

**PLAZA EAST ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED**

**DECEMBER 31, 2004 AND 2003**

Perrella & Associates, P.A.

Certified Public Accountants

**PLAZA EAST ASSOCIATION, INC.**

YEARS ENDED DECEMBER 31, 2004 AND 2003

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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, 2004 and 2003, and the related statements of revenues, expenses and 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, 2004 and 2003, 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 2004 and 2003 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, are 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.

February 7, 2005

*Perrella & Associates, P.A.*

**PLAZA EAST ASSOCIATION, INC.**

**BALANCE SHEETS**  
DECEMBER 31, 2004 AND 2003

	2004		2003	
	Operating Fund	Reserve Fund (Note 2)	Operating Fund	Reserve Fund (Note 2)
<b>ASSETS</b>				
Cash including interest bearing deposits:				
Operating	\$ 131,877	\$ -	\$ 164,375	\$ -
Special Assessments	73,593	-	1,767	-
Insurance equity (Note 7)	75,000	-	75,156	-
Reserves	-	643,312	-	754,133
Certificate of deposit	-	200,000	-	-
Accounts receivable, Owners:				
Maintenance and reserve	8,736	-	4,553	1,116
Due from Reserve Fund	7,348	-	-	-
Prepaid expenses	6,123	-	10,353	-
Prepaid insurance	114,264	-	145,019	-
Utility deposits	2,715	-	2,715	-
	<u>\$ 419,656</u>	<u>\$ 843,312</u>	<u>\$ 403,938</u>	<u>\$ 755,249</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable:				
Operating and reserve	\$ 30,186	\$ -	\$ 46,622	\$ 2,000
Special Assessment	6,134	-	-	-
Lawsuits settlements payable (Note 9)	45,475	-	-	-
Accrued payroll and payroll taxes	5,223	-	13,121	-
Retainage, Operating project (Note 4)	25,886	-	-	-
Retainage, Special Assessment project	5,000	-	-	-
Owners' maintenance collected in advance	151,365	-	232,233	-
Deferred Special Assessment revenue (Note 3)	73,593	-	1,767	-
Due to Operating Fund	-	7,348	-	-
Rental apartment deposits	-	-	195	-
	<u>342,862</u>	<u>7,348</u>	<u>293,938</u>	<u>2,000</u>
Total Liabilities				
<b>Fund Balances:</b>				
Undesignated	1,794	835,964	35,000	753,249
Designated for insurance (Note 7)	75,000	-	75,000	-
Total Fund Balances	<u>76,794</u>	<u>835,964</u>	<u>110,000</u>	<u>753,249</u>
Total Liabilities and Fund Balances	<u>\$ 419,656</u>	<u>\$ 843,312</u>	<u>\$ 403,938</u>	<u>\$ 755,249</u>

See accompanying notes to financial statements.

**PLAZA EAST ASSOCIATION, INC.**

STATEMENTS OF REVENUES, EXPENSES AND FUND BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004		2003	
	Operating Fund	Reserve Fund (Note 2)	Operating Fund	Reserve Fund (Note 2)
<b>REVENUES:</b>				
Owners' maintenance	\$ 1,953,153	\$ 334,888	\$ 1,651,221	\$ 326,858
Interest earned	2,901	6,694	3,477	2,833
Special assessments (Note 3)	200,355	-	24,865	-
Parking income	2,687	-	3,373	-
Maintenance for owners	5,339	-	12,067	-
Transfer fees	2,875	-	3,150	-
Cabana rentals	4,700	-	4,600	-
Manager's apartment rent	6,218	-	8,355	-
Other	8,992	-	4,779	-
	<u>2,187,220</u>	<u>341,582</u>	<u>1,715,887</u>	<u>329,691</u>
<b>EXPENSES (Pages 11 and 12):</b>				
Employee expenses	768,473	-	723,858	-
Utilities	379,347	-	358,351	-
Administrative	66,170	-	85,923	-
Maintenance and repairs:				
Operating budget	431,998	-	187,522	-
Special assessments (Note 3)	200,355	-	24,865	-
Insurance	282,526	-	275,784	-
Lawsuits settlements (Note 9)	91,556	-	-	-
Reserves	-	258,867	-	69,094
	<u>2,220,425</u>	<u>258,867</u>	<u>1,656,303</u>	<u>69,094</u>
Excess (Deficiency) of Revenues over Expenses	(33,205)	82,715	59,584	260,597
<b>FUND BALANCES:</b>				
Beginning	110,000	753,249	285,489	257,579
Transfer of Excess Surplus to Reserves	-	-	(235,073)	235,073
Ending	<u>\$ 76,794</u>	<u>\$ 835,964</u>	<u>\$ 110,000</u>	<u>\$ 753,249</u>

See accompanying notes to financial statements.

**PLAZA EAST ASSOCIATION, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	2004		2003	
	Operating Fund	Reserve Fund (Note 2)	Operating Fund	Reserve Fund (Note 2)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Owners' maintenance collected	\$ 1,868,101	\$ 336,004	\$ 1,777,998	\$ 326,075
Interest received	2,901	6,694	3,477	2,833
Special assessments collected	245,500	-	313	-
Insurance proceeds	26,499	-	-	-
Other operating receipts	30,811	-	35,619	-
Total cash collected	<u>2,173,812</u>	<u>342,698</u>	<u>1,817,407</u>	<u>328,908</u>
Less cash paid for expenses	2,127,292	260,867	1,693,389	104,154
Less special assessment refund (Note 8)	<u>-</u>	<u>-</u>	<u>10,464</u>	<u>-</u>
<b>NET CASH PROVIDED BY (USED IN)</b>				
<b>OPERATIONS</b>	46,520	81,831	113,554	224,754
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	-	-	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Inter-fund transfers, net	(7,348)	7,348	(235,073)	235,073
<b>Cash, including interest bearing deposits:</b>				
At beginning of year	<u>241,298</u>	<u>754,133</u>	<u>362,817</u>	<u>294,306</u>
At end of year	<u>\$ 280,470</u>	<u>\$ 843,312</u>	<u>\$ 241,298</u>	<u>\$ 754,133</u>
<b>Reconciliation of excess (deficiency) of revenue over expenses to cash flows from operating activities:</b>				
Excess (deficiency) of revenue over expenses	\$ (33,205)	\$ 82,715	\$ 59,584	\$ 260,598
Adjustment to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities	-	-	-	-
(Increase) Decrease in:				
Accounts receivable, Owners	(4,183)	1,116	2,633	(783)
Prepaid insurance and expenses	34,985	-	(42,781)	-
Increase (Decrease) in:				
Accounts payable	35,172	(2,000)	(7,096)	(35,061)
Retainage	30,886	-	-	-
Accrued payroll and taxes	(7,898)	-	2,584	-
Maintenance collected in advance	(80,868)	-	124,443	-
Income taxes payable	-	-	(257)	-
Deferred special assessments	71,826	-	(24,851)	-
Rental apartment deposits	(195)	-	(705)	-
<b>Net cash provided by (used in) operations</b>	<u>\$ 46,520</u>	<u>\$ 81,831</u>	<u>\$ 113,554</u>	<u>\$ 224,754</u>
<b>Supplemental disclosure:</b>				
Income tax payment	<u>\$ 1,026</u>	<u>\$ -</u>	<u>\$ 760</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**PLAZA EAST ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

**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(s) 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, 2004 AND 2003**

**NOTE 2 - RESERVE FUND**

A reserve for deferred maintenance fund was established in 1980 to meet future major repairs and replacement costs. In 2004 and 2003, 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 2004 activity are as follows:

<u>Common Area Component</u>	Fund Balance 1/1/04	(1) Additions to Fund	Reallocated Funds	Charges to Fund (Page 12)	Fund Balance 12/31/04
Building painting	\$ 97,934	\$ 50,000	\$ 2,066	\$ --	\$ 150,000
Roof	30,248	21,113	--	4,674	46,687
Paving	36,904	3,096	731	40,731	--
Pool	13,479	539	--	9,679	4,339
Elevators	315,521	112,807	--	--	428,328
Building & Mechanical	4,917	44,000	--	36,324	12,593
Deck & Garage	83,333	83,333	--	--	166,666
Concrete	10,000	20,000	--	28,324	1,676
Landscape	140,884	--	--	139,135	1,749
Unallocated interest	20,029	6,694	(2,797)	--	23,926
	<u>\$ 753,249</u>	<u>\$ 341,582</u>	<u>\$ --</u>	<u>\$ 258,867</u>	<u>\$ 835,964</u>

(1) Includes 2004 assessment of \$334,888 and interest income of \$6,694.

The reserve fund balances and 2003 activity are as follows:

<u>Common Area Component</u>	Fund Balance 1/1/03	(2) Additions to Fund	Reallocated Funds	Charges to Fund (Page 12)	Fund Balance 12/31/03
Building painting	\$ 47,934	\$ 50,000	\$ --	\$ --	\$ 97,934
Roof	24,007	19,905	--	13,664	30,248
Paving	15,356	21,548	--	--	36,904
Pool	12,547	932	--	--	13,479
Elevators	137,918	179,213	--	1,610	315,521
Building & Mechanical	2,621	49,000	--	46,704	4,917
Deck & Garage	--	83,333	--	--	83,333
Concrete	--	10,000	--	--	10,000
Landscape	--	148,000	--	7,116	140,884
Unallocated interest	17,196	2,833	--	--	20,029
	<u>\$ 257,579</u>	<u>\$ 564,764</u>	<u>\$ --</u>	<u>\$ 69,094</u>	<u>\$ 753,249</u>

(2) Includes 2003 assessment of \$326,858, transfer of \$59,584 from 2003 excess operating revenues and \$175,489 from prior years' surplus and interest income of \$2,833.

**PLAZA EAST ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

**NOTE 3 - SPECIAL ASSESSMENTS AND RELATED MAJOR REPAIR PROJECTS**

The following schedule reflects components of certain special assessments, the amount expended in 2004, 2003, 2002, 2001, 2000 and 1999 and the remaining unspent amount at December 31, 2004, including interest earned, referred to in the balance sheet as deferred special assessment revenue.

Special Assessment Revenue		Concrete Restoration	Safety Doors & Cameras	Water Risers	Ramp/Lift	Lobby
Date	Amount (A)					
1-7-99	\$ 1,540,000	\$ 1,500,000	\$ 40,000	\$ -	\$ -	\$ -
2-10-00	1,000,000	1,000,000	-	-	-	-
10-16-00	1,000,000	1,000,000	-	-	-	-
10-16-00	237,000	-	-	237,000	-	-
5-16-01	1,650,000	1,650,000	-	-	-	-
10-15-02	45,000	-	-	-	45,000	-
8-20-04	271,999	-	-	-	-	271,999
Interest	<u>13,796</u>	<u>13,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,757,795</u>	<u>\$ 5,163,796</u>	<u>\$ 40,000</u>	<u>\$ 237,000</u>	<u>\$ 45,000</u>	<u>\$ 271,999</u>

**EXPENSES** (page 12):

1999	1,347,161	1,325,425	21,736	-	-	-
2000	1,667,605	1,594,323	1,817	71,465	-	-
2001	1,637,463	1,455,481	16,447	165,535	-	-
2002	807,062	788,567	-	-	18,495	-
2003	24,865	-	-	-	24,865	-
2004	<u>200,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,087</u>	<u>199,268</u>
Total	<u>5,684,511</u>	<u>5,163,796</u>	<u>40,000</u>	<u>237,000</u>	<u>44,447</u>	<u>199,268</u>
Expenses Remaining	73,284	\$ -	\$ -	\$ -	\$ 553	\$ 72,731
Interest earned	<u>309</u>	(C)			(D)	(B)
Bal 12-31-04	<u>\$ 73,593</u>					

**(A) Accounts Receivable, Owners**

The special assessments were assessed to owners with installment payment options. As of December 31, 2004 and 2003, \$0 remain as receivable due from owners respectively.

**(B) Contracts and Costs, 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 renovation specifications were revised by the Association's committee whereby the final cost of the project is not expected to exceed total revenues. The project is expected to be completed in 2005.

**PLAZA EAST ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

**NOTE 3 - SPECIAL ASSESSMENTS AND CONCRETE RESTORATION – continued**

(C) Contracts and Costs, Concrete Restoration

In February, 1999 the Association entered into a concrete restoration contract agreement with Restoration Technology, Inc. (“RTI”). The contract is a “unit cost” contract whereby the ultimate cost of the contract is not stated due to the nature of the work. The contract is controlled by numerous covenants with progress and payment authorizations approved by an independent engineer who is under contract to the Association. In January, 1998, the Association retained Howard J. Miller, P.E. Inc., the Engineer for this project. The contract provides a fee of \$180 per inspection and \$300 per meeting attended by the Engineer. The concrete restoration was completed during 2002. Not included in 2002 concrete restoration expense is \$7,058 of expenses completing this project, which was expensed in the operating budget.

(D) 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 2004, the Board approved the use of the remaining excess special assessment funds for future maintenance on these projects.

(E) On October 14, 2002, the Board approved a \$145,000 landscaping of common area grounds to be paid for in installments beginning in 2003. This assessment was cancelled due to a complaint filed by four Owners with a State of Florida Agency, see Note 8.

(F) On October 25, 2000, the Association entered into a fixed fee contract with Moore Plumbing, Inc. for \$237,000 for the replacement of domestic water risers and pumps. The work was completed in 2001.

(G) On November 30, 2000, the Board approved the painting of the building by Bell Painting Company for \$360,000. Building painting was finalized upon completion of the concrete restoration project in 2002. The funding for this project is included in the reserve fund.

**NOTE 4 - CONTRACTS AND COMMITMENTS**

In January, 2004, the Association entered into a fixed fee contract with Moore Plumbing, Inc. for \$258,862 for replacement of the A/C risers. The project is a 2004 Operating Fund budget item and it began and was completed in 2004. At December 31, 2004, the final payment of the contract, \$25,886, is included in the Balance Sheet as a liability, Retainage, Operating project.

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, 2004 AND 2003

**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, 2004 there were some owner receivables more than 90 days past due; however, none are deemed to be uncollectible.

**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**

During 2002, a permanent insurance equity fund was approved. The amount established was \$75,000, which is funded from the operating fund budgetary surplus. The fund, including a separate bank account, is designed to provide sufficient cash flow for the Association's annual building and flood insurance premiums as they come due. The bank account will be replenished with current year's maintenance funds budgeted for insurance premiums.

**NOTE 8 - CONTINGENCY**

Certain Owners filed five complaints against the Association with a State of Florida Agency, "The Division of Florida Land Sales, Condominium and Mobile Homes" ("Division") in 2002. The Division is empowered to ensure compliance with Chapter 718, Florida Statutes, the Florida Condominium Act, administrative rules and codes. The Association disputed all alleged violations. The Division agreed with two complaint items, in summary, pertaining to unit owner approval of a special assessment for landscaping and the Association not obtaining competitive bids for a defined large project, landscaping (below).

As of January 28, 2003, the Division exercised its authority to close this case, but will pursue enforcement resolution, which may result in civil penalties, if another complaint is received alleging repeated violations of the same nature.

As a result, the collection of the \$145,000 landscaping special assessment, Note 3 (E) above, and the start of the landscaping project, as Board approved on October 14, 2002 were cancelled. Monies collected for this special assessment as of December 31, 2002 of \$10,464 was recorded as Due to Owners and was refunded to the Owners during 2003.

**PLAZA EAST ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

**NOTE 9 - LAWSUITS SETTLEMENTS**

In 2003, an owner filed a legal suit against the Association claiming, among other allegations and claims, that the Association's primary project and related special assessments were improperly undertaken and breach of fiduciary duty by officers and directors. The Association entered into a Settlement Agreement with this owner on December 6, 2004 for \$37,500. Details of the Agreement include the release of all actions either party had, has or may have against each other. The settlement agreement also acknowledges that all parties have not and do not admit liability in this matter whatsoever, that the settlement has been agreed to based primarily upon economic considerations and the desire of all parties to avoid further substantial expense and inconvenience associated with prospective litigation and that all claims against one another are totally and completely settled. Also, the Association agreed that it will continue to adhere to its recorded governing documents with respect to the passage of future assessments and that the owner's assessment account with the Association is current as of December 31, 2004.

In another matter, the Association, in 2004, brought an action before the State of Florida Agency "The Division of Florida Department of Land Sales, Condominiums and Mobile Homes" to compel an Owner to comply with Association Covenants and Restrictions regarding their pet ownership. The Owner appealed the action and judgment was granted in favor of the Owner. Although the Association filed an appeal of the judgment, the Board agreed to settle the claim and all related attorney's fees and costs on September 10, 2004 for \$35,000.

The above two settlement agreements amount to \$91,556 of direct cost to the Association that includes the settlement amounts and Association legal fees. Additional costs were paid for by the Association's insurance carrier. The \$91,556 is reported in these financial statements as "lawsuits settlement expenses" as an expense in the operating fund. In addition, \$45,475 of this amount will be paid for after December 31, 2004, and is therefore included as an operating fund liability in the accompanying balance sheet at December 31, 2004.

The 2005 Operating Fund maintenance assessment includes \$90,000 to pay for and cover the cost of these two settlement agreements.

**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.

**PLAZA EAST ASSOCIATION, INC.**

**SUPPLEMENTAL SCHEDULES OF EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	2004		2003	
	Actual	Budget (unaudited)	Actual	Budget (unaudited)
<b><u>EMPLOYEE EXPENSES</u></b>				
Salaries - maintenance & office	\$ 252,433	\$ 255,136	\$ 245,216	\$ 272,104
Salaries - security & valet	380,900	385,086	348,308	372,216
Payroll taxes	56,678	64,500	49,197	56,187
Insurance for employees	78,462	90,000	81,137	65,000
	<u>768,473</u>	<u>794,722</u>	<u>723,858</u>	<u>765,507</u>
<b><u>UTILITIES</u></b>				
Electric	149,745	137,000	142,605	135,000
Water and sewer	87,491	86,500	81,288	90,000
Cable TV	96,736	96,200	92,701	93,000
Trash collection	19,177	23,500	22,481	23,500
Gas for pool	19,429	17,000	13,467	19,000
Telephone	6,769	6,500	5,809	8,700
	<u>379,347</u>	<u>366,700</u>	<u>358,351</u>	<u>369,200</u>
<b><u>ADMINISTRATIVE</u></b>				
Office equipment	5,420	7,650	7,099	7,750
Office expense	12,291	12,000	15,036	11,800
Bureau of condominium fees	1,064	1,064	1,064	1,064
Accounting and audit	19,686	23,000	20,445	10,500
Trustee fee	-	-	-	1,500
Car damage	1,261	2,500	1,834	2,500
Legal fees	14,436	10,000	29,641	5,000
Manager's apartment	634	500	253	500
Payroll service	3,726	3,500	3,798	4,000
Postage	2,838	3,000	2,777	3,000
Licenses and fees	3,788	4,000	3,216	3,300
Income taxes	1,026	1,000	760	1,000
	<u>66,170</u>	<u>68,214</u>	<u>85,923</u>	<u>51,914</u>
<b><u>MAINTENANCE AND REPAIRS</u></b>				
Building, common areas	93,831	96,750	112,017	95,750
Beach raking	3,868	4,100	3,852	4,000
Grounds maintenance	6,753	4,000	2,859	5,000
Elevator maintenance	25,872	27,300	30,201	26,000
Pest control	8,123	8,600	8,270	8,600
Pool	8,373	7,500	6,539	8,500
Uniforms	15,087	13,500	14,442	15,000
Fire alarm and sprinklers	8,665	12,500	7,783	12,000
Plant lease	1,559	1,600	1,559	1,600
A/C risers (Note 4)	259,867	260,000	-	-
	<u>431,998</u>	<u>435,850</u>	<u>187,522</u>	<u>176,450</u>

**PLAZA EAST ASSOCIATION, INC.**

SUPPLEMENTAL SCHEDULES OF EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004		2003	
	Actual	Budget (unaudited)	Actual	Budget (unaudited)
<u>INSURANCE</u>				
Building and liability	201,587	239,000	213,677	248,000
Flood	37,775	40,650	34,520	37,100
Worker's compensation	43,164	44,000	27,587	37,950
	282,526	323,650	275,784	323,050
 TOTAL OPERATING BUDGET	1,928,514	\$ 1,989,136	1,631,438	\$ 1,686,121
 <u>SPECIAL ASSESSMENTS (Note 3)</u>				
Lobby restoration	199,268		-	
Ramp/lift	1,087		24,865	
	200,355		24,865	
 <u>LAWSUITS SETTLEMENTS (Note 9)</u>	91,556		-	
 TOTAL EXPENSES	\$ 2,220,425		\$ 1,656,303	
  <u>RESERVE EXPENSES (Note 2)</u>				
A/C chill water pump	\$ 4,175		\$ -	
Building, capital expenditures	16,772		13,404	
Concrete restoration	28,324		-	
Elevator	-		1,610	
Garage door replacement/maintenance	6,133		-	
Landscape	139,135		7,116	
Paving	40,731		-	
Phone system	2,141		-	
Plumbing, replace pipes and A/C systems	1,658		14,953	
Pool maintenance and repairs	9,679		-	
Roof structure preservation	4,674		13,664	
Security equipment	-		14,596	
Trash chute system	5,445		3,750	
	\$ 258,867		\$ 69,093	

**PLAZA EAST ASSOCIATION, INC.**

**SUPPLEMENTAL INFORMATION ON FUTURE MAJOR  
REPAIRS AND REPLACEMENTS**

December 31, 2004

(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, 2004. Other components were estimated by engineers in the related fields during 2004. The following information is based on those estimates as disclosed in the 2005 budget or provided by engineers' estimates:

Components	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs	2005 Funding Requirement	Reserve Fund Balance 12/31/04
Building painting	3	\$ 300,000	\$ 50,000	\$ 150,000
Roof, annual maintenance contract	12	300,000	21,500	46,687
Paving	15	60,000	4,000	-
Pool	20	20,000	750	4,339
Elevators	3	700,000	90,557	428,328
Deck and garage	4	635,000	122,083	166,666
Concrete	5	100,000	19,665	1,676
Landscape	35	75,000	2,143	1,749
Building and mechanical	varies	<u>29,000</u>	<u>19,000</u>	<u>12,593</u>
		<u>\$ 2,219,000</u>	<u>\$ 329,698</u>	<u>\$ 812,038</u>