

**PLAZA EAST ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED**

**DECEMBER 31, 2005 AND 2004**

**Perrella & Associates, P.A.**

Certified Public Accountants

**PLAZA EAST ASSOCIATION, INC.**

YEARS ENDED DECEMBER 31, 2005 AND 2004

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT .....	1
FINANCIAL STATEMENTS:	
Balance Sheets .....	2
Statements of Revenues and Expenses and Fund Balances.....	3
Statements of Cash Flows .....	4
Notes to Financial Statements.....	5-9
SUPPLEMENTAL SCHEDULES:	
Schedules of Expenses .....	10-11
Information on future major repairs and replacements (unaudited).....	12

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, 2005 and 2004, 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, 2005 and 2004, 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 2005 and 2004 financial statements taken as a whole. The supplemental schedules of expenses on pages 10 and 11 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 12 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 24, 2006

*Perrella & Associates, P.A.*

**PLAZA EAST ASSOCIATION, INC.**

**BALANCE SHEETS**  
**DECEMBER 31, 2005 AND 2004**

	2005		2004	
	Operating Fund	Reserve Fund (Note 2)	Operating Fund	Reserve Fund (Note 2)
<b>ASSETS</b>				
Cash including interest bearing deposits:				
Operating	\$ 120,231	\$ -	\$ 131,877	\$ -
Special Assessments	263,222	-	73,593	-
Insurance equity (Note 7)	75,000	-	75,000	-
Reserves	-	1,086,451	-	843,312
Accounts receivable, Owners:				
Maintenance and reserve	25,467	-	8,736	-
Due from Operating Fund	-	22,075	-	-
Due from Reserve Fund	-	-	7,348	-
Prepaid expenses	15,983	-	6,123	-
Prepaid insurance	133,127	-	114,264	-
Utility deposits	2,715	-	2,715	-
	<u>\$ 635,745</u>	<u>\$ 1,108,526</u>	<u>\$ 419,656</u>	<u>\$ 843,312</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable:				
Operating and reserve	\$ 115,074	\$ 10,170	\$ 30,186	\$ -
Special Assessment	-	-	6,134	-
Lawsuits settlements payable (Note 9)	-	-	45,475	-
Accrued payroll and payroll taxes	6,020	-	5,223	-
Retainage, Operating project (Note 4)	-	-	25,886	-
Retainage, Special Assessment project	5,000	-	5,000	-
Owners' maintenance collected in advance	8,837	-	151,365	-
Deferred Special Assessment revenue (Note 3)	263,222	-	73,593	-
Due to Operating Fund	-	-	-	7,348
Due to Reserve Fund	22,075	-	-	-
	<u>420,228</u>	<u>10,170</u>	<u>342,862</u>	<u>7,348</u>
Total Liabilities	<u>420,228</u>	<u>10,170</u>	<u>342,862</u>	<u>7,348</u>
<b>Fund Balances:</b>				
Undesignated	140,517	1,098,356	1,794	835,964
Designated for insurance (Note7)	75,000	-	75,000	-
Total Fund Balances	<u>215,517</u>	<u>1,098,356</u>	<u>76,794</u>	<u>835,964</u>
Total Liabilities and Fund Balances	<u>\$ 635,745</u>	<u>\$ 1,108,526</u>	<u>\$ 419,656</u>	<u>\$ 843,312</u>

See accompanying notes to financial statements.

**PLAZA EAST ASSOCIATION, INC.**

**STATEMENTS OF REVENUES, EXPENSES AND UNDESIGNATED FUND BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	2005		2004	
	Operating Fund	Reserve Fund (Note 2)	Operating Fund	Reserve Fund (Note 2)
<b>REVENUES:</b>				
Owners' maintenance	\$ 1,981,633	\$ 329,708	\$ 1,953,153	\$ 334,888
Interest earned	8,986	24,747	2,901	6,694
Special assessments (Note 3)	154,400	-	200,355	-
Parking income	3,600	-	2,687	-
Maintenance for owners	4,475	-	5,339	-
Transfer fees	9,700	-	2,875	-
Cabana rentals	4,700	-	4,700	-
Manager's apartment rent	3,301	-	6,218	-
Other	2,863	521	8,991	-
	<u>2,173,658</u>	<u>354,976</u>	<u>2,187,219</u>	<u>341,582</u>
 <b>EXPENSES (Pages 10 and 11):</b>				
Employee expenses	755,658	-	768,473	-
Utilities	419,200	-	379,347	-
Administrative	71,380	-	66,170	-
Maintenance and repairs:				
Operating budget	341,260	-	431,998	-
Special assessments (Note 3)	154,400	-	200,355	-
Insurance	293,037	-	282,526	-
Lawsuits settlements (Note 9)	-	-	91,556	-
Reserves	-	92,584	-	258,867
	<u>2,034,935</u>	<u>92,584</u>	<u>2,220,425</u>	<u>258,867</u>
 Excess (Deficiency) of Revenues over Expenses	138,723	262,392	(33,206)	82,715
 <b>UNDESIGNATED FUND BALANCES:</b>				
Beginning	<u>1,794</u>	<u>835,964</u>	<u>35,000</u>	<u>753,249</u>
Ending	<u>\$ 140,517</u>	<u>\$ 1,098,356</u>	<u>\$ 1,794</u>	<u>\$ 835,964</u>

See accompanying notes to financial statements.

**PLAZA EAST ASSOCIATION, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	2005		2004	
	Operating Fund	Reserve Fund (Note 2)	Operating Fund	Reserve Fund (Note 2)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Owners' maintenance collected	\$ 1,822,374	\$ 329,708	\$ 1,868,101	\$ 336,004
Interest received	8,986	24,747	2,901	6,694
Special assessments collected	344,029	-	245,500	-
Insurance proceeds	-	-	26,499	-
Other operating receipts	28,639	521	30,811	-
Total cash collected	2,204,028	354,976	2,173,812	342,698
Less cash paid for expenses	2,055,468	82,414	2,127,292	260,867
<b>NET CASH PROVIDED BY (USED IN)</b>				
<b>OPERATIONS</b>	148,560	272,562	46,520	81,831
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
	-	-	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Inter-fund transfers, net	29,423	(29,423)	(7,348)	7,348
<b>Cash, including interest bearing deposits:</b>				
At beginning of year	280,470	843,312	241,298	754,133
At end of year	\$ 458,453	\$ 1,086,451	\$ 280,470	\$ 843,312
<b>Reconciliation of excess (deficiency) of revenue over expenses to cash flows from operating activities:</b>				
Excess (deficiency) of revenue over expenses	\$ 138,723	\$ 262,392	\$ (33,205)	\$ 82,715
Adjustment to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities	-	-	-	-
(Increase) Decrease in:				
Accounts receivable, Owners	(16,731)	-	(4,183)	1,116
Prepaid insurance and expenses	(28,723)	-	34,985	-
Increase (Decrease) in:				
Accounts payable	33,279	10,170	35,172	(2,000)
Retainage	(25,886)	-	30,886	-
Accrued payroll and taxes	797	-	(7,898)	-
Maintenance collected in advance	(142,528)	-	(80,868)	-
Income taxes payable	-	-	-	-
Deferred special assessments	189,629	-	71,826	-
Rental apartment deposits	-	-	(195)	-
<b>Net cash provided by (used in) operations</b>	<b>\$ 148,560</b>	<b>\$ 272,562</b>	<b>\$ 46,520</b>	<b>\$ 81,831</b>
<b>Supplemental disclosure:</b>				
Income tax payment	\$ -	\$ -	\$ 1,026	\$ -

**PLAZA EAST ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**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, 2005 AND 2004**

**NOTE 2 - RESERVE FUND**

A reserve for deferred maintenance fund was established in 1980 to meet future major repairs and replacement costs. In 2005 and 2004, 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 2005 activity are as follows:

<u>Common Area Component</u>	Fund Balance 1/1/05	(1) Additions to Fund	Reallocated Funds	Charges to Fund (Page 11)	Fund Balance 12/31/05
Building painting	\$ 150,000	\$ 50,000	\$ --	\$ --	\$ 200,000
Roof	46,687	21,500	--	9,651	58,536
Paving	--	4,000	--	--	4,000
Pool	4,339	750	--	3,150	1,939
Elevators	428,328	90,557	--	2,900	515,985
Building & Mechanical	12,593	19,000	--	23,641	7,952
Deck & Garage	166,666	122,083	--	--	288,749
Concrete Restoration (2)	1,676	19,665	30,317	51,658	--
Landscape	1,749	2,674	--	1,584	2,839
Unallocated interest	23,926	24,747	(30,317)	--	18,356
	<u>\$ 835,964</u>	<u>\$ 354,976</u>	<u>\$ --</u>	<u>\$ 92,584</u>	<u>\$ 1,098,356</u>

(1) Includes 2005 assessment of \$329,708, interest income of \$24,747 and the reversal of a \$521 stale-dated check originally charged to the landscape reserve in 2004.

(2) Concrete restoration cost in excess of available reserve funds of \$53,741 is expensed in the operating fund in 2005.

The reserve fund balances and 2004 activity are as follows:

<u>Common Area Component</u>	Fund Balance 1/1/04	(3) Additions to Fund	Reallocated Funds	Charges to Fund (Page 11)	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>

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

**PLAZA EAST ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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

The following schedule reflects special assessments that have not been finalized as of December 31, 2005, the year and amount that has been expended, and the remaining unspent amount at December 31, 2005, including interest earned, referred to in the balance sheet as deferred special assessment revenue.

Special Assessment Revenue				Fire Alarm System
<u>Date</u>	<u>Amount (A)</u>	<u>Ramp/Lift</u>	<u>Lobby</u>	<u>System</u>
10-15-02	\$ 45,000	\$ 45,000	\$ -	\$ -
8-20-04	271,999	-	271,999	-
6-29-05	<u>341,444</u>	-	-	<u>341,444</u>
Total	<u>\$ 658,443</u>	<u>\$ 45,000</u>	<u>\$ 271,999</u>	<u>\$341,444</u>

EXPENSES (page 12):

2002	18,495	18,495	-	-
2003	24,865	24,865	-	-
2004	200,355	1,087	199,268	-
2005	<u>154,400</u>	-	<u>27,514</u>	<u>126,886</u>
Total Expenses	<u>398,115</u>	<u>44,447</u>	<u>226,782</u>	<u>126,886</u>
Remaining	260,328	<u>\$ 553</u>	<u>\$ 45,217</u>	<u>\$ 214,558</u>
Interest earned	<u>2,894</u>	(D)	(C)	(B)
Bal 12-31-05	<u>\$ 263,222</u>			

(A) Accounts Receivable, Owners

The special assessments were assessed to owners with installment payment options. As of December 31, 2005 and 2004, \$7,181 and \$0 remain as receivable due from owners respectively.

(B) Contracts and Costs, 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. 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 \$310,404 and includes a three year warranty. Included in the assessment is a ten percent contingency that if not spent, would be transferred to a reserve fund. The project is expected to be completed in 2006.

(C) 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. Currently, the lobby renovation is on hold in part due to Hurricane Wilma

**PLAZA EAST ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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

(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.

**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 and was paid in 2005.

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).

**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, 2005 there were some owner receivables more than 90 days past due; however, none are deemed to be uncollectible and no reserve for doubtful Owner accounts receivable.

**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 was 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 is replenished annually with current year's maintenance funds budgeted for insurance premiums.

**NOTE 8 - SUBSEQUENT EVENTS**

Two special assessments are up for approval in February, 2006. The first is an elevator replacement assessment to resolve health and safety issues of the elevators. The proposed amount of the project, including a 8.4% contingency, is one million seven hundred thousand dollars. The second is for the purchase and installation of hurricane shutters for the common areas and is a ballot item at the 2006 annual meeting. Due to the nature of the project, the approval must be voted on by a majority of the members. The proposed amount of the project is two hundred thousand dollars.

**PLAZA EAST ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

**NOTE 9 - LAWSUITS SETTLEMENTS, 2004**

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.

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 a 2004 expense in the operating fund. In addition, \$45,475 of this amount was paid for in 2005, and is therefore included as an operating fund liability in the accompanying balance sheet at December 31, 2004.

The 2005 Operating Fund maintenance assessment budget 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.

**NOTE 11 - HURRICANE WILMA**

The final cost that will be incurred by the Association due to Hurricane Wilma, on October 24, 2005 and the amount of insurance proceeds from the Association's insurance carriers can not be determined at this time.

Included in 2005 operating fund expense is \$37,386 attributed to the Hurricane. Management estimates a minimum cost of \$300,000 excluding hurricane shutters of approximately \$200,000.

**NOTE 12 - RECLASSIFICATION**

The 2004 financial statements have been reclassified to conform to the 2005 presentation.

**PLAZA EAST ASSOCIATION, INC.**

**SUPPLEMENTAL SCHEDULES OF EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	2005		2004	
	Actual	Budget (unaudited)	Actual	Budget (unaudited)
<b><u>EMPLOYEE EXPENSES</u></b>				
Salaries - maintenance & office	\$ 229,864	\$ 275,330	\$ 252,433	\$ 255,136
Salaries - security & valet	387,990	373,265	380,900	385,086
Payroll taxes	58,503	64,500	56,678	64,500
Insurance for employees	79,301	90,000	78,462	90,000
	<u>755,658</u>	<u>803,095</u>	<u>768,473</u>	<u>794,722</u>
<b><u>UTILITIES</u></b>				
Electric	160,220	175,000	149,745	137,000
Water and sewer	114,289	110,600	87,491	86,500
Cable TV	93,627	100,550	96,736	96,200
Trash collection	22,075	23,500	19,177	23,500
Gas for pool	20,554	24,000	19,429	17,000
Telephone	8,435	6,500	6,769	6,500
	<u>419,200</u>	<u>440,150</u>	<u>379,347</u>	<u>366,700</u>
<b><u>ADMINISTRATIVE</u></b>				
Office equipment	8,767	5,750	5,420	7,650
Office expense	13,697	13,000	12,291	12,000
Bureau of condominium fees	1,064	1,107	1,064	1,064
Accounting and audit	17,315	23,000	19,686	23,000
Car damage	2,469	2,500	1,261	2,500
Legal fees and settlements (Note 9)	13,483	110,000	14,436	10,000
Manager's apartment	-	3,000	634	500
Payroll service	1,199	3,500	3,726	3,500
Postage	2,418	3,800	2,838	3,000
Licenses and fees	2,792	5,000	3,788	4,000
Income taxes	8,176	1,040	1,026	1,000
	<u>71,380</u>	<u>171,697</u>	<u>66,170</u>	<u>68,214</u>
<b><u>MAINTENANCE AND REPAIRS</u></b>				
Building, common areas	139,692	121,750	93,831	96,750
Beach raking	4,044	4,100	3,868	4,100
Grounds maintenance	7,550	5,950	6,753	4,000
Elevator maintenance	30,088	27,300	25,872	27,300
Pest control	12,378	8,600	8,123	8,600
Pool	6,122	7,500	8,373	7,500
Pool heater	22,039	25,000	-	-
Uniforms	17,237	14,000	15,087	13,500
Fire alarm and sprinklers	9,383	14,500	8,665	12,500
Plant lease	-	-	1,559	1,600
A/C risers (Note 4)	1,600	-	259,867	260,000
Concrete restoration (Note 2)	53,741	-	-	-
Hurricane expense (Note 11)	37,386	-	-	-
	<u>341,260</u>	<u>228,700</u>	<u>431,998</u>	<u>435,850</u>

**PLAZA EAST ASSOCIATION, INC.**

SUPPLEMENTAL SCHEDULES OF EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005		2004	
	Actual	Budget (unaudited)	Actual	Budget (unaudited)
<u>INSURANCE</u>				
Building and liability	209,254	288,000	201,587	239,000
Flood	40,459	42,500	37,775	40,650
Worker's compensation	43,324	40,000	43,164	44,000
	293,037	370,500	282,526	323,650
 TOTAL OPERATING BUDGET	1,880,535	\$ 2,014,142	1,928,514	\$ 1,989,136
 <u>SPECIAL ASSESSMENTS (Note 3)</u>				
Lobby restoration	27,514		199,268	
Ramp/lift	126,886		1,087	
	154,400		200,355	
 <u>LAWSUITS SETTLEMENTS (Note 9)</u>	-		91,556	
 TOTAL EXPENSES	\$ 2,034,935		\$ 2,220,425	
 <u>RESERVE EXPENSES (Note 2)</u>				
A/C chill water pump	\$ -		\$ 4,175	
Building, capital expenditures	4,824		16,772	
Concrete restoration	51,658		28,324	
Elevator	16,228		-	
Garage door replacement/maintenance	-		6,133	
Landscape	1,584		139,135	
Paving	-		40,731	
Phone system	-		2,141	
Plumbing, replace pipes and A/C systems	5,488		1,658	
Pool maintenance and repairs	3,151		9,679	
Roof structure preservation	9,651		4,674	
Trash chute system	-		5,445	
	\$ 92,584		\$ 258,867	

**PLAZA EAST ASSOCIATION, INC.**

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

December 31, 2005

(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, 2005. Other components were estimated by engineers in the related fields during 2004. The following information is based on those estimates as disclosed in the 2006 budget or provided by engineers' estimates:

Components (A)	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs	2006 Funding Requirement	Reserve Fund Balance 12/31/05
Building painting	2	\$ 300,000	\$ 50,000	\$ 200,000
Roof, includes annual maintenance cont	11	300,000	31,751	58,536
Paving	14	60,000	4,000	4,000
Pool	5	30,000	5,612	1,939
Elevators	1	1,700,000	(B)	515,985
Deck and garage	1 to 3	2,500,000	100,000	288,749
Concrete restoration	1 to 5	500,000	100,000	-
Cooling tower (replace heat exchangers)	1	700,000	-	-
Landscape	15	75,000	5,000	2,839
Building and mechanical	varies	<u>153,000</u>	<u>150,000</u>	<u>7,952</u>
		<u>\$ 6,318,000</u>	<u>\$ 446,363</u>	<u>\$ 1,080,000</u>

(A) This schedule excludes estimated Hurricane Wilma damages (see Note 11).

(B) Funding by special assessment in 2006 upon approval (see Note 8).