NOTE 1: Organization

The Association (the "Association") is a statutory condominium organized as a not-for-profit corporation under the laws of the State of Florida on date of inception. The Association is responsible for maintaining and preserving of the common property of the Association community consisting principally of lawn area, sidewalks, parking lots, pools, and the clubhouse. The Association is governed by its restated and amended by-laws and the restated and amended Declaration of Protective Covenants, Conditions and Restrictions for The Association

The Association consists of multi-condominium buildings containing # of units in 24 individual condominiums ("Buildings") and is located in Florida.

NOTE 2: Summary of significant accounting policies

Method of accounting
The Association uses the accrual method of accounting under which revenues are recognized when earned and expenses are recognized when incurred.

Fund accounting
The Corporation uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the board of directors. Disbursements from the replacement fund generally may be made only for designated purposes. The Association has also established a special assessment fund. This fund includes activities related to special assessments levied by the association for non-operating purposes.

Interest earned
Interest earned by each fund is allocated to the appropriate fund. Income taxes on the interest earned are paid from the operating fund.

Property and depreciation
The Association capitalizes all personal and real property which it purchases and owns directly. Real property is owned in common by the unit owners, not the Association, and therefore is not capitalized. The personal property is depreciated over its estimated useful life using the straight-line method of depreciation. A schedule of property and equipment, and accumulated depreciation is as follows:

	2008
Property and equipment	$ 200,000
Less: accumulated depreciation	(150,000)
	$ 50,000

Estimates
The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents
Cash and cash equivalents consist of all monies in banks including money market funds. Cash equivalents include highly liquid securities with original maturities of 90 days or less.

Fair value of financial instruments
The carrying amount of the Association's financial instruments, which include cash and cash equivalents, assessments and accounts receivable, prepaid expenses, accounts payable, and other assets and liabilities, approximate their fair values due to their short-term maturities.

NOTE 2: Summary of significant accounting policies (continued)

Compensated absences

Employees of the Association are entitled to paid vacations, sick days, and other time off depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Association's policy is to recognize the costs of compensated absences when paid to employees.

NOTE 3: Concentration of credit risk

The Association maintains its cash in bank at various financial institutions whereby deposits are insured up to $250,000.

NOTE 4: Owners assessments

Monthly assessments to unit owners are based upon a share of the budgeted operating expenses and future major repairs and replacements, net of interest and miscellaneous income. Such expenses are allocated to the Buildings and, in turn, to unit owners as follows:

a) Expenses attributable to the Association's common areas are allocated to the Buildings based upon weighted common area ratios as directed by each Building's Declaration of Condominium. Also, under such directions, expenses attributable to the Buildings' areas are allocated to members based upon the Buildings' percentage factors as recorded in each Building's documents.
b) Building expenses include direct charges and expenses attributable to several or all Buildings that are allocated on a fair basis reflecting benefits. Expenses for cable television are based on the number of units and are allocated to the units on a pro rata basis.
c) Interest income is credited directly to the fund that earns the income. When replacement funds are pooled, interest income is allocated based upon the average invested balances. Other miscellaneous revenues (estoppels fees, resale and rental income, late payment fees, etc…) are considered common revenues. Laundry revenues are retained as income by each Building and used to reduce their building maintenance assessments each year.

Assessments receivable at year ended consist of the following:

	Operating Fund	**Special Assessment Fund**
Assessments receivable	$ 150,000	$ 1,100,000
Less: allowance for bad debts	(50,000)	(100,000)
	$ 100,000	$ 1,000,000

NOTE 5: Income taxes

The Association makes a yearly election to be taxed either under Internal Revenue Code Section 528 as a condominium association or under regular corporate income tax provisions. For the year ended the Association was taxed under Section 528. Under this election, the Association is generally taxed only on non-membership income, such as interest earnings, at applicable rates. For the year ended the Association's income tax expenses was $0.

NOTE 6: Special assessments

The Board of Directors may levy a special assessment on all members of the Association to cover the cost of a special project that is for the benefit of the entire Association. The Board may also levy a special assessment on the owners of a specific condominium building to cover that cost of a project that is related to that specific building, such as roof replacement or concrete restoration. The proceeds of a special assessment must be used only for the project so designated. Details of all special assessment activity during 2008 are as follows:

Elevator Assessment

During the year ended the Board of Directors approved a special assessment in the amount of $5,000 for Buildings 2-4, 8-12, 15-18, 21-22, and 24 for elevator improvements mandated by the State of Florida. As of December 31, 2006 the Association has been invoiced for the completion of all the buildings. The Association has billed the assessment based upon a schedule of estimated project completion per Building. Therefore, the Association has recognized the remaining special assessment revenues, transfers, and the related expenses associated with the Buildings that were completed during the year ended.

Painting / Concrete Assessment

During the year ended December 31, 2006 and 2007, the Board approved special assessments for the painting and concrete restoration of the various Buildings. A schedule of total billings is as follows:

Building 2	$
Building 3	
Building 4	
Building 5	
Building 6	
Building 7	
Building 8	
Building 9	
Building 10	
Building 12	
Building 14	
Building 15	
Building 16	
Building 17	
Building 18	
Building 19	
Building 20A	
Building 20B	
Building 21	
Building 22	
Building 23	
Building 24	
Building 25	
Building 26	
Total painting / concrete billings	$ 1,000,000,000

NOTE 7: Litigation

The Association is a party to various legal actions normally associated with condominium associations, such as the collection of delinquent assessments and covenant compliance matters, the aggregate effect of which, in management's opinion, would not be material to the Association.

NOTE 9: Future major repairs and replacements

The Association voted to waive the funding of the reserves for the year ended, with the exception of Buildings 16 and 19 who voted to partially fund a contingency reserve. Accumulated funds are held in separate interest bearing accounts and are generally not available for operating purposes. On December 1, 2006, the Board of Directors contracted with an engineer to conduct an independent study to estimate the remaining useful lives and replacement costs of the common property components. The schedule included in the supplementary information on future repairs and replacements is based upon these estimates.

Actual expenditures may vary from the estimated amounts and the variation 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 may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

In May 2008, the Board of Directors retained an engineer to conduct a review of the estimated remaining useful lives and the replacement costs of the components of the common property of The Association common property. The estimates associated with the individual buildings are based upon a study conducted by the engineer in December 2006.

The following, based upon the engineer study, presents the significant information about the components of common property of the Association

Component	Estimated Remaining Life (years)	Estimated Replacement Cost	Fund Balance Year ended	Next Year Funding Requirement
Common property:				
Air conditioning	1-8	$		
Interior renovation and décor	1-6			
Paint and waterproofing	4			
Pavement	1-4			
Pools	1-12			
Roofing	1-12			
Site Improvements	1-17			
Buildings (see pages 12 – 16)				
		$	$	$