

PLAZA EAST ASSOCIATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED

DECEMBER 31, 2007 AND 2006

PERRELLA & ASSOCIATES, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

PLAZA EAST ASSOCIATION, INC.
YEARS ENDED DECEMBER 31, 2007 AND 2006

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Members
Plaza East Association, Inc.
Fort Lauderdale, Florida

We have audited the balance sheets of **Plaza East Association, Inc.** as of December 31, 2007 and 2006, and the related statements of revenues, expenses and undesignated fund balances and statements of cash flows for the years then ended. 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 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 audits 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 audits provide 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 **Plaza East Association, Inc.** as of December 31, 2007 and 2006, 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.

Our audits were made for the purpose of forming an opinion on the basic 2007 and 2006 financial statements taken as a whole. The supplemental schedules of expenses on pages 11 and 12 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The information, except for the budget columns marked "unaudited" on which we express no opinion or other form of assurance on it, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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 13 is not a required part of the basic financial statements but is supplementary information required by the American Institute of Certified Public Accountants. 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.

January 31, 2008

Perrella & Associates, P.A.

PLAZA EAST ASSOCIATION, INC.

BALANCE SHEETS
DECEMBER 31, 2007 AND 2006

	2007		2006	
	Operating Fund	Reserve Fund (Note 2)	Operating Fund	Reserve Fund (Note 2)
ASSETS				
Cash and cash equivalents:				
Operating	\$ 110,694	\$ -	\$ 30,178	\$ -
Special Assessments	381,775	-	563,433	-
Insurance equity (Note 7)	-	-	75,000	-
Reserves	-	922,773	-	892,489
Total cash	492,469	922,773	668,611	892,489
Accounts receivable, Owners, net of allowance of \$20,000 in 2007; \$12,000 in 2006	28,006	-	42,706	-
Due from Operating Fund	-	-	-	10,772
Prepaid expenses	9,046	-	11,968	-
Prepaid insurance	273,481	-	278,288	-
Utility deposits	2,715	-	2,715	-
Total Assets	\$ 805,717	\$ 922,773	\$ 1,004,288	\$ 903,261
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable:				
Operating and reserve	\$ 67,370	\$ -	\$ 50,775	\$ 48,506
Special assessment	36,113	-	-	-
Accrued payroll and payroll taxes	14,129	-	10,622	-
Income tax payable	6,085	-	12,000	-
Retainage, Special Assessment project	5,000	-	5,000	-
Owners' maintenance collected in advance	84,614	-	13,126	-
Note payable, insurance	142,291	-	-	-
Deferred Special Assessment revenue (Note 3)	340,662	-	563,433	-
Deferred Special Assessment, insurance (Note 8)	97,917	-	113,633	-
Due to Reserve Fund	-	-	10,772	-
Total Liabilities	794,181	-	779,361	48,506
Fund Balances:				
Undesignated (Note 9)	11,536	922,773	149,927	854,755
Designated for insurance (Note7)	-	-	75,000	-
Total Fund Balances	11,536	922,773	224,927	854,755
Total Liabilities and Fund Balances	\$ 805,717	\$ 922,773	\$ 1,004,288	\$ 903,261

PLAZA EAST ASSOCIATION, INC.

STATEMENTS OF REVENUES, EXPENSES AND UNDESIGNATED FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007		2006	
	Operating Fund	Reserve Fund (Note 2)	Operating Fund	Reserve Fund (Note 2)
REVENUES:				
Owners' maintenance	\$ 1,914,720	\$ 468,000	\$ 1,981,642	\$ 446,363
Interest earned	17,408	44,143	21,528	36,941
Special assessments (Note 3)	236,295	-	2,095,655	-
Special assessment, Insurance (Note 8):				
Total assessment \$160,000 less deferral to 2008 of \$97,917 (\$366,096 less deferral to 2007 of \$113,633 in 2006)	175,716	-	252,463	-
Insurance proceeds, well system failure	-	12,825	-	-
Use of insurance equity (Note 7)	75,000	-	-	-
Use of excess operating fund, 2006 (Note 9)	150,000	-	-	-
Parking income	2,880	-	3,073	-
Owner work orders	5,460	-	5,067	-
Transfer fees	1,325	-	6,700	-
Cabana rentals	10,580	-	11,050	-
Manager's apartment rent	10,598	-	7,681	-
Other	5,911	-	2,825	-
Total Revenues	2,605,893	524,968	4,387,684	483,304
EXPENSES (Pages 11 and 12):				
Employee expenses	865,545	-	814,277	-
Utilities	450,104	-	480,937	-
Administrative	104,772	-	97,961	-
Maintenance and repairs:				
Operating budget	262,778	-	273,375	-
Special assessments (Note 3)	236,295	-	2,095,655	-
Insurance	674,791	-	520,925	-
Reserves	-	456,950	-	211,905
Total Expenses	2,594,285	456,950	4,283,130	211,905
Excess (Deficiency) of Revenues over Expenses	11,609	68,018	104,554	271,399
UNDESIGNATED FUND BALANCES:				
Beginning (Note 9)	149,927	854,755	140,517	1,098,356
Use of excess operating fund to revenue	(150,000)	-	-	-
Transfers to Special Assessments:				
Hurricane (Note 11)	-	-	(95,144)	-
Elevator (Note 3)	-	-	-	(515,000)
Ending	\$ 11,536	\$ 922,773	\$ 149,927	\$ 854,755

See accompanying notes to financial statements.

PLAZA EAST ASSOCIATION, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007		2006	
	Operating Fund	Reserve Fund (Note 2)	Operating Fund	Reserve Fund (Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES:				
Owners' maintenance collected	\$ 2,000,908	\$ 468,000	\$ 1,968,692	\$ 446,363
Interest received	17,408	44,143	21,528	36,941
Special assessments collected	173,524	-	2,151,818	-
Other operating receipts	36,754	12,825	36,396	-
Total cash collected	2,228,594	524,968	4,178,434	483,304
Less cash paid for expenses	2,393,964	505,456	4,471,973	173,569
NET CASH PROVIDED BY (USED IN)				
OPERATIONS	(165,370)	19,512	(293,539)	309,735
CASH FLOWS FROM INVESTING ACTIVITIES				
CASH FLOWS FROM FINANCING ACTIVITIES:				
Inter-fund transfers, net	(10,772)	10,772	503,697	(503,697)
Cash and cash equivalents:				
At beginning of year	668,611	892,489	458,453	1,086,451
At end of year	\$ 492,469	\$ 922,773	\$ 668,611	\$ 892,489
Reconciliation of excess (deficiency) of revenue over expenses to cash flows from operating activities:				
Excess (deficiency) of revenue over expenses	\$ 11,609	\$ 68,018	\$ 104,554	\$ 271,399
Adjustment to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:				
Transfer from excess operating fund	(150,000)	-	(95,144)	-
Transfer from insurance equity fund	(75,000)	-	-	-
Transfer from reserve fund	-	-	(515,000)	-
(Increase) Decrease in:				
Accounts receivable, Owners	14,700	-	(17,239)	-
Prepaid insurance and expenses	7,729	-	(141,146)	-
Increase (Decrease) in:				
Accounts payable	47,249	(48,506)	(57,217)	38,336
Accrued payroll and taxes	3,507	-	4,602	-
Maintenance collected in advance	71,488	-	4,289	-
Income taxes payable	(5,915)	-	4,918	-
Note payable, insurance	142,291	-	-	-
Deferred special assessments	(233,028)	-	413,844	-
Net cash provided by (used in) operations	\$ (165,370)	\$ 19,512	\$ (293,539)	\$ 309,735
Supplemental disclosure:				
Income tax payment	\$ 17,790	\$ -	\$ 7,082	\$ -

See accompanying notes to financial statements.

PLAZA EAST ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 1- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Plaza East Association, Inc. ("Association") was incorporated as a Florida corporation for the purpose of operating and maintaining the common facilities of a 266-unit high-rise condominium building, grounds, and pool, located in Fort Lauderdale, Florida. The Association's membership consists of all 266 unit owners of the condominium building and was incorporated in April, 1966 as a not-for-profit organization.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association.

Reserve Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements. Interest earned in Reserve Fund accounts remain in the Reserve Fund and is allocated to a specific component by the Board.

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, The Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

The ownership of commonly-owned assets, property and equipment, is vested directly and indirectly in 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, but are recorded as an expense in the year purchased.

Revenues

Except for apartment rentals and interest earned on funds collected, all revenues are derived from members, primarily from assessments and other non-assessment member fees and charges. Assessments are based on the share of ownership of each unit owner according to the Declaration of Condominium.

Special assessment revenues are recognized as deferred revenues in the balance sheet until expended, then as revenues in the year expended.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

PLAZA EAST ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS- CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 2 - RESERVE FUND

A reserve for deferred maintenance fund was established in 1980 to meet future major repairs and replacement costs. In 2007 and 2006, the reserve fund was funded in accordance with State statutes. These assessments are based on management's estimates of current costs and estimated useful lives; actual costs and useful lives may vary from those estimates and the variations may be material. Therefore, future major repairs and replacement costs may exceed the accumulated funds. In that event, the Association, based on provisions in its Declaration, has the authority to assess unit owners, with certain owner approval requirements, for additional funds needed at the time of major repair or replacement.

The reserve fund balances and 2007 activity are as follows:

<u>Common Area Component</u>	Fund Balance 1/1/07	(1) Additions to Fund	Reallocated Funds	Charges to Fund	Fund Balance 12/31/07
Building painting	\$ 250,000	\$ 50,000	\$ --	\$ --	\$ 300,000
Roof	80,289	12,000	--	10,244	82,045
Paving	8,000	4,000	--	--	12,000
Pool	7,551	2,000	--	--	9,551
Elevators	--	45,000	--	8,210	36,790
Building & Mechanical	43,442	162,825	76,000	266,829	15,439
Deck & Garage	388,749	100,000	--	47,801	440,948
Concrete Restoration	17,103	100,000	7,000	123,866	237
Landscape	7,839	5,000	--	--	12,839
Unallocated interest	51,782	44,143	(83,000)	--	12,925
	<u>\$854,755</u>	<u>\$ 524,968</u>	<u>\$ --</u>	<u>\$ 456,950</u>	<u>\$922,773</u>

(1) Includes 2007 assessment of \$468,000, insurance proceeds of \$12,825 and interest income of \$44,143.

The reserve fund balances and 2006 activity are as follows:

<u>Common Area Component</u>	Fund Balance 1/1/06	(2) Additions to Fund	Reallocated Funds	Charges to Fund	Fund Balance 12/31/06
Building painting	\$200,000	\$ 50,000	\$ --	\$ --	\$ 250,000
Roof	58,536	31,751	--	9,998	80,289
Paving	4,000	4,000	--	--	8,000
Pool	1,939	5,612	--	--	7,551
Elevators	515,985	--	518,515	4,500	--
Building & Mechanical	7,952	150,000	--	114,510	43,442
Deck & Garage	288,749	100,000	--	--	388,749
Concrete	--	100,000	--	82,897	17,103
Landscape	2,839	5,000	--	--	7,839
Unallocated interest	18,356	36,941	(3,515)	--	51,782
	<u>\$1,098,356</u>	<u>\$ 483,304</u>	<u>\$ 515,000</u>	<u>\$ 211,905</u>	<u>\$854,755</u>

(2) Includes 2006 assessment of \$446,363 and interest income of \$36,941.

PLAZA EAST ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS- CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 3 - SPECIAL ASSESSMENTS AND RELATED MAJOR REPAIR PROJECTS

The following schedule reflects Owner special assessments for projects that have not been finalized as of December 31, 2007, the year and amount that have been expended, and the remaining unspent amount at December 31, 2007, including interest earned, referred to in the balance sheet as deferred special assessment revenue.

<u>SPECIAL ASSESSMENTS</u>				Fire		Hurricane	Hurricane
<u>Date</u>	<u>Amount (A)</u>	<u>Ramp/Lift</u>	<u>Lobby</u>	<u>Alarm System</u>	<u>Elevators</u>	<u>Shutters</u>	<u>Damages Note 11</u>
10-15-02	\$ 45,000	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ -
8-20-04	271,999	-	271,999	-	-	-	-
6-29-05	341,444	-	-	341,444	-	-	-
2006	1,760,000	-	-	-	1,185,000	250,000	325,000
Transfers	610,144	-	-	-	515,000	-	95,144
Interfund transfers		(553)	(35,267)	32,724	(32,724)		35,820
Ins proceeds	<u>12,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,994</u>
Total	<u>\$3,041,581</u>	<u>\$ 44,447</u>	<u>\$236,732</u>	<u>\$374,168</u>	<u>\$1,667,276</u>	<u>\$250,000</u>	<u>\$468,958</u>
<u>EXPENSES</u>							
2002	18,495	18,495	-	-	-	-	-
2003	24,865	24,865	-	-	-	-	-
2004	200,355	1,087	199,268	-	-	-	-
2005	154,400	-	27,514	126,886	-	-	-
2006	2,095,655	-	-	244,751	1,622,238	69,333	159,333
2007	<u>236,296</u>	<u>-</u>	<u>9,950</u>	<u>33,933</u>	<u>45,038</u>	<u>28,995</u>	<u>118,379</u>
Total	<u>2,730,065</u>	<u>44,447</u>	<u>236,732</u>	<u>405,570</u>	<u>1,667,276</u>	<u>98,328</u>	<u>277,712</u>
Remaining	311,516	\$ --	\$ --	(\$31,402)	\$ --	\$151,672	\$191,246
		(F)	(E)	(D)	(C)	(B)	
Interest	<u>29,146</u>						
Bal 12-31-07	<u>\$ 340,662</u>						

(A) Revenues

Special assessments are for specific projects and their revenue is recorded in the year their funds are expended.

(B) Hurricane Shutters

On March 22, 2006, the Board approved a \$250,000 special assessment for hurricane shutters. Payment was due in two installments beginning on May 1, 2006 and ending on July 1, 2006. On May 9, 2006, the Association entered into a contract with Tech Shutter, Inc. for \$208,000 to install hurricane shutters on the first floor common areas. The shutters have been purchased but not installed; however, further evaluation of the project is in process.

PLAZA EAST ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS- CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 3 - SPECIAL ASSESSMENTS AND RELATED MAJOR REPAIR PROJECTS – continued

(C) Elevators

On February 6, 2006, the Board approved a \$1,700,000 special assessment to repair and refurbish the elevators. Of this amount, \$515,000 was paid by the elevator reserve (Note 2) and the balance, \$1,185,000, was paid by the Owners due in six installments beginning June 1, 2006 and ending on November 1, 2006. On February 14, 2006, the Association entered into a \$1,357,038 contract with Otis Elevator to replace the building's seven elevators. Additional costs include electrical and roof related repairs. The project was completed in 2007 and excess funds were transferred to other projects.

(D) Fire Alarm System

On June 29, 2005, the Board approved a \$341,444 special assessment to pay for the replacement of the existing fire alarm system. Included in the assessment is a ten percent contingency. On June 30, 2005, the Association entered into a contract with Edwards Systems Technology ("EST") whereby EST will replace the fire alarm system, as defined. The contract is a fixed price contract in the amount of \$318,161 and includes permits and a three year warranty. Change orders of \$80,809 were added to the contract due to the increased number of speakers required in each unit and for other items. EST has recently invoiced the Association for unbilled freight and sales tax of \$6,600. This invoicing results primarily from EST having been a spun-off GE entity. As of December 31, 2007, a \$31,402 deficit remains in the project after recording the amounts requested by EST. The Association has requested supporting documentation for all EST liability.

(E) Lobby

On August 20, 2004, the Members approved a \$245,500 special assessment to pay for part of the lobby renovation costs along with insurance proceeds received in 2004 from water damage in Lobby 3 in the amount of \$26,499 (total revenues \$271,999). On September 20, 2004, the Association entered into a revised "lobby floor renovation" agreement with Lynn Wilson Associates International ("Wilson") whereby Wilson is the design consultant and subcontractor provider, as defined. The lobby project was not complete when Hurricane Wilma struck and as a result, unspent funds were approved by the Board in 2007 to be transferred and added to the Hurricane fund (see Note 11).

(F) Ramp/Lift

On August 28, 2002, the Board approved a \$45,000 special assessment to construct and install a ramp at Lobby 2 and a pool deck lift. The projects began in 2002 and were completed in 2003. During September 2007, the Board approved the transfer of the remaining excess special assessment funds to the Hurricane fund (see Note 11).

NOTE 4 - ROOF CONTRACT

On May 26, 2000, the Association entered into a fifteen year roof warranty and maintenance agreement with SK Quality Roofing, Inc. Future semi-annual payments are subject to CPI adjustments. The contract provides right to cancel provisions and are paid for by the Reserve Fund (See Note 2).

PLAZA EAST ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS- CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 5 - MAINTENANCE AND ACCOUNTS RECEIVABLE

Accounts receivable at the balance sheet date represent fees due from owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose accounts are in arrears for a specified time. As of December 31, 2007 there were some owner receivables more than 90 days past due; accordingly, a reserve for doubtful Owner accounts receivable was established for the amount of \$20,000 (\$12,000 in 2006).

NOTE 6 - CREDIT RISK AND CONCENTRATIONS

The Association maintains cash at various South Florida and National financial institutions. At times, such cash may be in excess of the FDIC insured limit; however, the Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

NOTE 7 - INSURANCE EQUITY

In 2002, a \$75,000 insurance equity fund was established and was funded from an operating fund budgetary surplus. The fund, held in a separate bank account, was designed to provide partial cash flow for the Association's annual building and flood insurance premiums as they come due. The bank account was replenished annually with current year's maintenance funds budgeted for insurance premiums. In May, 2007, the Board approved the use of this fund to assist in paying for the 2007-2008 insurance premiums and that the fund not be replenished. As a result, the \$75,000 fund was closed and is included in 2007 revenue.

NOTE 8 - INSURANCE SPECIAL ASSESSMENT

In 2006, the Association's insurance premiums (2006 – 2007) were estimated at \$747,759, including finance charges, for the renewal of certain annual policies beginning June 1, 2006, primarily due to windstorm insurance costs in Florida. The Association's 2006 budget included \$381,663 to pay for these premiums. On June 21, 2006 the Board approved a \$366,096 special assessment to pay for the shortfall, of which \$113,633 applies to 2007 cost and is therefore recorded as deferred revenue at December 31, 2006. This amount is transferred to and recorded as revenue in 2007.

In 2007, the Association's general and windstorm insurance premiums (2007 – 2008) are \$589,200, including finance charges, for the annual renewal beginning June 1, 2007. The Association's 2007 budget included \$350,000 to pay for these insurance policy premiums, leaving a shortfall of \$239,200. On May 31, 2007, the Board approved the use of the insurance equity fund (\$75,000) to assist in paying for the shortfall (See Note 7). On June 18, 2007, the Board approved a special assessment in the amount of \$160,000 to cover the remaining shortfall, of which \$97,917 applies to 2008 cost and therefore is recorded as deferred revenue at December 31, 2007. This amount will be transferred to and recorded as revenue in 2008.

NOTE 9 - EXCESS OPERATING FUNDS

In the 2007 Operating Fund revenue budget, the Board approved the use of \$150,000 excess operating funds (Undesignated Fund Balance at December 31, 2006).

PLAZA EAST ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS- CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 10 - INCOME TAXES

The Association has elected to be taxed as a homeowners' association (Form 1120H). Under this election, the Association is taxed on its non-exempt function income, such as interest earnings less direct expenses, as a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable under this election.

NOTE 11 - HURRICANE WILMA AND SPECIAL ASSESSMENT

Damages incurred by the Association due to Hurricane Wilma, on October 24, 2005 are continuing to be repaired as of December 31, 2007. Total funds allocated to hurricane and related repairs are \$468,958 as follows. On January 18, 2006, the Board approved the use of \$95,144 of excess Operating Funds to be used for hurricane damage repairs. Total estimated cost of damages remaining, less the use of the \$95,144, were estimated to be \$235,406. On April 18, 2006, the Board approved a \$325,000 special assessment as additional funding, which includes a 30% contingency for then unknown costs. Payment was due in two equal installments beginning May 21, 2006 and ending June 21, 2006. Insurance proceeds from the Association's insurance carriers totaled \$12,994 and is included in the special assessment revenue in order to maintain a total of funds available for repairs. In 2007, the Board approved the interfund transfer of \$553 and \$35,266 from the Ramp and Lobby special assessment funds, respectively, to the Hurricane fund revenue.

Costs incurred for repairs in 2007 and 2006 are \$118,379 and \$159,333 with \$191,246 remaining at December 31, 2007, see Note 3 above. In December, 2007, the Board approved \$166,000 of the fund to be used to repair the recreation room, \$160,000; planting trees, \$4,000 and electrical repairs, \$2,000.

NOTE 12 - LEGAL MATTERS

In 2007, in two separate Owner claims against the Association for hurricane damages and wrongful accusations among other allegations, the Association settled these matters for \$11,283 plus legal fees. The Association's insurance carrier paid \$3,451 of this amount.

In 2007, the Association filed a police report and claim against a former employee alleging misappropriation of funds in the amount of \$4,421. This amount and costs incurred in 2007 total approximately \$6,025 and is included in 2007 expenses. The Association's insurance carrier is pursuing this matter. Insurance claim proceeds, if any, in this matter is subject to \$1,500 deductible and will be recorded as revenue in the year received

PLAZA EAST ASSOCIATION, INC.

**SUPPLEMENTAL SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007		2006	
	Actual	Budget (unaudited)	Actual	Budget (unaudited)
<u>EMPLOYEE EXPENSES</u>				
Salaries - maintenance & office	\$ 300,306	\$ 270,000	\$ 258,094	\$ 284,362
Salaries - security & valet	423,383	405,000	409,169	392,994
Employment agency expense	5,599	-	-	-
Payroll taxes	65,843	71,000	64,944	64,500
Insurance for employees	70,414	90,000	82,070	90,000
	<u>865,545</u>	<u>836,000</u>	<u>814,277</u>	<u>831,856</u>
<u>UTILITIES</u>				
Electric	187,204	205,000	208,354	174,000
Water and sewer	89,279	115,000	106,306	114,620
Cable TV	109,104	110,000	108,021	107,000
Trash collection	26,870	28,000	26,574	27,753
Gas for pool	21,482	35,000	21,892	37,500
Telephone	16,165	8,000	9,790	8,000
	<u>450,104</u>	<u>501,000</u>	<u>480,937</u>	<u>468,873</u>
<u>ADMINISTRATIVE</u>				
Office equipment	6,772	7,500	7,342	6,850
Office expense	23,755	16,000	14,976	16,000
Bad debt expense	5,113	-	12,000	-
Bureau of condominium fees	1,064	1,100	1,064	1,200
Accounting and audit	20,716	20,000	19,245	21,500
Car damage	1,006	3,000	3,052	3,000
Legal fees and settlements	20,154	10,000	15,892	18,000
Payroll service	5,882	5,000	4,841	3,500
Postage	3,228	3,500	5,164	3,800
Website	1,500	1,800	-	-
Licenses and fees	3,557	5,000	2,385	5,000
Income taxes	12,025	-	12,000	1,000
	<u>104,772</u>	<u>72,900</u>	<u>97,961</u>	<u>79,850</u>
<u>MAINTENANCE AND REPAIRS</u>				
Building, common areas	150,011	138,200	151,706	132,400
Beach raking	4,296	4,400	4,296	4,250
Grounds maintenance	31,870	40,000	29,210	29,000
Elevator maintenance	28,038	30,000	32,987	32,000
Pest control	11,680	14,000	15,000	11,500
Pool	6,943	8,000	7,197	7,500
Uniforms	20,493	22,000	23,329	16,000
Fire alarm and sprinklers	9,447	12,900	3,186	11,500
Asphalt sealing	-	-	6,464	14,000
	<u>262,778</u>	<u>269,500</u>	<u>273,375</u>	<u>258,150</u>

PLAZA EAST ASSOCIATION, INC.

**SUPPLEMENTAL SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007		2006	
	Actual	Budget (unaudited)	Actual	Budget (unaudited)
<u>INSURANCE</u>				
Building and liability	581,095	350,000	415,204	286,296
Flood	40,889	40,818	40,818	42,867
Worker's compensation	52,807	52,500	64,903	52,500
	674,791	443,318	520,925	381,663
TOTAL OPERATING BUDGET	2,357,990	\$ 2,122,718	2,187,475	\$ 2,020,392
<u>SPECIAL ASSESSMENTS (Note 3)</u>				
Elevator reburishment	45,038		1,622,238	
Shutters	28,995		69,333	
Hurricane damage	118,379		159,333	
Fire alarm system	33,933		244,751	
Lobby restoration	9,950		-	
	236,295		2,095,655	
TOTAL EXPENSES	\$ 2,594,285		\$ 4,283,130	

PLAZA EAST ASSOCIATION, INC.

SUPPLEMENTAL INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS

December 31, 2007

(UNAUDITED)

The Association's Board of Directors has estimated the remaining useful lives and the current replacement costs of certain components of common property and the amount of reserve funds designated as of December 31, 2007. Other components were estimated by engineers in the related fields during 2004. The following information is based on those estimates as disclosed in the 2008 budget or provided by engineers' estimates:

Components	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs	2008 Funding Requirement	Reserve Fund Balance 12/31/07
Building painting	0	\$ 300,000	\$ -	\$ 300,000
Roof, includes annual maintenance contract (A)	39	348,000	17,000	82,046
Paving	12	60,000	4,000	12,000
Pool	3	30,000	7,000	9,551
Elevators	39	1,700,000	-	36,790
Deck and garage	1	2,500,000	-	440,947
Concrete restoration	varies	500,000	100,000	237
Cooling tower (replace heat exchangers) (B)		-	-	-
Landscape	13	75,000	5,000	12,839
Building and mechanical	varies	150,000	100,000	15,438
Unallocated interest		-	-	12,925
		\$ 5,663,000	\$ 233,000	\$ 922,773

(A) Includes annual maintenance contract of \$10,000; two fifteen year maintenance contract extensions will extend the life of the roof for an additional thirty years.

(B) Cooling Tower Design Plans by DeRose Engineering have been completed and total construction costs are estimated to be \$400,000. The Board and Membership have yet to determine the timing of construction and method of funding.