

**HANSON'S LANDING ASSOCIATION, INC.**

**STUART, FLORIDA**

**FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITOR'S REPORT**

**For Year Ended December 31, 2008**

Gerald Jackson, Jr.

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Hanson's Landing Association, Inc.

I have audited the accompanying balance sheet of Hanson's Landing Association, Inc., as of December 31, 2008, and the related statements of revenues and expenses and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hanson's Landing 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.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Statement of Revenues and Expenses vs. Budget is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my 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 is not a required part of the basic financial statements but is supplementary information required by the American Institute of Certified Public Accountants. I have applied certain limited procedures, which consisted of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.



Gerald Jackson Jr. CPA  
Port St Lucie, Florida  
April 9, 2009

**HANSON'S LANDING ASSOCIATION, INC.**

**Balance Sheet**

December 31, 2008

	2008			2007
	Operating Fund	Replacement Fund	Total Funds	Total Funds
<b><u>ASSETS</u></b>				
CASH, INCLUDING INTEREST BEARING ACCOUNTS	\$ 142,997	\$ 84,496	\$ 227,493	\$ 130,036
CERTIFICATES OF DEPOSIT	0	0	0	551,906
ASSESSMENTS RECEIVABLE	7,048	0	7,048	17,834
SPECIAL ASSESSMENTS RECEIVABLE	208,375	0	208,375	0
PREPAID CORPORATE INCOME TAXES	535	0	535	0
RECEIVABLE-STATE INCOME TAX REFUND	0	0	0	535
PREPAID INSURANCE	53,605	0	53,605	49,667
PREPAID OTHER	6,655	0	6,655	5,094
UTILITY DEPOSITS	665	0	665	665
DUE FROM OTHER FUND	7,685	0	7,685	0
<b>TOTAL ASSETS</b>	<b>\$ 427,565</b>	<b>\$ 84,496</b>	<b>\$ 512,061</b>	<b>\$ 755,737</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
ACCOUNTS PAYABLE	\$ 14,222	\$ 0	\$ 14,222	\$ 10,749
INCOME TAXES PAYABLE	1,780	0	1,780	8,060
PREPAID ASSESSMENTS	21,314	0	21,314	23,086
NOTE PAYABLE (NOTE 6)	155,000	0	155,000	0
DUE TO OTHER FUND	0	7,685	7,685	0
<b>TOTAL LIABILITIES</b>	<b>192,316</b>	<b>7,685</b>	<b>200,001</b>	<b>41,895</b>
<b>FUND BALANCES</b>	<b>235,249</b>	<b>76,811</b>	<b>312,060</b>	<b>713,842</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 427,565</b>	<b>\$ 84,496</b>	<b>\$ 512,061</b>	<b>\$ 755,737</b>

Read the Accompanying Notes to Financial Statements.

**HANSON'S LANDING ASSOCIATION, INC.**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For Year Ended December 31, 2008**

	2008			2007
	Operating Fund	Replacement Fund	Total Funds	Total Funds
<b>REVENUES</b>				
MAINTENANCE FEES	\$ 748,392	\$ 102,000	\$ 850,392	\$ 676,356
SCREENING FEES	950	0	950	1,300
MILES GRANT	0	0	0	1,400
MISCELLANEOUS INCOME	(2,411)	0	(2,411)	41
INTEREST	2,581	7,770	10,351	31,263
INTEREST - PENALTY - OWNERS	2,058	0	2,058	1,843
SPEC. ASSESS. - SHORTFALL	13,500	0	13,500	0
SPEC. ASSESS.- PLANTS	30,024	0	30,024	0
SPEC. ASSESS.-ROOFS (NOTES 6 & 7)	725,400	0	725,400	0
ROOF-SUBSIDY FROM REPLACEMENT FUND	450,000	(450,000)	0	0
SPEC. ASSESS. - ADMIN. FEE	590	0	590	0
<b>TOTAL REVENUES</b>	<b>1,971,084</b>	<b>(340,230)</b>	<b>1,630,854</b>	<b>712,203</b>
<b>EXPENDITURES</b>				
ADMINISTRATION	302,785	0	302,785	351,730
UTILITIES	82,038	0	82,038	77,298
BUILDING & EQUIPMENT	98,844	0	98,844	110,932
GROUND	146,346	0	146,346	116,024
RECREATION MAINTENANCE	8,991	0	8,991	8,411
CONTRACT SERVICES	34,122	0	34,122	31,210
OTHER EXPENSES	0	0	0	1,950
INCOME TAXES	1,780	0	1,780	8,083
SPECIAL ASSESSMENT-ROOFS	1,109,927	0	1,109,927	0
MAJOR REPAIRS - RESERVES	0	247,803	247,803	85,972
<b>TOTAL EXPENDITURES</b>	<b>1,784,833</b>	<b>247,803</b>	<b>2,032,636</b>	<b>791,611</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<b>186,251</b>	<b>(588,033)</b>	<b>(401,782)</b>	<b>(79,408)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>48,998</b>	<b>664,844</b>	<b>713,842</b>	<b>793,250</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 235,249</b>	<b>\$ 76,811</b>	<b>\$ 312,060</b>	<b>\$ 713,842</b>

Read the Accompanying Notes to Financial Statements.

**HANSON'S LANDING ASSOCIATION, INC.**  
**Statement of Cash Flows - Direct Method**  
**For Year Ended December 31, 2008**

INCREASE(DECREASE) IN CASH	2008			2007
	Operating Fund	Replacement Fund	Total Funds	Total Funds
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Cash Receipts From Assessments	\$ 757,406	\$ 102,000	\$ 859,406	\$ 702,937
Cash Receipts From Special Assessment	560,549	0	560,549	0
Interest Income Received	2,581	7,770	10,351	31,263
Other Income Received	(354)	0	(354)	4,584
Cash Payments to Vendors and Suppliers	(681,673)	(247,803)	(929,476)	(692,759)
Cash Payments to Vendors and Suppliers-Spec. Assess.	(1,109,926)	0	(1,109,926)	0
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(471,417)</u>	<u>(138,033)</u>	<u>(609,450)</u>	<u>46,025</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Change in Interfund Borrowing	(7,685)	7,685	0	0
Transfer for Roofing Project	450,000	(450,000)	0	0
Maturities of investments	0	551,906	551,906	(20,053)
Purchase of Investments	0	0	0	0
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>442,315</u>	<u>109,591</u>	<u>551,906</u>	<u>(20,053)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Note Payable	155,000	0	155,000	0
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>155,000</u>	<u>0</u>	<u>155,000</u>	<u>0</u>
<b>NET INCREASE (DECREASE) IN CASH FOR CURRENT YEAR</b>	<u>125,898</u>	<u>(28,442)</u>	<u>97,456</u>	<u>25,972</u>
<b>CASH AT BEGINNING OF YEAR</b>	17,098	112,938	130,036	104,064
<b>CASH AT END OF YEAR</b>	<u>\$ 142,997</u>	<u>\$ 84,496</u>	<u>\$ 227,493</u>	<u>\$ 130,036</u>
<b>RECONCILIATION OF EXCESS OF ASSESSMENTS AND REVENUES OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Excess (deficit) of revenues over expenses	\$ 186,251	\$ (588,033)	\$ (401,782)	\$ (79,408)
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided by operating activities:				
(Increase) Decrease In:				
Assessments Receivable	10,786	0	10,786	14,359
Assessments Receivable-Special Assessments	(208,375)	0	(208,375)	0
Prepaid Insurance	(3,938)	0	(3,938)	127,395
Prepaid Expenses	(1,561)	0	(1,561)	(10)
Prepaid Income Taxes	0	0	0	2,142
Increase (Decrease) In:				
Accounts Payable	3,473	0	3,473	5,710
Insurance Payable	0	0	0	(42,001)
Assessments Received in Advance	(1,772)	0	(1,772)	12,222
Income Taxes Payable	(6,281)	0	(6,281)	5,616
Roofing Project -Funds from Replacement Fund	(450,000)	450,000	0	0
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (471,417)</u>	<u>\$ (138,033)</u>	<u>\$ (609,450)</u>	<u>\$ 46,025</u>

Read the Accompanying Notes to Financial Statements.

# HANSON'S LANDING ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - ORGANIZATION AND PURPOSE

Hanson's Landing Association, Inc. was organized as a Florida not-for-profit corporation on November 2, 1984. The Association has been organized for the purpose of operating and maintaining the common property of the Association; to enforce the covenants, conditions, restrictions, and other provisions pursuant to Chapter 718 of the Florida Statutes, and as set forth in Declaration of Condominium, the Articles of Incorporation, the By-Laws, and rules and regulations of the Association. The condominium includes 186 condominium units in the Miles Grant area of Stuart, Florida. The common areas include the thirteen (13) buildings, a pool, tennis court and recreational facilities, carport and outside parking and driveway areas, irrigation system and pump, and common grounds and landscaping.

All policy decisions are formed by the Board of Directors except for those matters requiring membership approval under the provisions of Chapter 718, Florida Statutes (The Condominium Act).

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Fund Accounting**

The financial statements have been prepared pursuant to Section 718 of the Florida Statutes. The Association's governing documents provide certain guidelines for conducting 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 general operations of the Association.

#### **Replacement Fund**

This fund is used to accumulate financial resources designated for future major repairs and replacements.

#### **Interest Earned:**

Interest earned on replacement funds is retained in the replacement fund, in accordance with the Association's bylaws.

# HANSON'S LANDING ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### **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 because those properties are owned by the individual unit owners in common and not by the Association. Other material personal property and equipment acquired by the Association are recorded as fixed assets in the year incurred.

Equipment is being depreciated over its estimated useful life using the straight-line method.

### **Member Assessments:**

Association members are subject to monthly assessments in advance, to provide funds for the Association's operating expenses and a reserve for major repairs and replacements. Fiscal year monthly member assessments for 2008 were based upon the proportionate share of common expenses for the adopted budget. The annual budget and member assessments are determined and approved by the Board of Directors. The Association retains any excess assessments at year-end for use in future years. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose assessments are over ninety days in arrears.

### **Income Taxes:**

Condominium associations may elect to be taxed either as regular corporations or as homeowners association. For the year ended December 31, 2008, the Association has elected to be taxed as a homeowners association in accordance with Internal Revenue Code Section 528. Under this section, the Association is taxed on its nonexempt function income, such as net investment earnings, at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable.

### **Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 expense during the reporting period. Actual results could differ from those estimates.

### **Cash Flows:**

The Association presents changes in cash flows using the direct method.

# HANSON'S LANDING ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association is required by Section 718 of the Florida Statutes to fund future major repairs and replacements. The Association's governing documents require funds be accumulated for future major repairs and replacements.

The Board is funding for such major repairs and replacements over the estimated useful lives of the components based on the Board of Directors update of current replacement costs, considering amount previously accumulated in the replacement fund.

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

Effective January 1, 2006, the Association membership approved the pooling method of funding and accounting for reserves.

The following table reflects the replacement fund assessments, interest income and expenditures during the current fiscal year, along with the beginning and closing balances by the various components:

<u>RESERVES</u>	<u>Beginning Balance</u>	<u>Owner Funding</u>	<u>Current Year Interest</u>	<u>Expended</u>	<u>Transfers</u>	<u>Ending Balance</u>
Pooled Reserves						
Roof	0	0	0	0	(450,000)	0
Roof Cleaning	0	0	0	0	0	0
Painting	0	0	0	(67,649)	0	0
Paving / Resurfacing	0	0	0	(171,885)	0	0
Deferred Maintenance	0	0	0	0	0	0
Pool Equipment & Deck	0	0	0	0	0	0
Erosion & Drains	0	0	0	(8,269)	0	0
Pooling Method Funding	-	102,000	7,770	0		-
<b>Totals</b>	<b>664,844</b>	<b>102,000</b>	<b>7,770</b>	<b>(247,803)</b>	<b>(450,000)</b>	<b>76,811</b>

# **HANSON'S LANDING ASSOCIATION, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 4 – MANAGEMENT AGREEMENT**

An outside management company, Advantage Property Management LLC, manages the Association. Advantage collects all receipts using a bank direct deposit system, pays all bills, maintains the association records, and prepares the monthly financial statements. Advantage also supervises the maintenance of the Association property pursuant to an annual contract, which may be terminated at either party's discretion with appropriate notice.

### **NOTE 5 – INSURANCE PREMIUMS**

The Association finances most of its insurance premiums with Premium Assignment Corporation. Most property and casualty insurance requires a 25% down payment with the balance payable in nine equal monthly installments, including interest. Flood insurance requires a 35% down payment with the balance payable in nine equal monthly installments, including interest. As the Association makes down payments and installment payments, a prepaid insurance asset is created in those amounts. Prepaid insurance is then amortized over the twelve-month terms of the policies in equal monthly amounts. Therefore, the December 31, 2008, balance sheet shows a prepaid insurance asset, reflecting insurance premiums paid but not yet amortized. However, it does not show the amounts still due to Premium Assignment Corporation as a liability because that amount has not yet been paid or recorded as a prepaid insurance asset.

### **NOTE 6- ROOF REPLACEMENT PROJECT AND ROOF LOAN**

On July 30, 2008, the Board of Directors approved borrowing approximately \$750,000 from Fidelity Bank, Dearborn, Michigan for a period of up to 42 months, with the bank obtaining a security interest in the association's general and special assessments as collateral for this loan. The purpose of the loan is to provide funds for a major roofing project (roofs of all 13 buildings and pool house, maintenance building and two (2) pump houses) until a special assessment is implemented to repay this loan. The actual loan was for \$725,000, at the prevailing prime rate plus 1.5%, and the balance on this loan at December 31, 2008 was \$155,000. Interest is paid only on outstanding funds drawn.

Also, \$ 450,000 of available reserve funds were transferred from reserves and utilized for this project. Therefore, the total funds available for this project was \$1,175,400 (\$450,000 from available reserves plus \$725,400 roof special assessment).

As of December 31, 2008, a total \$ 1,109,927 had been expended on this project and it was completed in December 2008. The excess funds of \$ 65,473 from this special assessment were retained as part of the overall operating fund balance at December 31, 2008.

**HANSON'S LANDING ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – SPECIAL ASSESSMENTS**

1. A special assessment of \$ 234 per unit (total of \$43,524) was approved by the Board of Directors on December 11, 2007 and was due and payable on or before January 31, 2008. \$13,500 of this special assessment was to cover the 2007 anticipated budget shortfall and \$30,024 was for replacing the hibiscus that was removed due to bug infestation.
2. A special assessment of \$ 3,900 per unit (total of \$ 725,400) to repay the \$725,000 loan from Fidelity Bank was approved by the Board of Directors on August 19, 2008 and was due before November 30, 2008. Unit owners were given the option of paying this special assessment in full or in four annual equal installments. Those electing to pay by the installment method are required to pay a \$10 per year administrative fee plus interest at the prevailing prime rate plus 2.0%.

**SUPPLEMENTARY**

**HANSON'S LANDING ASSOCIATION, INC.**  
**Comparison of Actual vs. Budget-Operating**

For Year Ended December 31, 2008

	2007		2008	
	Actual	Actual	Budget	% Variance
<b>REVENUES</b>				
MAINTENANCE FEES	572,841	748,392	748,392	0.0%
SCREENING FEES	1,300	950	1,000	-5.0%
MILES GRANT	1,400	0	0	0.0%
MISCELLANEOUS INCOME	41	(2,411)	0	0.0%
INTEREST	2,777	2,581	300	-760.3%
INTEREST - PENALTY - OWNERS	1,843	2,058	300	-586.0%
SPECIAL ASSESSMENT - SHORTFALL	0	13,500	0	0.0%
SPECIAL ASSESSMENT- PLANTS	0	30,024	0	0.0%
SPEC. ASSESS.-ROOFS	0	725,400	0	0.0%
ROOF-SUBSIDY FROM REPLACEMENT FUND	0	450,000	0	0.0%
SPECIAL ASSESSMENT - ADMIN. FEE	0	590	0	0.0%
<b>TOTAL REVENUE</b>	<b>580,202</b>	<b>1,971,084</b>	<b>749,992</b>	<b>162.8%</b>

**EXPENSES:**

<b>ADMINISTRATION</b>				
MANAGEMENT FEE	22,116	23,292	23,222	-0.3%
LEGAL	8,039	9,520	5,220	-82.4%
INSURANCE	310,575	253,331	332,880	23.9%
INTEREST-INSURANCE FINANCING	0	0	10,020	0.0%
LOAN INTEREST	0	2,583	0	0.0%
ACCOUNTING	3,300	3,550	3,300	-7.6%
LICENSES/OTHER FEES	271	271	540	49.8%
FEES TO DIVISION	744	744	744	0.0%
OFFICE EXPENSE	6,437	9,325	6,000	-55.4%
ENTERTAINMENT	248	169	500	66.2%
<b>Total - ADMINISTRATION</b>	<b>351,730</b>	<b>302,785</b>	<b>382,426</b>	<b>18.9%</b>

<b>UTILITIES</b>				
ELECTRIC	16,238	16,684	19,800	15.7%
WATER / SEWER	4,448	5,389	4,800	-12.3%
FEES TO MILES GRANT	1,547	1,247	1,200	-3.9%
CABLE TV	53,295	56,586	56,508	-0.1%
TELEPHONE	1,770	2,132	1,440	-48.1%
<b>Total - UTILITIES</b>	<b>77,298</b>	<b>82,038</b>	<b>83,748</b>	<b>2.0%</b>

<b>BUILDING &amp; EQUIPMENT</b>				
GENERAL BUILDING & MAINTENANCE	55,408	43,653	48,000	9.1%
GOLF CART MAINTENANCE	89	551	480	-14.8%
PAYROLL - MAINTENANCE	42,245	43,418	44,232	1.8%
FIRE ALARM MAINTENANCE	9,791	9,120	9,780	6.7%
MISCELLANEOUS SUPPLIES	3,398	2,102	2,800	24.9%
<b>Total - BUILDING &amp; EQUIPMENT</b>	<b>110,932</b>	<b>98,844</b>	<b>105,292</b>	<b>6.1%</b>

Read the Accompanying Notes to Financial Statements.

**HANSON'S LANDING ASSOCIATION, INC.**  
**Comparison of Actual vs. Budget-Operating**  
For Year Ended December 31, 2008

	<u>2007</u>		<u>2008</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>% Variance</u>
<b>EXPENSES: (continued)</b>				
<b>GROUNDS</b>				
BASIC GROUNDS MAINTENANCE	59,087	57,911	56,220	-3.0%
TREE TRIMMING & REMOVAL	11,056	12,654	12,000	-5.5%
LAWN PEST CONTROL/FERTILIZER	8,975	9,412	9,402	-0.1%
SOD	0	0	1,500	100.0%
LANDSCAPE REPLACEMENT/PLANTS	13,036	39,577	6,000	-559.6%
IRRIGATION MAINTENANCE	11,266	14,219	11,340	-25.4%
BERM	2,952	2,951	3,300	10.6%
ORNAMENTAL PEST CONTROL	326	1,534	1,200	-27.8%
ENCROACHMENT BARRIER	2,933	2,832	3,000	5.6%
LAKE TREATMENT	2,792	1,656	1,656	0.0%
SHORELINE TRIM	3,600	3,600	3,600	0.0%
<b>Total · GROUNDS</b>	<b>116,024</b>	<b>146,346</b>	<b>109,218</b>	<b>-34.0%</b>
<b>RECREATION MAINTENANCE</b>				
POOL MAINTENANCE	5,556	6,798	4,320	-57.4%
TENNIS COURT MAINTENANCE	2,484	2,265	0	0.0%
PROPANE-BBQ GRILLS	371	(72)	400	118.0%
<b>Total · RECREATION MAINTENANCE</b>	<b>8,411</b>	<b>8,991</b>	<b>4,720</b>	<b>-90.5%</b>
<b>CONTRACT SERVICES</b>				
TRASH REMOVAL	18,128	19,726	20,820	5.3%
TERMITE CONTROL	7,352	6,450	6,600	2.3%
ANT CONTROL	3,278	3,108	3,120	0.4%
RODENT CONTROL	2,453	4,838	4,200	-15.2%
<b>Total · CONTRACT SERVICES</b>	<b>31,211</b>	<b>34,122</b>	<b>34,740</b>	<b>1.8%</b>
<b>OTHER EXPENSES</b>				
CONTINGENCY/WORKING FUNDS	1,950	0	24,000	100.0%
<b>Total · OTHER EXPENSES</b>	<b>1,950</b>	<b>0</b>	<b>24,000</b>	<b>100.0%</b>
<b>INCOME TAXES</b>	<b>8,084</b>	<b>1,780</b>	<b>3,600</b>	<b>50.6%</b>
<b>SPECIAL ASSESS.-ROOFS</b>	<b>0</b>	<b>1,109,927</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL EXPENSES</b>	<b>705,639</b>	<b>1,784,833</b>	<b>747,744</b>	<b>-139.7%</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>(125,437)</b>	<b>186,251</b>	<b>2,248</b>	

**HANSON'S LANDING ASSOCIATION, INC.**  
**SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS**  
**For Year Ended December 31, 2008**

The Board of Directors reviewed its study in 2008 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from various sources; such as licensed contractors who inspected the property, invoices from the recent acquisition of replacement of certain common property, and telephone inquires of licensed contractors for estimated costs to replace.

Effective January 1, 2006 the Association elected to use the pooling method to fund reserves.

<u>Component</u>	<u>Estimated Useful Life</u>		<u>Current Replacement Cost</u>	<u>Actual 2009 Funding</u>	<u>Replacement Fund Balance At 12/31/2008</u>
	<u>Original Years</u>	<u>Remaining Years</u>			
<b><u>POOLED RESERVE ITEMS:</u></b>					
ROOF-BUILDINGS	20	20	\$ 1,209,000		0
ROOFS-CARPORTS	20	17	280,000		
PAINTING	7	4-7	47,500		0
PAVING / RESURFACING	25	25	175,000		0
POOL, EQUIPMENT AND DECK	7	6	8,500		0
DEFERRED MAINTENANCE		-	15,000		0
<b>TOTAL POOLED ITEMS</b>			<b>\$ 1,735,000</b>	<b>\$ 111,600</b>	<b>\$ 76,811</b>