

copy for  
Alberto

**VILLAGE OF DORAL DUNES  
ASSOCIATION, INC.**

**DECEMBER 31, 2006**

# Tapia & Associates, P.A.

Certified Public Accountants

---

MEMBER OF FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors  
Village of Doral Dunes Association, Inc.  
c/o Allied Property Group, Inc.  
12350 SW 132 Court, Suite 114  
Miami, FL 33186

We have reviewed the accompanying balance sheet of Village of Doral Dunes Association, Inc. as of December 31, 2006, and the related statements of revenues and 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. All information included in these financial statements is the representation of the management of Village of Doral Dunes Association, Inc.

A review consists principally of inquiries of association personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The supplementary information about future major repairs and replacements 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 compiled the supplementary information from information that is the representation of the management of Village of Doral Dunes Association, Inc. , without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

*Tapia & Associates, P.A.*

Tapia & Associates, P.A.  
Certified Public Accountants

April 13, 2007

Village of Doral Dunes Association, Inc.

Balance Sheet

December 31, 2006

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 69,828	\$ 93,561	\$ 163,389
Assessments Receivable	14,970		14,970
Prepaid Insurance	6,155		6,155
Prepaid Expenses	13,504		13,504
Utility Deposits	1,028		1,028
Due From Operating Fund		2,640	2,640
<b>TOTAL ASSETS</b>	<u>\$ 105,485</u>	<u>\$ 96,201</u>	<u>\$ 201,686</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 18,077	\$ 0	\$ 18,077
Prepaid Assessments	5,808		5,808
Deferred Special Assessment	53,860		53,860
Due To Replacement Fund	2,640		2,640
<b>TOTAL LIABILITIES</b>	<u>\$ 80,385</u>	<u>\$ 0</u>	<u>\$ 80,385</u>
<b>FUND BALANCES</b>	<u>25,100</u>	<u>96,201</u>	<u>121,301</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 105,485</u>	<u>\$ 96,201</u>	<u>\$ 201,686</u>

**Village of Doral Dunes Association, Inc.**  
**Statement Of Revenues And Expenses**  
**And Changes In Fund Balances**  
**For The Year Ended December 31, 2006**

	<u>Operating</u> <u>Fund</u>	<u>Replacement</u> <u>Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Assessments	\$ 311,232	\$ 9,408	\$ 320,640
Special Assessments	16,462	51,278	67,740
Interest Income		4,489	4,489
Insurance Proceeds	15,890		15,890
Other Income	3,375		3,375
<b>TOTAL REVENUES</b>	<u>\$ 346,959</u>	<u>\$ 65,175</u>	<u>\$ 412,134</u>
<b>EXPENSES</b>			
Management Fees	\$ 16,139	\$	\$ 16,139
Professional Fees	2,161		2,161
Insurance	7,734		7,734
Licenses And Fees	61		61
Electricity	11,055		11,055
Water And Sewer	3,232		3,232
Telephone	765		765
Trash Collection	7,810		7,810
Repairs & Maintenance	12,938		12,938
Landscape Maintenance	49,550		49,550
Sprinkler Maintenance	4,150		4,150
Special Assessment	16,462		16,462
Alarm Monitoring	22,599		22,599
Security	117,210		117,210
Pest Control	1,500		1,500
Fertilization	650		650
Tree Trimming	9,988		9,988
Entry Systems Supplies and Repair	2,146		2,146
Tree Trimming	9,300		9,300
Landscape Replacement	20,513		20,513
Perimeter Wall		17,897	17,897
Administrative	3,116	125	3,241
<b>TOTAL EXPENSES</b>	<u>319,079</u>	<u>18,022</u>	<u>337,101</u>
<b>REVENUES OVER (UNDER) EXPENSES</b>	27,880	47,153	75,033
<b>FUND BALANCE - BEGINNING OF PERIOD</b>	<u>(2,780)</u>	<u>49,048</u>	<u>46,268</u>
<b>FUND BALANCE - END OF PERIOD</b>	<u>\$ 25,100</u>	<u>\$ 96,201</u>	<u>\$ 121,301</u>

See Accountant's Review Report  
See Notes To Financial Statements

**Village of Doral Dunes Association, Inc.**  
**Statement Of Cash Flows**  
**For The Year Ended December 31, 2006**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Revenues over (under) expenses	\$ 27,880	\$ 47,153	\$ 75,033
Adjustments to reconcile revenues over (under) expenses to net cash provided by operating activities:			
(Increase) decrease in:			
Assessments Receivable	(3,556)		(3,556)
Prepaid Insurance	(568)		(568)
Prepaid Expenses	(13,504)		(13,504)
Due From Operating Fund		1,962	1,962
Increase (decrease) in:			
Accounts Payable	6,953		6,953
Prepaid Assessments	(3,215)		(3,215)
Key Deposits	(1,600)		(1,600)
Deferred Special Assessment	53,860		53,860
Due To Replacement Fund	(1,962)		(1,962)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	64,288	49,115	113,403
<b>CASH- BEGINNING OF PERIOD</b>	5,540	44,446	49,986
<b>CASH- END OF PERIOD</b>	\$ 69,828	\$ 93,561	\$ 163,389

See Accountant's Review Report  
See Notes To Financial Statements

**Village of Doral Dunes Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2006**

**NOTE 1. ORGANIZATION**

Village of Doral Dunes Association, Inc. is a homeowners association incorporated in the state of Florida in 1987. The Association is responsible for the operation and maintenance of the common areas within the development. The Association consists of 160 residential units.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**FUND ACCOUNTING-** The association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the board of directors and property manager. Disbursements from the replacement fund generally may be made only for designated purposes.

**INTEREST EARNED-** Interest income is allocated to the operating and replacement fund in proportion to the interest bearing deposits of each fund.

**PROPERTY AND EQUIPMENT-** Common real property directly associated with the units is not capitalized. Common real property not directly associated with the units, in which the Association has title or other evidence of ownership, is only capitalized if the board of directors can dispose of it at its discretion for cash or claims to cash with the Association retaining the proceeds, or the property generates significant cash flows. Personal property purchased with Association funds is capitalized at cost and depreciated over its estimated useful life using the straight-line method of depreciation.

**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 estimates.

**NOTE 3. OWNER'S ASSESSMENTS**

The annual budget and assessments of owners are determined by the board of directors. Assessments are levied against the unit owners for their proportionate share of common expenses and future major repairs and replacements. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

**Village of Doral Dunes Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2006**

**NOTE 4. FUTURE MAJORS REPAIRS AND REPLACEMENTS**

The Association in 2006 conducted a study to estimate the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The table included in the unaudited supplementary information on future major repairs and replacements is based on the study. The Association is funding for future major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund.

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

Activity in the replacement fund for the year ending December 31, 2006 is as follows:

	Balance 12/31/2005	Additions	Charges	Transfers	Balance 12/31/2006
Road Maintenance	\$ 30,174	\$ 4,264	\$ -	\$ 532	\$ 34,970
Perimeter Wall	18,874	-	17,897	17,895	18,872
Guardhouse	-	340	-	17,898	18,238
Contingency	-	56,082	-	(31,961)	24,121
Interest	-	4,489	125	(4,364)	-
<b>Totals</b>	<b>\$ 49,048</b>	<b>\$65,175</b>	<b>\$18,022</b>	<b>\$ -</b>	<b>\$ 96,201</b>

**NOTE 5. INCOME TAXES**

Homeowners associations may be taxed either as homeowners associations or as regular corporations. For the year ended December 31, 2006, the Association elected to be taxed as a homeowners association. Under that election, the Association is taxed on its nonexempt function income, such as interest earnings, at the rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable.

**Village of Doral Dunes Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2006**

**NOTE 6. SPECIAL ASSESSMENT**

The board of directors approved a special assessment in 2006 totaling \$121,600. The purpose of the special assessment was to pay for hurricane debris removal, common area tree replacement, common area light replacement project and light poles. As of December 31, 2006 \$67,740 was expensed with the remaining \$53,860 available for future expenditures.

**NOTE 7. DUE FROM OPERATING FUND / DUE TO REPLACEMENT FUND**

The Due From Operating Fund / Due To Replacement fund reflects an amount of \$2,640 by which the reserves are underfunded. The Association may increase assessments, pass a special assessment or have a vote to reallocate the reserves.

## Supplementary Information

**Village of Doral Dunes Association, Inc.**  
**Supplemental Information on Future Major Repairs and Replacements**  
**(Unaudited)**  
**December 31, 2006**

<u>Components</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Replacement Fund Balance at December 31, 2006</u>
Road Maintenance	2	\$ 38,700	\$ 34,970
Perimeter Wall	2	18,872	18,872
Guardhouse	2	10,826	18,238
Contingency	1	55,000	24,121
Interest	-	-	-
Totals		<u>\$ 123,398</u>	<u>\$ 96,201</u>

See Accountant's Review Report