

MAINLANDS SEVEN MAINTENANCE CORP., INC.

FINANCIAL STATEMENTS

March 31, 2009

MAINLANDS SEVEN MAINTENANCE CORP., INC.

FINANCIAL STATEMENTS

Year Ended March 31, 2009

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HACKER ROMANO

Certified Public Accountants
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Gary Hacker, CPA
Albert E. Romano, Jr., CPA

Board of Directors and Members of
Mainlands Seven Maintenance Corp., Inc.
Tamarac, Florida

Dear Board of Directors:


We have reviewed the accompanying Balance Sheet of Mainlands Seven Maintenance Corp., Inc., as of March 31, 2009, and the related Statements of Revenues, Expenses, and Changes in Fund Balances, Sub-Schedule – Expenses and Cash Flows for the year then ended, in accordance with the 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 Board of Directors of Mainlands Seven Maintenance Corp., 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 examination 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 Association has not estimated the remaining lives and replacement costs of common property and, therefore, has not presented information about estimates of future costs of major repairs and replacements that will be required in the future that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be a part of the basic financial statements.

HACKER & ROMANO, CPA'S



Albert E. Romano, Jr., CPA
June 30, 2009

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MAINLANDS SEVEN MAINTENANCE CORP., INC.
BALANCE SHEET
March 31, 2009

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	\$ 28,221	\$ -	\$ 28,221
Assessments Receivable (Less: allowance for doubtful accounts of \$18,500)	24,192	-	24,192
Prepaid Insurance	2,733	-	2,733
Utility Deposits	170	-	170
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 55,316</u>	<u>\$ -</u>	<u>\$ 55,316</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 10,959	\$ -	\$ 10,959
Prepaid Maintenance	7,701	-	7,701
Tenant Security Deposits	15,483	-	15,483
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 34,143	\$ -	\$ 34,143
<u>FUND BALANCES</u>			
Fund Balance	\$ 21,173	\$ -	\$ 21,173
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 55,316</u>	<u>\$ -</u>	<u>\$ 55,316</u>

See Accountants Review Report and Accompanying Notes to the Financial Statements

MAINLANDS SEVEN MAINTENANCE CORP., INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
Year Ended March 31, 2009

	<u>OPERATING</u> <u>FUND</u>	<u>REPLACEMENT</u> <u>FUND</u>	<u>TOTAL</u>
<u>REVENUES</u>			
Maintenance Fees	\$ 191,700	\$ -	\$ 191,700
Late Fees & Other Income	8,760	-	8,760
Screening Fees	2,200	-	2,200
Interest	1,022	-	1,022
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	\$ 203,682	\$ -	\$ 203,682
	<hr/>	<hr/>	<hr/>
<u>EXPENSES</u>			
Bad Debts	\$ 18,500	\$ -	\$ 18,500
General Repairs & Maintenance	17,774	-	17,774
Insurance Expense	18,250	-	18,250
Janitorial Service	5,940	-	5,940
Lawn Maintenance	41,690	-	41,690
Landscaping & Pruning	2,775	-	2,775
Licenses, Permits & Taxes	333	-	333
Management Fees	27,000	-	27,000
Office Supplies & Postage	8,023	-	8,023
Pest Control	7,990	-	7,990
Pool Repairs & Maintenance	11,923	-	11,923
Professional Fees	31,828	-	31,828
Sprinkler Repairs & Maintenance	39,076	-	39,076
Telephone	1,009	-	1,009
Utilities-Electric	14,239	-	14,239
Utilities-Water & Sewer	22,191	-	22,191
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	\$ 268,541	\$ -	\$ 268,541
	<hr/>	<hr/>	<hr/>
EXCESS REVENUES/(EXPENSES)	(64,859)	-	(64,859)
	<hr/>	<hr/>	<hr/>
FUND BALANCE 3/31/08	86,032	-	86,032
	<hr/>	<hr/>	<hr/>
FUND BALANCE 3/31/09	\$ 21,173	\$ -	\$ 21,173
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See Accountants Review Report and Accompanying Notes to the Financial Statements

MAINLANDS SEVEN MAINTENANCE CORP., INC.
STATEMENT OF CASH FLOWS
Year Ended March 31, 2009

	<u>OPERATING</u> <u>FUND</u>	<u>REPLACEMENT</u> <u>FUND</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Sources of Cash			
Maintenance Fees	\$ 174,090	\$ -	\$ 174,090
Late Fees & Other Income	8,760	-	8,760
Screening Fees	2,200	-	2,200
Interest	1,022	-	1,022
	<hr/>	<hr/>	<hr/>
Total Sources of Cash	\$ 186,072	\$ -	\$ 186,072
Uses of Cash			
Expenses Paid	236,355	-	236,355
	<hr/>	<hr/>	<hr/>
Net Cash Used In Operating Activities	\$ (50,283)	\$ -	\$ (50,283)
	<hr/>	<hr/>	<hr/>
Total Decrease in Cash	\$ (50,283)	\$ -	\$ (50,283)
	<hr/>	<hr/>	<hr/>
Cash at April 1, 2008	78,504	-	78,504
	<hr/>	<hr/>	<hr/>
Cash at March 31, 2009	<u>\$ 28,221</u>	<u>\$ -</u>	<u>\$ 28,221</u>
	<hr/>	<hr/>	<hr/>
SUPPLEMENTAL DISCLOSURES			
Income Taxes Paid	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>

See Accountants Review Report and Accompanying Notes to the Financial Statements

MAINLANDS SEVEN MAINTENANCE CORP., INC.
STATEMENT OF CASH FLOWS
Year Ended March 31, 2009

	OPERATING FUND	REPLACEMENT FUND	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess Revenues/(Expenses)	\$ (64,859)	\$ -	\$ (64,859)
Reconciliation of Excess Revenues/(Expenses) To Cash From Net Operating Activities:			
Bad Debts Expense	18,500	-	18,500
(Increase) Decrease In Assets:			
Assessments Receivable	(13,458)	-	(13,458)
Prepaid Insurance	1,216	-	1,216
Utility Deposits	50	-	50
(Decrease) Increase In Liabilities:			
Accounts Payable	1,137	-	1,137
Prepaid Maintenance	(4,152)	-	(4,152)
Tenant Security Deposits	11,283	-	11,283
Net Cash Used In Operating Activities	<u>\$ (50,283)</u>	<u>\$ -</u>	<u>\$ (50,283)</u>
Total Decrease in Cash	\$ (50,283)	\$ -	\$ (50,283)
Cash at April 1, 2008	<u>78,504</u>	<u>-</u>	<u>78,504</u>
Cash at March 31, 2009	<u><u>\$ 28,221</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,221</u></u>
SUPPLEMENTAL DISCLOSURES			
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accountants Review Report and Accompanying Notes to the Financial Statements

MAINLANDS SEVEN MAINTENANCE CORP., INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES

This summary of significant accounting policies of Mainlands Seven Maintenance Corp., Inc. is presented to assist in the understanding of the financial statements. The financial statements and notes are the representations of management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been applied on a consistent basis.

1. Organization – Mainlands Seven Maintenance Corp., Inc. (“The Association”) is a Florida not-for-profit corporation that was incorporated on March 30, 1971 under the laws of the State of Florida. The Association was formed to maintain and protect the common areas owned by the 225 residential units located in Tamarac, Florida.
2. Fund Accounting - The Association uses fund accounting, which requires that funds, such as the operating fund and the fund 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.
3. Use of Estimates in the Preparation of Financial Statements - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
4. Maintenance 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 homeowners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in future operating periods. Monthly assessments to owners were \$71 for the year ended March 31, 2009. Of this amount, \$0 was designated to the Replacement Fund.
5. Interest Income – The Board of Directors' policy is to allocate to the operating and replacement funds all interest earned on their respective cash accounts.
6. Income Taxes - The Association may be taxed either as a homeowners' association or as a regular corporation. This election is made annually taking into account the best interest of the Association. For the year ended March 31, 2009, the Association elected to file as a homeowners' association in accordance with Internal Revenue Service Code section 528. Under that section, the Association excludes from taxation exempt function income, which generally consists of revenue from assessments to owners. The Association's investment income and other nonexempt income are subject to tax at a rate of 30%, net of any applicable expenses. Income tax expense for the year ended March 31, 2009 was -0-.

MAINLANDS SEVEN MAINTENANCE CORP., INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
March 31, 2009

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Concentration of Credit Risk - Financial instruments which potentially subject the Association to concentrations of credit risks are primarily cash and assessments receivable. The Association invests its excess cash in interest bearing checking and money market accounts with major financial institutions and the carrying value approximates market value. The Association has not experienced losses related to these investments. The Association has established an allowance for the possibility of uncollectible assessments in the amount of \$18,500.

8. Recognition of assets and depreciation policy - Common areas owned by the Association are reserved for the use of the owners and are required to be maintained as common areas under the Declaration and therefore, the sale of such common areas for revenue is remote. Accordingly, such common areas are not recorded in the financial records of the association. The association will capitalize, at cost, personal property which it acquires with Association funds.

NOTE B - REPLACEMENT FUND

The Board of Directors has not estimated or conducted a study to determine the remaining useful lives and the estimates of replacement costs for the components of common property and has not developed a plan to fund those needs. Furthermore, the budget of the association does not provide for reserve accounts for capital expenditures and deferred maintenance that may result in special assessments. Owners may elect to provide for reserve accounts pursuant to the provisions of section 720.303 (6), Florida Statutes, upon the approval of not less than a majority of the total voting interests of the association. When funds are needed the Board of Directors, on behalf of the association may:

- * Increase regular assessments.
- * Pass a special assessment.
- * Delay the repair or replacement pending availability of funds.
- * Borrow the necessary funds.