

Mar Del Plata Condominium Association, Inc.

Financial Statements

December 31, 2009

Mar Del Plata Condominium Association, Inc
FINANCIAL STATEMENTS
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mar Del Plata Condominium Association, Inc

We have audited the accompanying balance sheet of Mar Del Plata Condominium Association, Inc. (referred to as "Association") as of December 31, 2009 and the related statement of revenues, expenses and changes in fund balances, and cash flows for the year 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Mar Del Plata Condominium Association, Inc. as of December 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The supplementary information on future major repairs and replacements on pages 9-10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

Lopez Levi & Associates, P.A., CPA's
Coral Gables, Florida

Public Accountants,
August 31, 2010
and Associates

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MAR DEL PLATA CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2009

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalent	\$ 46,456	\$ 29,289	\$ 75,745
Assessments Receivable	54,254	-	54,254
Prepaid Insurance	53,082	-	53,082
Refunds Receivable	742	-	742
Utility Deposits	15,355	-	15,355
	<u>169,889</u>	<u>29,289</u>	<u>199,178</u>
TOTAL ASSETS	<u>\$ 169,889</u>	<u>\$ 29,289</u>	<u>\$ 199,178</u>
 LIABILITIES AND FUND BALANCES			
Accounts Payables	\$ 52,362	\$ -	\$ 52,362
Line of Credit	120,421	-	120,421
Insurance Payable	46,141	-	46,141
Security Deposits	50,268	-	50,268
	<u>269,192</u>	<u>-</u>	<u>269,192</u>
TOTAL LIABILITIES	<u>269,192</u>	<u>-</u>	<u>269,192</u>
Initial Contribution	56,790	-	56,790
Fund Balances	(156,093)	29,289	(126,804)
	<u>(99,303)</u>	<u>29,289</u>	<u>(70,014)</u>
TOTAL FUND BALANCE	<u>(99,303)</u>	<u>29,289</u>	<u>(70,014)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 169,889</u>	<u>\$ 29,289</u>	<u>\$ 199,178</u>

The accompanying notes are an integral part of these financial statements.

MAR DEL PLATA CONDOMINIUM ASSOCIATION, INC.
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDING DECEMBER 31, 2009

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
REVENUES:			
Member assessments	\$ 1,241,391	\$ -	\$ 1,241,391
Rental income	2,825	-	2,825
Other income	13,372	-	13,372
Parking income	31,610	-	31,610
	<u>31,610</u>	<u>-</u>	<u>31,610</u>
TOTAL REVENUES	<u>\$ 1,289,198</u>	<u>\$ -</u>	<u>\$ 1,289,198</u>
EXPENSES:			
Payroll and taxes	\$ 334,022	\$ -	\$ 334,022
Utilities	432,615	-	432,615
Repairs and maintenance	128,070	120,356	248,426
Insurance	217,143	-	217,143
Professional fees	45,545	-	45,545
General and administration	124,924	-	124,924
	<u>124,924</u>	<u>-</u>	<u>124,924</u>
TOTAL EXPENSES	<u>1,282,319</u>	<u>120,356</u>	<u>1,402,675</u>
EXCESS OF (EXPENSES OVER REVENUES) REVENUES OVER EXPENSES	6,879	(120,356)	(113,477)
BEGINNING FUND BALANCES	(57,728)	167,731	110,003
PRIOR PERIOD ADJUSTMENT	<u>(105,244)</u>	<u>(18,086)</u>	<u>(123,330)</u>
ENDING FUND BALANCES	<u>\$ (156,093)</u>	<u>\$ 29,289</u>	<u>\$ (126,804)</u>

The accompanying notes are an integral part of these financial statements.

MAR DEL PLATA CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Operating Fund	Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of (expenses over revenues) revenues over expenses	\$ 6,879	\$ (120,356)	\$ (113,477)
Adjustments to reconcile excess of revenue over expenses to net cash provided by (used in) operating activities:			
Prior period adjustment	(105,244)	(18,086)	(123,330)
Changes in operating assets and liabilities:			
Assessments receivable - members	(35,055)	-	(35,055)
Prepaid insurance	5,817	-	5,817
Special assessments	2,200,698	-	2,200,698
Refunds receivable	(742)	-	(742)
Utility deposits	(15,355)	-	(15,355)
Accounts payable	(10,464)	-	(10,464)
Special assessments reserve	(1,831,430)	-	(1,831,430)
Insurance payable	(6,030)	-	(6,030)
Security deposits	(144,036)	-	(144,036)
TOTAL ADJUSTMENTS	58,159	(18,086)	40,073
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	65,038	(138,442)	(73,404)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net interfund loans	(163,269)	163,269	-
Net borrowings on line of credit	100,421	-	100,421
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(62,848)	163,269	100,421
NET CHANGE IN CASH	2,190	24,827	27,017
CASH, beginning	44,266	4,462	48,728
CASH, ending	\$ 46,456	\$ 29,289	\$ 75,745
SUPPLEMENTAL DISCLOSURES:			
Income taxes paid	\$ -	\$ -	\$ -
Interest paid	\$ 2,799	\$ -	\$ 2,799

The accompanying notes are an integral part of these financial statements.

NOTE A - NATURE OF ORGANIZATION

Mar Del Plata Condominium Association, Inc (the "Association") was incorporated as a not-for-profit corporation in the State of Florida on September 29, 1976. The Association was organized for the purposes of managing, operating, administering and maintaining portions of the development known as Mar Del Plata Condominium Association, Inc. ("Mar Del Plata"). Mar Del Plata Condominium Association, Inc consists of 151 residential units located in Miami Beach, Florida.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using fund accounting in accordance with accounting principles generally accepted in the United States of America, pursuant to Section 718.301(4) (c) of the Florida Statutes.

1) 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. The disbursements from the operating fund are at the discretion of the Board of Directors.

Replacement Fund – This fund is used to accumulate financial resources designated for future major repairs and replacements. The disbursements from the replacement fund may only be used in accordance with the purposes established.

2) CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, the Association considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents.

3) MEMBER ASSESSMENTS AND REVENUE RECOGNITION

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. Rents are paid in advance represent member assessments that have been collected for future periods. The Association considers all receivables to be collectible; therefore, an allowance for doubtful accounts has not been established. Any excess assessments at year-end are retained by the Association for use in the succeeding year.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4) INCOME TAXES

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year then ended December 31, 2007. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the management, maintenance, and care of Association property.

Net nonexempt function income, which includes earned interest and revenues received from nonmembers, is taxed at 30% by the federal government. For the period of these financial statements, the Association did not have nonexempt function income. Accordingly, no provision for income taxes was recorded for the year then ended December 31, 2007

5) CAPITALIZATION AND DEPRECIATION POLICY

Real and common area property acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Associates.

6) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates made in the preparation of the financial statements. A material estimate that is susceptible to change in the near term is the estimated remaining useful lives and replacement costs of the common property components (See Supplementary Information).

NOTES TO FINANCIAL STATEMENTS
AS OF December 31, 2009

NOTE C - RESERVE FOR DEFERRED MAINTENANCE

	Operating Fund	Reserve Fund	Total Funds
Beginning Balance	\$ (57,728)	\$167,731	\$ 110,003
Assessments earned from owned units	1,289,198		1,289,198
Less: Amount of common expenses incurred and reserve funding requirement during the year	(1,282,319)	(120,356)	(1,402,675)
	(50,849)	47,375	(3,474)
Prior period adjustment	(105,244)	(18,086)	(123,330)
Ending Balance	\$(156,093)	\$29,289	\$(126,804)

NOTE D - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. However, the unit owners voted to waive the requirement reserve as of December 31, 2009. Accumulated funds, which aggregate approximately \$ 29,289 as of December 31, 2009, are held in separate accounts and are generally not available for operating purposes.

The Association requested an independent company to perform a condition study in December 10, 1997 to estimate the remaining useful lives and replacement costs of the common property components (See Supplementary Information). Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts designated for future repairs and replacements may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until the funds are available.

For the year then ended December 31, 2009, the Association did not utilize funds from the replacement fund for operations.

NOTE E - PRIOR PERIOD ADJUSTMENT

During 2010, the Board of Directors elected to reduce the replacement fund.

SUPPLEMENTARY INFORMATION

(UNAUDITED)

Mar Del Plata Condominium Association, Inc
SUPPLEMENTARY INFORMATION
FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)
DECEMBER 31, 2009

During December 11, 1997, the Associates requested an independent company conducted a condition study to estimate the remaining useful lives and the future costs for the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property at the date of the study.

Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement. Additionally, the Board of Directors has not determined whether the list of components is all-inclusive.

The total estimated remaining useful life is zero for all components with a total cost of approximately \$ 1,491,000, not including the replacement cost of the structure.