2012 & 2013

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, 2013 the Association's certificates of deposit consist of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
GE Capital Retail Bank	1.14 %	01/11/15	\$ 180,000
GE Capital Retail Bank	1.04%	07/04/14	70,000
Iberia Bank	Varies	01/29/16	100,000
Iberia Bank	Varies	05/31/16	50,000
Iberia Bank	Varies	09/30/16	100,000
PNC Bank	3.15%	10/27/14	<u>113,419</u>
Total			<u>\$ 613,419</u>

4. DEPOSITS

As of October 31, 2013 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, 2012 & 2013

5. PROPERTY AND EQUIPMENT

As of October 31, 2013 Property and Equipment consists of the following:

Condominium unit	\$ 71,101
Maintenance Building	6,701
Equipment	10,641
Miner Road land	96,916
Satellite TV System	<u>194,297</u>
	379,656
Less: Accumulated Depreciation	<u>260,309</u>
Property and Equipment – Net	<u>\$ 119,347</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, 2012 & 2013

The balance at October 31, 2013, consists of the following:

	BEGINNING FUND <u>BALANCE</u> <u>10/31/12</u>	MEMBERS' <u>ADDITIONS</u>	<u>AMOUNTS</u> <u>DISBURSED</u>	ENDING FUND <u>BALANCE</u> <u>10/31/13</u>
Roofs	\$ 194,866	\$ 28,000	\$ -0-	\$ 222,866
Painting	9,070	1,500	-0-	10,570
Streets	101,005	20,000	-0-	121,005
Pools and Spa	26,540	8,000	-0-	34,540
Awnings	66,074	5,000	-0-	71,074
Sprinklers	28,221	5,000	-0-	33,221
TV Cable				
Infrastructure	12,500	12,500	-0-	25,000
Interest	35,320	14,544	-0-	49,864
Working Capital	<u>92,500</u>	<u>12,500</u>	<u>-0-</u>	<u>105,000</u>
	<u>\$ 566,096</u>	<u>\$ 107,044</u>	<u>\$ -0-</u>	<u>\$ 673,140</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, 2012 & 2013

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, PNC Bank, Iberia Bank and GE Capital Retail 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, 2013, the Association did not have 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.

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 known as 928 and 936 Miner Road, Hypoluxo, FL. A \$ 1,000 deposit was made on October 21, 2009. The closing took place during the year ended October 31, 2011.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 16, 2014, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

SUPPLEMENTARY INFORMATION

SUPPLEMENTAL SCHEDULE

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND
REPLACEMENTS

OCTOBER 31, 2013

(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	23 Years	\$ 900,000	\$ 28,000
Painting	1-7 Years	15,000	1,500
Streets	15 Years	575,000	20,000
Pools and Spas	3-5 Years	50,000	8,000
Cable TV	9 Years	125,000	12,500
Infrastructure			
Awnings	6 Years	100,000	5,000
Sprinklers	3 Years	<u>50,000</u>	<u>5,000</u>
		<u>\$ 1,815,000</u>	<u>\$ 80,000</u>

WATESIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.

INDEX TO FINANCIAL STATEMENTS

OCTOBER 31, 2012 & 2013

	PAGE
INDEPENDENT AUDITORS' REPORT	1-2
BALANCE SHEET	3
STATEMENT OF REVENUES AND EXPENSES	4
STATEMENT OF CHANGES IN FUND BALANCE	5
STATEMENT OF CASH FLOWS	6-7
NOTES TO FINANCIAL STATEMENTS	8-12
SUPPLEMENTARY INFORMATION ON FUTURE REPAIRS AND REPLACEMENTS	13-14

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM
ASSOCIATION, INC.

FINANCIAL STATEMENTS

OCTOBER 31, 2012 & 2013

MARC LABOSSIERE PA
CERTIFIED PUBLIC ACCOUNTANT