

**Majestic Beach Resort
Community Association, Inc.**

**Financial Statements and
Supplementary Information**

December 31, 2008

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Majestic Beach Resort Community Association, Inc.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members
Majestic Beach Resort Community Association, Inc.
Panama City Beach, Florida

We have audited the accompanying balance sheet of Majestic Beach Resort Community Association, Inc. as of December 31, 2008, and the related statements of revenue, expenses, and changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of the management of Majestic Beach Resort Community Association, Inc. 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 audit provides 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 Majestic Beach Resort Community Association, Inc. as of December 31, 2008, 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules on pages 11-17 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, 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 18 is not a required part of the basic financial statements of Majestic Beach Resort Community Association, Inc., 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.

Carr, Riggs & Ingram, L.L.C.

Mary Esther, Florida
February 28, 2009

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Majestic Beach Resort Community Association, Inc.

Balance Sheet

December 31,

2008

	Operating Fund	Maintenance Contingency/ Working Capital Fund	Replacement Fund	Total
Assets				
Cash	\$ 199,153	\$ 132,389	\$ 358,448	\$ 689,990
Accounts receivable, net	105,699	-	-	105,699
Interfund accounts	-	179,998	-	179,998
Prepaid expenses	324,919	-	-	324,919
Property and equipment, net	22,605	-	-	22,605
Utility deposits	850	-	-	850
Total assets	\$ 653,226	\$ 312,387	\$ 358,448	\$ 1,324,061

Liabilities and Fund Balances

Liabilities				
Accounts payable	\$ 78,359	\$ -	\$ -	\$ 78,359
Interfund accounts	179,998	-	-	179,998
Notes payable	194,094	-	-	194,094
Taxes payable	1,822	-	-	1,822
Prepaid assessments	246,966	-	-	246,966
Total liabilities	701,239	-	-	701,239
Fund balances	(48,013)	312,387	358,448	622,822
Total liabilities and fund balances	\$ 653,226	\$ 312,387	\$ 358,448	\$ 1,324,061

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See accompanying notes to financial statements.

Majestic Beach Resort Community Association, Inc.

Statement of Revenue, Expenses and Changes in Fund Balances

Year ended December 31,

2008

	Operating Fund	Maintenance Contingency/ Working Capital Fund	Replacement Fund	Total
Revenue				
Assessment fees	\$ 2,752,795	\$ -	\$ 185,884	\$ 2,938,679
Late fees	26,158	-	-	26,158
Lease income	30,000	-	-	30,000
Interest income	-	7,698	9,084	16,782
Miscellaneous	5,077	-	-	5,077
			-	
Total revenue	2,814,030	7,698	194,968	3,016,696
Expenses				
Administrative	238,106	-	-	238,106
Bad debt	112,804	-	-	112,804
Depreciation	7,217	-	-	7,217
Income tax	3,062	-	-	3,062
Insurance	766,404	-	-	766,404
Personnel	379,463	-	-	379,463
Repairs and maintenance	362,080	-	107,578	469,658
Replacement fund contribution	39,973	-	-	39,973
Security	367,648	-	-	367,648
Utilities	666,929	-	-	666,929
Total expenses	2,943,686	-	107,578	3,051,264
Excess (deficit) revenue over expenses	(129,656)	7,698	87,390	(34,568)
Beginning fund balances	119,132	353,778	184,480	657,390
Interfund transfers	(37,489)	(49,089)	86,578	-
Ending fund balances	\$ (48,013)	\$ 312,387	\$ 358,448	\$ 622,822

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See accompanying notes to financial statements.

Majestic Beach Resort Community Association, Inc.

Statement of Cash Flows

Year ended December 31

2008

	Operating Fund	Maintenance Contingency/ Working Capital Fund	Replacement Fund	Total
Operating activities				
Regular assessments collected	\$ 2,748,228	\$ -	\$ 185,884	\$ 2,934,112
Interest received	-	7,698	9,084	16,782
Other income	61,235	-	-	61,235
Cash paid for operating expenses	(2,931,208)	-	(107,578)	(3,038,786)
Net cash provided by (used in) operating activities	(121,745)	7,698	87,390	(26,657)
Investing activities				
Purchase of equipment	(6,049)	-	-	(6,049)
Financing activities				
Notes payable, net	(44,665)	-	-	(44,665)
Interfund accounts	72,508	(159,087)	86,579	-
Net cash provided by (used in) financing activities	27,843	(159,087)	86,579	(44,665)
Net increase (decrease) in cash	(99,951)	(151,389)	173,969	(77,371)
Cash at beginning of year	299,104	283,778	184,479	767,361
Cash at end of year	\$ 199,153	\$ 132,389	\$ 358,448	\$ 689,990

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See accompanying notes to financial statements.

Majestic Beach Resort Community Association, Inc.

Statement of Cash Flows

Year ended December 31

2008

	Operating Fund	Maintenance Contingency/ Working Capital Fund	Replacement Fund	Total
Reconciliation of excess (deficit) revenue over expenses to net cash provided by (used in) operating activities:				
Excess (deficit) revenue over expenses	\$ (129,656)	\$ 7,698	\$ 87,390	\$ (34,568)
Adjustments to reconcile excess (deficit) revenue over expenses to net cash provided by (used in) operating activities:				
Bad debt	112,804	-	-	112,804
Depreciation	7,217	-	-	7,217
(Increase) decrease in assets:				
Accounts receivable	(155,590)	-	-	(155,590)
Prepaid expense	23,880	-	-	23,880
Increase (decrease) in liabilities:				
Accounts payable	(19,002)	-	-	(19,002)
Taxes payable	383	-	-	383
Prepaid assessments	38,219	-	-	38,219
Net cash provided by (used in) operating activities	\$ (121,745)	\$ 7,698	\$ 87,390	\$ (26,657)

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See accompanying notes to financial statements.

NOTE 1 - NATURE OF ORGANIZATION

Majestic Beach Resort Community Association, Inc was incorporated April 13, 2005, under the Laws of the State of Florida, as a not-for-profit corporation for the operation, management, maintenance and control of Majestic Beach Resort Condominiums, Panama City Beach, FL. The complex consists of two high rise buildings; Tower One with 329 residential condominium units and 21 commercial units and Tower Two with 194 residential condominium units and 10 commercial units. The condominiums are located in Bay County, Florida.

The Association was organized for the purpose of maintaining and protecting the elements owned by the unit owners in common, including roofs, building exteriors, elevators, parking areas and landscaping, etc. Disposition of common area property requires unanimous consent of the members.

Management and accounting services are provided to the Association by Majestic Beach Management Company, LLC. The Association itself does not have a rental program; however, the individual unit owners contract separately with various realty companies to operate their rental program

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Association's significant accounting policies applied in the preparation of the accompanying financial statements is as follows.

Basis of Presentation

The accompanying financial statements include the assets, liabilities, fund balances, revenue, and expenses as determined using the accrual basis of accounting.

Funds

The Association is a not-for-profit organization which employs the fund method of accounting in order to properly account for restrictions on the expenditures resulting from actions of the Board of Directors or the Association voting membership. The financial statements segregate the accounting for such funds as either operating, replacement or maintenance contingency/working capital funds. At the end of the year, excess funds are retained by the fund generating such excess during the year.

The operating fund is used to account for financial resources available for the general operation of the Association. Disbursements from the operating fund are generally at the discretion of the Board of Directors and the Association's manager.

The replacement fund is generally used to account for assessments made for major repair and replacement of common property, and related expenses. Disbursements from the replacement fund may only be utilized in accordance with Florida Statutes and the purposes established by the Board of Directors and the Association membership. Interest income earned in the replacement fund is allocated to a separate line item.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds-continued

The maintenance contingency/working capital fund is generally used for common maintenance expenses not included in the current year's operating budget.

Estimates

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

Accounts Receivable from Owners and Allowance for Doubtful Accounts

Accounts receivable from owners are reported at the outstanding balance due from owners, net of any allowance for doubtful accounts. The outstanding balance primarily consists of assessment fees but may also include other owner billed charges such as late fee, interest and work orders. The Association provides for doubtful accounts based on experience and analysis of individual accounts. When the collectability of a receivable becomes questionable, an allowance for doubtful accounts is established. When specific accounts are determined to be uncollectible, they are written off by charging the allowance and crediting the receivable. As of December 31, 2008, the balance in the allowance for doubtful accounts was \$54,066 for Tower One and \$56,422 for Tower Two for a total of \$110,488.

Capitalization and Depreciation

Real property acquired by the Association is capitalized when it is used to generate significant cash flows from members on the basis of usage or from nonmembers or can be disposed of for cash with the Association retaining the proceeds. Real property acquired by the Association that does not meet these guidelines is not capitalized, and accordingly, replacements, major repairs, and improvements to this property are not capitalized; instead, they are reported as expenses in the fund making the expenditure. Real property not capitalized includes building exteriors, roofs, swimming pools, fencing, landscaping, etc.

Personal property acquired by using the Association's funds is recorded at cost and is depreciated using the straight-line method over its estimated useful lives, which range from 3-7 years.

Revenue Recognition

Regular assessments to members are recognized as revenue during the period for which they are assessed. Assessments received in advance of this period are reported as prepaid assessments on the balance sheet.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement

For the financial statements presented on pages 3-6, interdivision revenue and expenses (i.e. community property expense paid by individual condominiums to the Community Association) have been eliminated.

NOTE 3 - OWNERS' ASSESSMENTS

Quarterly assessments for Tower One are based on the 2008 owner approved budget and vary according to square footage of the units. Assessments for the 329 residential units range from \$589 to \$2,212 and from \$151 to \$3,290 for the 21 commercial units. Regular assessments for the year ended December 31, 2008 totaled \$1,717,101 of which \$85,784 was allocated to the replacement fund.

Quarterly assessments for Tower Two are based on the 2008 owner approved budget and vary according to square footage of the units. Assessments for the 194 residential units range from \$1,154 to \$1,998 and from \$142 to \$1,032 for the 10 commercial units. Regular assessments for the year ended December 31, 2008 totaled \$1,181,605 of which \$60,127 was allocated to the replacement fund.

NOTE 4 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents and Florida Statutes require the Association to accumulate funds for future major repairs and replacements, unless otherwise decided by the voting membership. The Association has adopted a program to accumulate funds for estimated future major repairs and replacements through regular assessments. Accumulated funds are held in separate bank accounts and generally not available for expenditures for normal operations.

The Board of Directors and management annually review the major components of common property. As part of this review, the Board and management re-evaluate the estimated remaining useful lives and estimated replacement costs of each of the components of the replacement fund. Where applicable, licensed contractors are consulted regarding useful lives and replacement costs. The table included in the unaudited Supplementary Information on Future Major Repairs and Replacements is based on their study.

The Association is funding for future major repairs and replacements over the estimated remaining useful lives of the components based on the their study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the funding requirement of \$185,884, based on a full funding plan, has been included in the 2008 budget.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures, however, may vary from the estimated amounts and the variations may be significant. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right to increase regular assessments, to levy special assessments, or it may delay major repairs and replacements until funds are available.

NOTE 5 - CONTINGENCIES

The insurance policy for windstorm coverage renewed May 14, 2008. The deductible amount for named hurricane storms for Towers One and Two is estimated at \$1,994,010 which represents 3% of the insured value of the residential buildings. In addition, the Association's windstorm policy is underwritten by the State of Florida's Citizens Property Insurance Corporation (Citizens). In the event Citizens incurs a deficit that exceeds the amount collected via regular premiums, an emergency assessment may be levied. The Association may be required to pay substantially more in insurance premiums relating to the year for which the emergency assessment is levied.

NOTE 6 - INCOME TAXES

For the year ended December 31, 2008, the Association was taxed under the provisions of the Internal Revenue Code Section 277. Under IRC Section 277, the Association is required to separate membership income and expenses from non membership income and expenses. Each component is taxed separately; however, net membership income is exempt from taxation if certain elections are made. For the year ended December 31, 2008, the Association's net non membership income was \$16,750, which resulted in federal and state income taxes of \$2,416 and \$646, respectively.

NOTE 7 - CREDIT RISKS

The Association assesses regular assessments to its members. It is the Association's policy to turn over significantly past due accounts for collection and to file liens against the individual condominium units. Should the collection of any such liens be enforced by the sale of the unit, the collectibility of the receivable is dependent on the quick sale market value of the unit, and the amount of any such other liens which have priority. Market value may be influenced by the real estate market in south Bay County, Florida.

The Association places its cash with federally insured financial institutions. At times, the balances at these financial institutions may exceed the FDIC insured limit.

NOTE 8 - PROPERTY AND EQUIPMENT

Property and Equipment consists of the following:

Equipment	\$	39,677
Less accumulated depreciation		(17,072)
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Property and equipment, net	\$	56,749
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Depreciation expense for 2008 was \$7,217.

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NOTE 9 - DEVELOPER RELATED ACTIVITY

As of December 31, 2008, the developer, Majestic Beach Towers Development LLC, owned 12 residential units and 31 commercial units. For the year ended December 31, 2008, the developer paid residential unit assessments of \$58,065 and commercial unit assessments of \$82,797 which are included in assessment fees on page 3.

NOTE 10 - NOTES PAYABLE

The Association obtained two short-term, unsecured notes payable to finance its annual insurance premiums. One note is payable in eleven monthly installments of \$31,534 including interest at 4.18%, and matures in May 2009. The second loan is payable in nine monthly installments of \$33,980 including interest at 4.40% and matures in February 2009. The balance due as of December 31, 2008 totaled \$194,095.

NOTE 11 - COMMUNITY PROPERTY EXPENSE

Assessment fees are paid by unit owners based on square footage as mentioned in Note 3. The Community Association pays for certain common expenses that are shared by Tower One and Tower Two. Each tower contributes to the Community Association based on the number of units in each building. The community property expense of \$852,785 and \$502,858 for Tower One and Tower Two, respectively, has been eliminated on the Statement of Revenue, Expenses and Changes in Fund Balances, as mentioned in Note 2. The total of \$1,355,643 is reflected as revenue on the Schedule of Revenue, Expenses and Changes in Fund Balances for the Community Association on page 14.

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Supplementary Information

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Majestic Beach Resort Community Association, Inc.

Schedule of Assets, Liabilities and Fund Balances

December 31,	2008				
	Community Association	Operating Fund	Maintenance Contingency Fund	Replacement Fund	Total
Assets					
Cash	\$ 2,682	\$ 23,749	\$ 57,208	\$	83,639
Intercompany accounts	161,659	15,000	-		176,659
Accounts receivable	4,480	-	-		4,480
Prepaid expenses	35,874	-	-		35,874
Property and equipment, net	22,605	-	-		22,605
Utility deposits	850	-	-		850
Total assets	\$ 228,150	\$ 38,749	\$ 57,208	\$	324,107
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 49,991	\$ -	\$ -	\$	49,991
Note payable	194,095	-	-		194,095
Taxes payable	1,822	-	-		1,822
Total liabilities	245,908	-	-		245,908
Fund balances	(17,758)	38,749	57,208		78,199
Total liabilities and fund balances	\$ 228,150	\$ 38,749	\$ 57,208	\$	324,107

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Majestic Beach Resort Community Association, Inc.

Schedule of Assets, Liabilities and Fund Balances

<i>December 31,</i>	2008			
Tower One	Operating Fund	Working Capital Fund	Replacement Fund	Total
Assets				
Cash	\$ 109,667	\$ 16,947	\$ 177,187	\$ 303,801
Accounts receivable, net	57,364	-	-	57,364
Intercompany accounts	-	93,000	-	93,000
Prepaid expenses	165,415	-	-	165,415
Total assets	\$ 332,446	\$ 109,947	\$ 177,187	\$ 619,580
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 17,845	\$ -	\$ -	\$ 17,845
Intercompany accounts	190,570	-	-	190,570
Prepaid assessments	138,177	-	-	138,177
Total liabilities	346,592	-	-	346,592
Fund balances	(14,146)	109,947	177,187	272,988
Total liabilities and fund balances	\$ 332,446	\$ 109,947	\$ 177,187	\$ 619,580

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Majestic Beach Resort Community Association, Inc.

Schedule of Assets, Liabilities and Fund Balances

December 31,

2008

Tower Two	Operating Fund	Working Capital Fund	Replacement Fund	Total
Assets				
Cash	\$ 86,804	\$ 91,693	\$ 124,053	\$ 302,550
Accounts receivable, net	43,855	-	-	43,855
Intercompany accounts	-	71,998	-	71,998
Prepaid expenses	123,630	-	-	123,630
Total assets	\$ 254,289	\$ 163,691	\$ 124,053	\$ 542,033

Liabilities and Fund Balances

Liabilities

Accounts payable	\$ 10,523	\$ -	\$ -	\$ 10,523
Intercompany accounts	151,086	-	-	151,086
Prepaid assessments	108,789	-	-	108,789
Total liabilities	270,398	-	-	270,398
Fund balances	(16,109)	163,691	124,053	271,635
Total liabilities and fund balances	\$ 254,289	\$ 163,691	\$ 124,053	\$ 542,033

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Majestic Beach Resort Community Association, Inc.

Schedule of Revenue, Expenses and Changes in Fund Balances

Community Association	2008			Total
	Operating Fund	Maintenance Contingency Fund	Replacement Fund	
Revenue				
Community property fees	\$ 1,355,643	\$ -	\$ 39,973	\$ 1,395,616
Lease income	30,000	-	-	30,000
Interest income	-	856	1,694	2,550
Miscellaneous	5,077	-	-	5,077
Total revenue	1,390,720	856	41,667	1,433,243
Expenses				
Administrative	47,529	-	-	47,529
Depreciation	7,217	-	-	7,217
Income tax	3,062	-	-	3,062
Insurance	68,300	-	-	68,300
Personnel	379,463	-	-	379,463
Repairs and maintenance	231,155	-	69,360	300,515
Replacement fund contribution	39,973	-	-	39,973
Security	367,648	-	-	367,648
Utilities	219,822	-	-	219,822
Total expenses	1,364,169	-	69,360	1,433,529
Excess (deficit) revenue over expenses	26,551	856	(27,693)	(286)
Beginning fund balances	17,345	24,599	36,541	78,485
Interfund transfers	(61,654)	13,294	48,360	-
Ending fund balances	\$ (17,758)	\$ 38,749	\$ 57,208	\$ 78,199

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Majestic Beach Resort Community Association, Inc.

Schedule of Revenue, Expenses and Changes in Fund Balances

<i>Year ended December 31,</i>		2008			
Tower One	Operating Fund	Working Capital Fund	Replacement Fund	Total	
Revenue					
Assessment fees	\$ 1,631,317	\$ -	\$ 85,784	\$ 1,717,101	
Late fees	13,025	-	-	13,025	
Interest income	-	2,985	4,352	7,337	
Total revenue	1,644,342	2,985	90,136	1,737,463	
Expenses					
Administrative	119,865	-	-	119,865	
Bad debts	57,746	-	-	57,746	
Community property	852,785	-	-	852,785	
Insurance	380,312	-	-	380,312	
Repairs and maintenance	77,103	-	-	77,103	
Utilities	267,277	-	-	267,277	
Total expenses	1,755,088	-	-	1,755,088	
Excess (deficit) revenue over expenses	(110,746)	2,985	90,136	(17,625)	
Beginning fund balances	7,678	195,884	87,051	290,613	
Interfund transfers	88,922	(88,922)	-	-	
Ending fund balances	\$ (14,146)	\$ 109,947	\$ 177,187	\$ 272,988	

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Majestic Beach Resort Community Association, Inc.

Schedule of Revenue, Expenses and Changes in Fund Balances

<i>Year ended December 31,</i>		2008			
Tower Two	Operating Fund	Working Capital Fund	Replacement Fund	Total	
Revenue					
Assessment fees	\$ 1,121,478	\$ -	\$ 60,127	\$ 1,181,605	
Late fees	13,133	-	-	13,133	
Interest income	-	3,857	3,038	6,895	
Total revenue	1,134,611	3,857	63,165	1,201,633	
Expenses					
Administrative	70,712	-	-	70,712	
Bad debts	55,058	-	-	55,058	
Community property	502,858	-	-	502,858	
Insurance	317,792	-	-	317,792	
Repairs and maintenance	53,822	-	38,218	92,040	
Utilities	179,830	-	-	179,830	
Total expenses	1,180,072	-	38,218	1,218,290	
Excess (deficit) revenue over expenses	(45,461)	3,857	24,947	(16,657)	
Beginning fund balances	94,109	133,295	60,888	288,292	
Interfund transfers	(64,757)	26,539	38,218	-	
Ending fund balances	\$ (16,109)	\$ 163,691	\$ 124,053	\$ 271,635	

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Majestic Beach Resort Community Association, Inc.

Schedule of Future Major Repairs and Replacements

Year ended December 31,

2008

Community Association

Component	Beginning Balance	Revenue	Expenses	Interfund Transfers	Ending Balance
Elevator	\$ 4,168	\$ 3,928	\$ -	\$ -	\$ 8,096
Pavement	1,688	1,584	-	-	3,272
Pools Tower One	6,750	5,908	-	-	12,658
Pools Tower Two	750	3,556	-	-	4,306
Spas Tower One	4,000	656	-	-	4,656
Spas Tower Two	332	296	-	-	628
Garage exterior	2,000	2,668	-	-	4,668
Walkover Tower One	9,000	12,000	(69,360)	48,360	-
Walkover Tower Two	7,500	9,376	-	-	16,876
Interest accumulation	353	1,695	-	-	2,048
Total	\$ 36,541	\$ 41,667	\$ (69,360)	\$ 48,360	\$ 57,208

Tower One

Component	Beginning Balance	Revenue	Expenses	Interfund Transfers	Ending Balance
Elevators	\$ 16,667	\$ 16,668	\$ -	\$ -	\$ 33,335
Fire sprinkler system	2,778	2,776	-	-	5,554
Generator	1,071	1,072	-	-	2,143
Painting	49,000	49,000	-	-	98,000
Roof	13,383	13,384	-	-	26,767
Water pump	2,885	2,884	-	-	5,769
Interest accumulation	1,267	1,962	-	-	3,229
Interest accumulation-paint	-	2,390	-	-	2,390
Total	\$ 87,051	\$ 90,136	\$ -	\$ -	\$ 177,187

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Tower Two

Component	Beginning Balance	Revenue	Expenses	Interfund Transfers	Ending Balance
Elevators	\$ 11,844	\$ 11,840	\$ -	\$ -	\$ 23,684
Fire sprinkler system	2,116	2,116	-	-	4,232
Generator	1,034	1,036	-	-	2,070
Painting	32,800	32,800	(38,218)	38,218	65,600
Roof	10,184	10,184	-	-	20,368
Water pump	2,150	2,152	-	-	4,302
Interest accumulation	760	1,427	-	-	2,187
Interest accumulation-paint	-	1,610	-	-	1,610
Total	\$ 60,888	\$ 63,165	\$ (38,218)	\$ 38,218	\$ 124,053

Majestic Beach Resort Community Association, Inc.

Supplementary Information on Future Major Repairs and Replacements(unaudited)

The following table presents significant information about the components of common property.

Component	Community Association	Estimated Remaining Useful Life (Years)	Estimated Replacement Cost	Replacement Fund Balance at 12/31/08
Elevators		18	\$ 75,000	\$ 8,096
Pavement		16	27,000	3,272
Pools Tower One		8	54,000	12,658
Pools Tower Two		9	36,000	4,306
Spas Tower One		8	6,000	4,656
Spas Tower Two		9	3,000	628
Garage exterior		5	10,000	4,668
Walkover Tower One		5	45,000	-
Walkover Tower Two		6	45,000	16,876
Interest accumulation		N/A	N/A	2,048
Total			\$ 301,000	\$ 57,208

Component	Tower One	Estimated Remaining Useful Life (Years)	Estimated Replacement Cost	Replacement Fund Balance at 12/31/08
Elevators		18	\$ 300,000	\$ 33,335
Fire sprinkler system		18	50,000	5,554
Generator		29	30,000	2,143
Painting		5	245,000	98,000
Roof		18	240,900	26,767
Water pump		13	37,500	5,769
Interest accumulation		N/A	N/A	3,229
Interest accumulation-paint		N/A	N/A	2,390
Total			\$ 903,400	\$ 177,187

Component	Tower Two	Estimated Remaining Useful Life (Years)	Estimated Replacement Cost	Replacement Fund Balance at 12/31/08
Elevators		19	\$ 225,000	\$ 23,684
Fire sprinkler system		19	40,200	4,232
Generator		29	30,000	2,070
Painting		6	196,800	65,600
Roof		19	193,500	20,368
Water pump		14	30,100	4,302
Interest accumulation		N/A	N/A	2,187
Interest accumulation-paint		N/A	N/A	1,610
Total			\$ 715,600	\$ 124,053

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