

SUNBROOK CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS AND

SUPPLEMENTARY INFORMATION

For Year Ended December 31, 2007

JOSEPH V. MARULLO, SR. LLC

Certified Public Accountant

SUNBROOK CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS AND

SUPPLEMENTARY INFORMATION

For Year Ended December 31, 2007

SUNBROOK CONDOMINIUM ASSOCIATION, INC.

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JOSEPH V. MARULLO, SR.

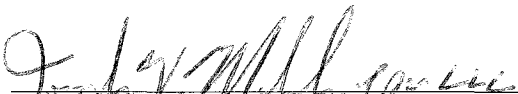
Certified Public Accountant

Board of Directors
Sunbrook Condominium Association, Inc.

I have compiled the accompanying balance sheet of Sunbrook Condominium Association, Inc. as of December 31, 2007, and the related statements of revenues, expenses, and changes in fund balances, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The American Institute of Certified Public Accountants has determined that supplementary information about future major repairs and replacements of common property is required to supplement, but not required to be a part of, the basic financial statements. The Sunbrook Condominium Association, Inc. has not presented this supplementary information.



Joseph V. Marullo, Sr., CPA LLC

Orlando, Florida
June 12, 2008

SUNBROOK CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
December 31, 2007

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ (2,822)	\$ -	\$ (2,822)
Investments	50,000	80,000	130,000
Due from replacement fund	5,271	-	5,271
Assessments receivable	<u>10,377</u>	<u>-</u>	<u>10,377</u>
	<u>\$ 62,826</u>	<u>\$80,000</u>	<u>\$ 142,826</u>
LIABILITIES AND FUND BALANCES			
Due to operating fund	\$ -	\$ 5,271	\$ 5,271
Income taxes payable	321	-	321
SBA loan payable	306,306	-	306,306
Prepaid assessments	<u>4,725</u>	<u>-</u>	<u>4,725</u>
TOTAL LIABILITIES	<u>311,352</u>	<u>5,271</u>	<u>316,623</u>
FUND BALANCES - (DEFICIT)	<u>(248,526)</u>	<u>74,729</u>	<u>(173,797)</u>
	<u>\$ 62,826</u>	<u>\$80,000</u>	<u>\$ 142,826</u>

See accompanying notes and accountant's report

SUNBROOK CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
Year Ended December 31, 2007

	Operating Fund	Replacement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Assessments - regular	\$ 77,616	\$20,304	\$ 97,920
Assessments - special	26,688	-	26,688
Interest income	659	1,204	1,863
Other income	<u>3,225</u>	<u>-</u>	<u>3,225</u>
	<u>108,188</u>	<u>21,508</u>	<u>129,696</u>
EXPENSES			
Building maintenance	25,088	-	25,088
Grounds maintenance	60,477	-	60,477
Recreational maintenance	4,868	-	4,868
Professional fees	200	-	200
Management fees	3,150	-	3,150
Insurance	39,311	-	39,311
Taxes, licenses, and fees	521	-	521
Office expenses	1,501	-	1,501
Loan interest	10,528	-	10,528
Major repairs and replacements	<u>-</u>	<u>-</u>	<u>-</u>
	<u>145,644</u>	<u>-</u>	<u>145,644</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE PROVISION FOR INCOME TAXES	(37,456)	21,508	(15,948)
PROVISION FOR INCOME TAXES	<u>321</u>	<u>-</u>	<u>321</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(37,777)	21,508	(16,269)
FUND BALANCES - (DEFICIT) - BEGINNING	<u>(210,749)</u>	<u>53,221</u>	<u>(157,528)</u>
FUND BALANCES - (DEFICIT) - ENDING	<u>\$ (248,526)</u>	<u>\$74,729</u>	<u>\$ (173,797)</u>

See accompanying notes and accountant's report

SUNBROOK CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2007

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from assessments	\$104,896	\$ 13,536	\$118,432
Interest received	659	1,204	1,863
Other income received	3,225	-	3,225
Operating expenses paid	(145,644)	-	(145,644)
Replacement expenses paid	-	-	-
Net change in fund balances	<u>20,730</u>	<u>(20,730)</u>	<u>-</u>
CASH (USED) BY OPERATING ACTIVITIES	<u>(16,134)</u>	<u>(5,990)</u>	<u>(22,124)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment	(50,000)	(80,000)	(130,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loan payable	<u>(6,104)</u>	<u>-</u>	<u>(6,104)</u>
NET (DECREASE) IN CASH	(72,238)	(85,990)	(158,228)
CASH - BEGINNING OF YEAR	<u>69,416</u>	<u>85,990</u>	<u>155,406</u>
CASH - END OF YEAR	<u>\$ (2,822)</u>	<u>\$ -</u>	<u>\$ (2,822)</u>
RECONCILIATION OF EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES TO CASH PROVIDED BY OPERATING ACTIVITIES			
Excess (deficiency) of revenues over expenses	\$(37,777)	\$ 21,508	\$(16,269)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
(Increase) decrease in:			
Assessments receivable	(4,387)	-	(4,387)
Due from replacement fund	27,498	-	27,498
Increase (decrease) in:			
Due to operating fund	-	(27,498)	(27,498)
Income taxes payable	321	-	321
Prepaid assessments	<u>(1,789)</u>	<u>-</u>	<u>(1,789)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>\$ (16,134)</u>	<u>\$ (5,990)</u>	<u>\$ (22,124)</u>

See accompanying notes and accountant's report

SUNBROOK CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF ORGANIZATION

Sunbrook Condominium Association, Inc. (the Association), is incorporated under the laws of the State of Florida as a not-for-profit corporation, for the purpose of administering and operating the common property of Sunbrook Condominium located in Orlando, Florida. Sunbrook Condominium consists of 48 residential units. The Association is managed by the Board of Directors (the Board). The members of the Association are the owners of the residential units.

The Board has contracted with Don Asher and Associates, Inc. (the Property Manager) to manage the property.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Association, the Association maintains its accounts in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. The financial activities of the Association are reported in funds as follows:

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

Replacement Fund - used to account for assessments and related costs for major replacements and deferred maintenance.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recognized in the Association's financial statements. Ownership of the common assets is vested directly in the unit owners and not in the Association. Therefore, these assets are not recognized in the accompanying balance sheet.

Estimates

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

Member Assessments

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. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent.

SUNBROOK CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Any excess assessments at year-end are retained by the Association for use in future years. At December 31, 2007, the Association had assessments receivable of \$5,271, all of which are considered collectible.

Investments

The Association invests in certificates of deposit that are valued at cost plus accrued interest, which approximates market. The investments mature in 2008.

Statement of Cash Flows

The Association considers all investments with an original maturity of three months or less to be cash equivalents.

NOTE C - INCOME TAXES

Condominium associations may elect to be taxed as regular corporations or as homeowners' associations. The Association elected to be taxed as a homeowners' association for the year ended December 31, 2007. Under that election, the Association is taxed on its nonexempt function income, such as interest earnings, at a flat rate of 30%. Income taxes due for the year ended December 31, 2007, amounted to \$321.

NOTE D - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents and Florida Statutes require funds to be accumulated for future major repairs and replacements. Reserves required by Florida Statutes for capital expenditures and deferred maintenance include roofing, painting, paving, and any other item which the deferred maintenance expense or replacement cost exceeds \$10,000. Accumulated funds, which aggregate \$74,729 at December 31, 2007, are held in a separate bank account and are not generally available for operating purposes.

The Board has not conducted a study to determine remaining useful life of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The Board has also not developed a plan to fund those needs.

When replacement funds are needed to meet future needs for major repairs and replacements, the Board has the right to increase regular assessments, to levy special assessments, or it may delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

SUNBROOK CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E - SBA LOAN PAYABLE

The loan payable consists of an obligation to the U.S. Small Business Administration. The original loan amount was \$317,800. Interest accrues at 2.90% annually. Loan payments of \$1,385.00, which include principal and interest will be payable for 30 years from the date of the promissory note. The loan proceeds were used to replace property damaged or destroyed occurring in the month of August 2004. The collateral consists of special assessments and any other assessments levied by the Association.

Future maturities of loan payable are scheduled as follows:

2008	\$ 7,063
2009	7,270
2010	7,484
2011	7,704
2012	7,930

NOTE F - SPECIAL ASSESSMENT

At the October 29, 2006, Board of Directors meeting, the Board approved a special assessment to provide funds for increased insurance costs. The special assessment was \$556 per unit and was payable monthly during 2007. The total special assessment was \$26,688.

NOTE G - SUPPLEMENTAL CASH FLOW INFORMATION

Income taxes paid	<u>\$321</u>
Interest paid	<u>\$10,528</u>

ADDITIONAL INFORMATION


JOSEPH V. MARULLO, SR. LLC

Certified Public Accountant

REPORT ON ADDITIONAL INFORMATION

Board of Directors
Sunbrook Condominium Association, Inc.

The Schedule of Changes in Replacement Fund Balances on page 9 is presented only for supplemental analysis purposes. I have compiled the supplementary information that is the representation of management of Sunbrook Condominium Association, Inc., without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.



Joseph V. Marullo, Sr., CPA LLC

Orlando, Florida
June 12, 2008

SUNBROOK CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF CHANGES IN REPLACEMENT FUND BALANCES
Year ended December 31, 2007

<u>Common Area Component</u>	<u>Beginning Fund Balance</u>	<u>Additions to Fund</u>	<u>Charges to Fund</u>	<u>Transfers</u>	<u>Components of Ending Fund Balance</u>
Roofing	\$11,621	\$10,296	\$ -	\$ -	\$21,917
Tennis	2,908	-	-	-	2,908
General	6,112	-	-	-	6,112
Paint	28,235	7,704	-	-	35,939
Roads	(498)	300	-	-	(198)
Common facilities	518	1,404	-	-	1,922
Pool	3,077	300	-	-	3,377
Beauty	-	300	-	-	300
Interest	<u>1,248</u>	<u>1,204</u>	<u>-</u>	<u>-</u>	<u>2,452</u>
	<u>\$53,221</u>	<u>\$21,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$74,729</u>

See accountant's report on additional information