

**KENDALL BREEEZE HOMEOWNERS' ASSOCIATION, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**For the Period April 20, 2001 (Inception)  
Through April 28, 2005**

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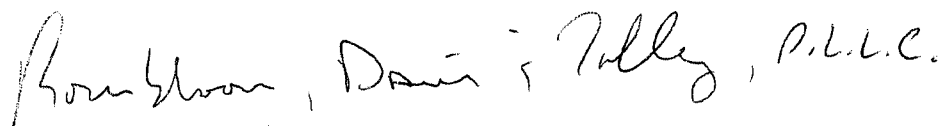
## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members of  
Kendall Breeze Homeowners' Association, Inc.

We have audited the accompanying balance sheet of Kendall Breeze Homeowners' Association, Inc. as of April 28, 2005, and the related statement of revenues, expenses, and changes in fund balances and cash flows for the period April 20, 2001 (Inception) through April 28, 2005. 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 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 Kendall Breeze Homeowners' Association, Inc. as of April 28, 2005, and the results of its operations and its cash flows for the period April 20, 2001 (Inception) through April 28, 2005 in conformity with accounting principles generally accepted in the United States of America.



Rosenbloom, Davis & Tolley, P.L.L.C.  
October 3, 2005

**KENDALL BREEZE HOMEOWNERS' ASSOCIATION, INC.**  
**BALANCE SHEET**  
**APRIL 28, 2005**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total All Funds</u>
<b>ASSETS</b>			
Cash, including interest bearing deposits	\$ 104,670	\$ 21,739	\$ 126,409
Assessments receivable, net of allowance for uncollectible accounts of \$7,506	38,991	-	38,991
Prepaid expenses	18,518	-	18,518
Due from developer	25,844	-	25,844
Due from operating fund	-	3,086	3,086
Property and equipment, net of accumulated depreciation of \$3,995	15,375	-	15,375
Security deposits	4,881	-	4,881
	<u>208,279</u>	<u>24,825</u>	<u>233,104</u>
<b>TOTAL ASSETS</b>	<b>\$ 208,279</b>	<b>\$ 24,825</b>	<b>\$ 233,104</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable and accrued expenses	\$ 36,709	\$ -	\$ 36,709
Due to replacement fund	3,086	-	3,086
Facility deposits	125	-	125
Unearned assessments	32,053	-	32,053
	<u>71,973</u>	<u>-</u>	<u>71,973</u>
<b>TOTAL LIABILITIES</b>	<b>71,973</b>	<b>-</b>	<b>71,973</b>
Fund balances	<u>136,306</u>	<u>24,825</u>	<u>161,131</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 208,279</b>	<b>\$ 24,825</b>	<b>\$ 233,104</b>

Read accompanying notes and independent auditors' report

**KENDALL BREEZE HOMEOWNERS' ASSOCIATION, INC.**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES**  
**FOR THE PERIOD APRIL 20, 2001 (INCEPTION) THROUGH APRIL 28, 2005**

	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total All Funds</b>
<b>REVENUES</b>			
Assessment fees	\$ 1,134,692	\$ 24,825	\$ 1,159,517
Developers guarantee income	220,844	-	220,844
Application and screening fees	12,205	-	12,205
Late fees and interest charges	6,633	-	6,633
Facility, keys, printing, and other	3,572	-	3,572
Interest income	11	-	11
	1,377,957	24,825	1,402,782
<b>EXPENSES</b>			
Alarm monitoring	412,300	-	412,300
Bad debts	7,510	-	7,510
Bank service charges	474	-	474
Depreciation	5,659	-	5,659
Insurance	2,537	-	2,537
Janitorial	71,171	-	71,171
Landscaping and lawn maintenance	234,479	-	234,479
Legal and professional	4,250	-	4,250
Licenses and permits	661	-	661
Loss - furniture abandonment	10,982	-	10,982
Management fees	137,037	-	137,037
Miscellaneous	5,831	-	5,831
Payroll burden	19,589	-	19,589
Postage and printing	16,863	-	16,863
Recreation facilities costs	26,133	-	26,133
Repairs and maintenance	22,024	-	22,024
Screening	7,985	-	7,985
Security	336,340	-	336,340
Telephone	1,620	-	1,620
Utilities	54,512	-	54,512
	1,377,957	-	1,377,957
<b>EXCESS OF REVENUES OVER EXPENSES</b>	-	24,825	24,825
<b>FUND BALANCES - APRIL 20, 2001</b>			
Original capital contributed	136,306	-	136,306
	136,306	-	136,306
<b>FUND BALANCES - APRIL 28, 2005</b>	\$ 136,306	\$ 24,825	\$ 161,131

Read accompanying notes and independent auditors' report.

**KENDALL BREEZE HOMEOWNERS' ASSOCIATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD APRIL 20, 2001 (INCEPTION) THROUGH APRIL 28, 2005**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total All Funds</u>
<b>CASH FLOWS (USED FOR) PROVIDED BY OPERATING ACTIVITIES</b>			
Excess Revenues over expenses	\$ -	\$ 24,825	\$ 24,825
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation	3,995	-	3,995
(Increase) decrease in:			
Assessments receivable	(38,991)	-	(38,991)
Prepaid expenses	(18,518)	-	(18,518)
Due from developer	(25,844)	-	(25,844)
Due from operating fund	-	(3,086)	(3,086)
Security deposits	(4,881)	-	(4,881)
Increase (decrease) in:			
Accounts payable and accrued expenses	36,709	-	36,709
Due to replacement fund	3,086	-	3,086
Facility deposits	125	-	125
Unearned assessments	32,053	-	32,053
	<u>(12,266)</u>	<u>21,739</u>	<u>9,473</u>
<b>NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES</b>			
<b>CASH FLOWS (USED FOR) INVESTING ACTIVITIES</b>			
Purchase of equipment	<u>(19,370)</u>	<u>-</u>	<u>(19,370)</u>
	<u>(19,370)</u>	<u>-</u>	<u>(19,370)</u>
<b>NET CASH (USED FOR) INVESTING ACTIVITIES</b>			
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>			
Capital contributions	<u>136,306</u>	<u>-</u>	<u>136,306</u>
	<u>136,306</u>	<u>-</u>	<u>136,306</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>			
<b>NET INCREASE IN CASH</b>	104,670	21,739	126,409
<b>CASH AT BEGINNING OF PERIOD - APRIL 20, 2001</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH AT END OF PERIOD - APRIL 28, 2005</b>	<u>\$ 104,670</u>	<u>\$ 21,739</u>	<u>\$ 126,409</u>

Read accompanying notes and independent auditors' report.

**KENDALL BREEZE HOMEOWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 28, 2005**

**NOTE A.     ORGANIZATION**

The Association was incorporated on April 20, 2001 in the State of Florida as a not-for-profit corporation for the purpose of administering and operating common property pursuant to Chapter 720 of the Florida Statutes and the provisions of the Declaration of Covenants and Restrictions. The Association property consists of land, two clubhouses, one cabana, and two pools. The Association contains 4 types of living units: single family homes and town homes with lots widths of 35 foot, 30 foot, and 22 foot.

The Declaration of Covenants and Restrictions was recorded on August 21, 2002. The first unit was conveyed to a unit owner other than the developer on August 28, 2002.

Article V - Assessments, section 10, and Article VI - Use of Property, section 2 and section 8 were amended on April 28, 2005. Article V, section 10 of the Declaration of Covenants and Restrictions is deleted in its entirety and restated to include provisions for late fees. Article VI, section 2 of the Declaration of Covenants and Restrictions is deleted in its entirety and is restated to require approvals of leases of a Lot by the Board of Directors. Article VI, section 8 of the Declaration of Covenants and Restrictions is restated to require approval by the Association for the sale of a lot and/or living unit.

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

**1.     Fund Accounting**

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using 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.

**Replacement Fund** - This fund is used to accumulate financial resources designated for future repairs and replacements.

**KENDALL BREEZE HOMEOWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 28, 2005**

Disbursements from the Operating Fund are generally at the discretion of the Board of Directors. Disbursements from the Replacement Fund generally may be made only for designated purposes by the Board of Directors.

**2. Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, the Association considers all short-term investments with an original maturity of three months or less to be cash equivalents.

**3. Member Assessments**

Association members are subject to monthly assessments to provide funds for the Association's operating expenses. Each lot with a living unit that has been certified for occupancy and has been conveyed to an owner other than the developer shall be assessed at a rate that is uniform with other similar types of living units. For the period January 1, 2004 through April 28, 2005, the Board of Directors levied supplementary assessments to satisfy annual operating budget deficits.

Assessments receivable at the balance sheet date represent fees due from unit owners. Amounts due from developer are assessments guaranteed by the developer for operating expenses incurred by the Association not covered from the member assessments.

The annual budget and assessments of owners are determined and approved by the Board of Directors. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

**4. Prepaid Expenses**

Prepaid expenses consist of unexpired insurance and other operating expenses.

**KENDALL BREEZE HOMEOWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 28, 2005**

**5. Property and Equipment**

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements. Those properties are owned by the individual unit owners in common and not by the Association. The Association capitalizes personal property at cost and depreciates it using the straight-lined method. The Association also recognizes real property not directly associated with the units as assets when the Association has title and can dispose of the property, at the discretion of its Board of Directors, for cash, with the Association retaining the proceeds.

**6. 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 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 these estimates.

**7. Interest Earned**

The Board's policy is to allocate investment income to the Operating and Replacement Funds based upon average balances.

**8. Income Taxes**

The Association is classified as a non-exempt organization for both federal and state income tax purposes for the period ended April 28, 2005. The Association is subject to specific rulings and regulations applicable to non-exempt membership organizations. The Association will file its income tax return as a regular corporation under Section 528 of the Internal Revenue Code and does not project to incur a federal or state income tax liability for the period April 20, 2001 (inception) through April 28, 2005. The Association's investment income and other non-exempt income net of certain expenses should result in no taxable income.

**KENDALL BREEZE HOMEOWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 28, 2005**

**9. Comprehensive Income**

The Association adopted Financial Accounting Standards Board's (FASB) SFAS 130, "Reporting Comprehensive Income" on January 1, 1999. The FASB establishes guidelines for the reporting and display of comprehensive income and its components in financial statements. This statement only modifies disclosures, including financial statement disclosures, and does not result in other changes to the results or financial position of the Association. The Association's financial statements for the period April 20, 2001 (inception) through April 28, 2005 requires no adjustments for this standard.

**NOTE C. PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost and consist of the following:

Equipment	\$ 14,583
Furniture and fixtures	<u>4,787</u>
	19,370
Less: accumulated depreciation	<u>3,995</u>
	<u>\$ 15,375</u>

**NOTE D. FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association's governing documents allow for funds to be accumulated for future repairs and replacements. The Association's Board of Directors voted to fund for certain major repairs and replacements for the period February 1, 2005 through April 28, 2005.

The roofs of the 35 foot town home living units are not provided for in the accumulation of future major repairs and replacements such as the 30 and 22 foot town homes.

An independent study to determine the estimated remaining useful lives and the replacement costs of the components of common property has not been performed.

**KENDALL BREEZE HOMEOWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 28, 2005**

**NOTE E.      COMMITMENTS, CONTRACTS, SUBSEQUENT EVENTS AND OTHER MATTERS**

1. The Association has entered into contracts for service with five suppliers as follows:

	Monthly Amount	Contract Expires
Corporate Protection, Inc.	\$ 34,491	2005
United Communication & Protection Inc.	20,919	2007
Gables Professional Management, Inc.	7,382	2005
Kendall Star Property Services, Inc.	4,280	2005
McGrath Property Services	1,600	2005

2. As of April 28, 2005, there were nine unit owners with delinquent assessment balances, including late fees and attorneys' fees of approximately \$7,506. Each of the aforementioned unit owners with delinquent balances have been turned over to the Association's attorney for collection proceedings. The Board of Directors have made an allowance for uncollectible accounts equal to these delinquent balances.
3. The general membership/turnover meeting held on April 28, 2005, elected the new Board of Directors comprising of unit owners only. Consequently, the unit owners of Kendall Breeze Homeowners' Association, Inc. were officially transferred control of the Board of Directors from the developer as of April 28, 2005.
4. The Association is located within a Community Development District, hereinafter referred to as "CDD." The CDD shall be responsible for the maintenance, operation, and repair of the water management, water supply, sewer, wastewater management, and roadways.

**NOTE F.      UNINSURED CASH BALANCES**

The Association maintains its cash balance at a financial institution located in South Florida. The account is insured up to \$100,000. The Association has approximately \$4,700 of uninsured cash balances at April 28, 2005.

**SUPPLEMENTARY INFORMATION**

# Rosenbloom, Davis & Tolley, P.L.L.C.

Certified Public Accountants

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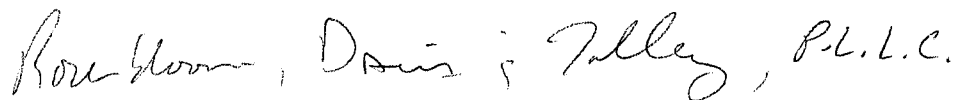
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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors and Members of  
Kendall Breeze Homeowners' Association, Inc.

Our report on our audit of the basic financial statements of Kendall Breeze Homeowners' Association, Inc. as of April 28, 2005 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Revenues, Expenses, and Changes in Fund Balances and Supplementary Information on Future Repairs and Replacements for the periods April 20, 2001 (Inception) through April 28, 2005 on pages 11 through 16 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Rosenbloom, Davis & Tolley, P.L.L.C.  
October 3, 2005

**KENDALL BREEZE HOMEOWNERS' ASSOCIATION, INC.**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES**  
**FOR THE PERIOD APRIL 20, 2001 THROUGH DECEMBER 31, 2001**

	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total All Funds</b>
<b>REVENUES</b>			
Assessment fees	\$ -	\$ -	\$ -
Developers guarantee income	-	-	-
Application and screening fees	-	-	-
Late fees and interest charges	-	-	-
Facility, keys, printing, and other	-	-	-
Interest income	-	-	-
	-	-	-
<b>EXPENSES</b>			
Alarm monitoring	-	-	-
Bad debts	-	-	-
Bank service charges	-	-	-
Depreciation	-	-	-
Insurance	-	-	-
Janitorial	-	-	-
Landscaping and lawn maintenance	-	-	-
Legal and professional	-	-	-
Licenses and permits	-	-	-
Loss - furniture abandonment	-	-	-
Management fees	-	-	-
Miscellaneous	-	-	-
Payroll burden	-	-	-
Postage and printing	-	-	-
Recreation facilities costs	-	-	-
Repairs and maintenance	-	-	-
Screening	-	-	-
Security	-	-	-
Telephone	-	-	-
Utilities	-	-	-
	-	-	-
<b>EXCESS OF REVENUES OVER EXPENSES</b>	-	-	-
<b>FUND BALANCES - APRIL 20, 2001</b>			
Original capital contributed	-	-	-
	-	-	-
<b>FUND BALANCES - DECEMBER 31, 2001</b>	\$ -	\$ -	\$ -

Read accompanying notes and independent auditors' report on supplementary information.

**KENDALL BREEZE HOMEOWNERS' ASSOCIATION, INC.**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES**  
**FOR THE PERIOD JANUARY 1, 2002 THROUGH DECEMBER 31, 2002**

	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total All Funds</b>
<b>REVENUES</b>			
Assessment fees	\$ 18,842	\$ -	\$ 18,842
Developers guarantee income	-	-	-
Application and screening fees	-	-	-
Late fees and interest charges	2	-	2
Facility, keys, printing, and other	-	-	-
Interest income	1	-	1
	18,845	-	18,845
<b>EXPENSES</b>			
Alarm monitoring	5,842	-	5,842
Bad debts	120	-	120
Bank service charges	66	-	66
Depreciation	-	-	-
Insurance	-	-	-
Janitorial	-	-	-
Landscaping and lawn maintenance	1,050	-	1,050
Legal and professional	575	-	575
Licenses and permits	-	-	-
Loss - furniture abandonment	-	-	-
Management fees	864	-	864
Miscellaneous	40	-	40
Payroll burden	-	-	-
Postage and printing	164	-	164
Recreation facilities costs	-	-	-
Repairs and maintenance	40	-	40
Screening	-	-	-
Security	-	-	-
Telephone	-	-	-
Utilities	-	-	-
	8,761	-	8,761
<b>EXCESS OF REVENUES OVER EXPENSES</b>	10,084	-	10,084
<b>FUND BALANCES - JANUARY 1, 2002</b>			
Capital contributed - prior period	-	-	-
Capital contributed - current period	23,048	-	23,048
Fund balance	-	-	-
	23,048	-	23,048
<b>FUND BALANCES - DECEMBER 31, 2002</b>	\$ 33,132	\$ -	\$ 33,132

Read accompanying notes and independent auditors' report on supplementary information.

**KENDALL BREEZE HOMEOWNERS' ASSOCIATION, INC.**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES**  
**FOR THE PERIOD JANUARY 1, 2003 THROUGH DECEMBER 31, 2003**

	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total All Funds</b>
<b>REVENUES</b>			
Assessment fees	\$ 247,075	\$ -	\$ 247,075
Developers guarantee income	10,820	-	10,820
Application and screening fees	-	-	-
Late fees and interest charges	532	-	532
Facility, keys, printing, and other	952	-	952
Interest income	-	-	-
	259,379	-	259,379
<b>EXPENSES</b>			
Alarm monitoring	109,435	-	109,435
Bad debts	317	-	317
Bank service charges	211	-	211
Depreciation	1,306	-	1,306
Insurance	51	-	51
Janitorial	15,000	-	15,000
Landscaping and lawn maintenance	75,225	-	75,225
Legal and professional	1,200	-	1,200
Licenses and permits	221	-	221
Loss - furniture abandonment	-	-	-
Management fees	34,856	-	34,856
Miscellaneous	1,975	-	1,975
Payroll burden	-	-	-
Postage and printing	2,805	-	2,805
Recreation facilities costs	5,954	-	5,954
Repairs and maintenance	6,759	-	6,759
Screening	-	-	-
Security	4,574	-	4,574
Telephone	-	-	-
Utilities	9,574	-	9,574
	269,463	-	269,463
<b>EXCESS OF REVENUES OVER EXPENSES</b>	(10,084)	-	(10,084)
<b>FUND BALANCES - JANUARY 1, 2003</b>			
Capital contributed - prior period	23,048	-	23,048
Capital contributed - current period	65,533	-	65,533
Fund balance	10,084	-	10,084
	98,665	-	98,665
<b>FUND BALANCES - DECEMBER 31, 2003</b>	\$ 88,581	\$ -	\$ 88,581

Read accompanying notes and independent auditors' report on supplementary information.

**KENDALL BREEZE HOMEOWNERS' ASSOCIATION, INC.**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES**  
**FOR THE PERIOD JANUARY 1, 2004 THROUGH DECEMBER 31, 2004**

	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total All Funds</b>
<b>REVENUES</b>			
Assessment fees	\$ 545,034	\$ -	\$ 545,034
Developers guarantee income	182,183	-	182,183
Application and screening fees	9,480	-	9,480
Late fees and interest charges	3,630	-	3,630
Facility, keys, printing, and other	1,770	-	1,770
Interest income	4	-	4
	742,101	-	742,101
<b>EXPENSES</b>			
Alarm monitoring	216,140	-	216,140
Bad debts	3,476	-	3,476
Bank service charges	166	-	166
Depreciation	3,372	-	3,372
Insurance	1,519	-	1,519
Janitorial	39,113	-	39,113
Landscaping and lawn maintenance	114,373	-	114,373
Legal and professional	(50)	-	(50)
Licenses and permits	67	-	67
Loss - furniture abandonment	10,982	-	10,982
Management fees	72,826	-	72,826
Miscellaneous	3,144	-	3,144
Payroll burden	12,414	-	12,414
Postage and printing	6,584	-	6,584
Recreation facilities costs	12,575	-	12,575
Repairs and maintenance	8,160	-	8,160
Screening	5,405	-	5,405
Security	201,287	-	201,287
Telephone	1,163	-	1,163
Utilities	29,385	-	29,385
	742,101	-	742,101
<b>EXCESS OF REVENUES OVER EXPENSES</b>			
	-	-	-
<b>FUND BALANCES - JANUARY 1, 2004</b>			
Capital contributed - prior period	88,581	-	88,581
Capital contributed - current period	44,969	-	44,969
Fund balance	-	-	-
	133,550	-	133,550
<b>FUND BALANCES - DECEMBER 31, 2004</b>			
	\$ 133,550	\$ -	\$ 133,550

Read accompanying notes and independent auditors' report on supplementary information.

**KENDALL BREEZE HOMEOWNERS' ASSOCIATION, INC.**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES**  
**FOR THE PERIOD JANUARY 1, 2005 THROUGH APRIL 28, 2005**

	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total All Funds</b>
<b>REVENUES</b>			
Assessment fees	\$ 323,740	\$ 24,825	\$ 348,565
Developers guarantee income	27,842	-	27,842
Application and screening fees	2,725	-	2,725
Late fees and interest charges	2,469	-	2,469
Facility, keys, printing, and other	850	-	850
Interest income	7	-	7
	357,633	24,825	382,458
<b>EXPENSES</b>			
Alarm monitoring	80,883	-	80,883
Bad debts	3,597	-	3,597
Bank service charges	31	-	31
Depreciation	981	-	981
Insurance	967	-	967
Janitorial	17,058	-	17,058
Landscaping and lawn maintenance	43,831	-	43,831
Legal and professional	2,525	-	2,525
Licenses and permits	373	-	373
Loss - furniture abandonment	-	-	-
Management fees	28,491	-	28,491
Miscellaneous	672	-	672
Payroll burden	7,175	-	7,175
Postage and printing	7,310	-	7,310
Recreation facilities costs	7,604	-	7,604
Repairs and maintenance	7,065	-	7,065
Screening	2,580	-	2,580
Security	130,479	-	130,479
Telephone	458	-	458
Utilities	15,553	-	15,553
	357,633	-	357,633
<b>EXCESS OF REVENUES OVER EXPENSES</b>			
	-	24,825	24,825
<b>FUND BALANCES - JANUARY 1, 2005</b>			
Capital contributed - prior period	133,550	-	133,550
Capital contributed - current period	2,756	-	2,756
Fund balance	-	-	-
	136,306	-	136,306
<b>FUND BALANCES - APRIL 28, 2005</b>			
	\$ 136,306	\$ 24,825	\$ 161,131

Read accompanying notes and independent auditors' report on supplementary information.

**KENDALL BREEZE HOMEOWNERS' ASSOCIATION, INC.**  
**SUPPLEMENTARY INFORMATION ON FUTURE REPAIRS AND REPLACEMENTS**  
**FOR THE PERIOD APRIL 20, 2001 (INCEPTION) THROUGH APRIL 28, 2005**

As indicated in Note D, an independent study to determine the estimated remaining lives and the replacement costs of the components of common property has not been performed.

	<b>Fund Balance Beginning of Period</b>	<b>Additions to Fund</b>	<b>Charges to Fund</b>	<b>Fund Balance End of Period</b>
Painting - entrance	\$ -	\$ 899	\$ -	\$ 899
Painting - exterior (35 foot town home)	-	2,191	-	2,191
Painting - exterior (30 foot town home)	-	901	-	901
Painting - exterior (22 foot town home)	-	11,063	-	11,063
Painting - recreational room	-	85	-	85
Pool - equipment	-	135	-	135
Pool - furniture	-	524	-	524
Pool - deck resurfacing	-	198	-	198
Pool - resurfacing	-	397	-	397
Recreational room - furniture	-	198	-	198
Roof - 30 foot town home	-	2,366	-	2,366
Roof - 22 foot town home	-	5,542	-	5,542
Roof - recreational room	-	326	-	326
<b>Total</b>	<b>\$ -</b>	<b>\$ 24,825</b>	<b>\$ -</b>	<b>\$ 24,825</b>

Read accompanying notes and independent auditors' report on supplementary information.