VINES COMMUNITY ASSOCIATION, INC.

FORT MYERS, FLORIDA

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

TABLE OF CONTENTS

WALLACE, SIZELOVE & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Vines Community Association, Inc.
Fort Myers, Florida

We have audited the accompanying balance sheet of Vines Community Association, Inc., as of December 31, 2009, and the related statements of revenues, 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. 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 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 the 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 Vines Community Association, Inc., as of December 31, 2009, 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying 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. The Association has not estimated the remaining lives and replacement costs of the common property and therefore, has not presented it within the supplementary information. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it. The schedule of operating fund revenues and expenses - budget to actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied during 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.

Wallace, Sizelove & Company, P.A.

June 15, 2010

WALLACE, SIZELOVE & COMPANY, P.A.

VINES COMMUNITY ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2009

	FUNDS		
	Operating	Replacement	Total
ASSETS			
Cash and cash equivalents	$ 106,180	$ 101,433	$ 207,613
Certificates of deposit	-	163,365	163,365
Accounts receivable - members (less allowance for doubtful accounts of $1,409)	5,419	-	5,419
Prepaid insurance	2,920	-	2,920
Utility deposit	1,102	-	1,102
Due from replacement fund	8,938	-	8,938
Total assets	$ 124,559	$ 264,798	$ 389,357
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 19,223	$ -	$ 19,223
Assessments received in advance	66,006	-	66,006
Due to operating fund	-	8,938	8,938
Total liabilities	85,229	8,938	94,167
FUND BALANCES	39,330	255,860	295,190
Total liabilities and fund balances	$ 124,559	$ 264,798	$ 389,357

Read Independent Auditors' Report.
The accompanying notes are an integral
part of the financial statements.

VINES COMMUNITY ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2009

	FUNDS		
	Operating	Replacement	Total
REVENUES			
Maintenance fees	$ 497,420	$ 129,000	$ 626,420
Interest income	58	3,705	3,763
Late fees	1,559	-	1,559
Miscellaneous	360	-	360
Total revenues	499,397	132,705	632,102
EXPENSES			
Administrative	79,926	-	79,926
Security	215,206	-	215,206
Building	24,025	-	24,025
Grounds	137,137	-	137,137
Lake	15,744	-	15,744
Utilities	7,536	-	7,536
Replacement	-	51,899	51,899
Total expenses	479,574	51,899	531,473
Excess of revenues over expenses	19,823	80,806	100,629
FUND BALANCES - January 1, 2009	19,507	175,054	194,561
FUND BALANCES - December 31, 2009	$ 39,330	$ 255,860	$ 295,190

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part of the financial statements.

VINES COMMUNITY ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	FUNDS		
	Operating	Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Maintenance fees received	$ 513,636	$ 129,000	$ 642,636
Interest income received	58	3,705	3,763
Late fees received	1,559	-	1,559
Miscellaneous income received	360	-	360
Cash paid for operating expenditures	(486,697)	-	(486,697)
Cash paid for replacement expenditures	-	(51,899)	(51,899)
Net cash provided by operating activities	28,916	80,806	109,722
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of certificates of deposit	-	(83,365)	(83,365)
Net cash (used) by investing activities	-	(83,365)	(83,365)
Net increase (decrease) in cash	28,916	(2,559)	26,357
CASH AND CASH EQUIVALENTS - January 1, 2009	77,264	103,992	181,256
CASH AND CASH EQUIVALENTS - December 31, 2009	$ 106,180	$ 101,433	$ 207,613

	FUNDS		
	Operating	Replacement	Total
RECONCILIATION OF EXCESS OF REVENUES OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Excess of revenues over expenses	$ 19,823	$ 80,806	$ 100,629
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Decrease in accounts receivable - members	403	-	403
(Increase) in prepaid insurance	(5)	-	(5)
(Increase) in utility deposit	(1,102)	-	(1,102)
(Decrease) in accounts payable	(6,016)	-	(6,016)
Increase in assessment received in advance	15,813	-	15,813
Total adjustments	9,093	-	9,093
Net cash provided by operating activities	$ 28,916	$ 80,806	$ 109,722

Read Independent Auditors' Report.
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part of the financial statements.

VINES COMMUNITY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 1 - THE ASSOCIATION

The Vines Community Association, Inc. ("Association") was incorporated on December 20, 1985, in accordance with the terms of Florida Statute, Chapter 617, as a corporation not-for-profit. Its name was changed from Vintage Community Association to Vines Community Association, Inc. on July 31, 1989. It is a Master Association for 2 condominium associations, 3 homeowner associations, 99 single family homes, the Estero Country Club, and one commercial unit, located in Fort Myers, Florida. There are a total of 447.44 units (435 residential units, 12 units allocated to the Clubhouse and one unit allocated at 44% as a small lot). The owners of all units are the only members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Accounting

The Association prepares its financial statements on the accrual basis and presents them as separate funds based on its different funding policies for operations and replacement expenditures.

Property and Equipment

Ownership of commonly owned real property and certain common personal property is vested directly or indirectly in the unit owners and those assets are not deemed to be severable. As a result, commonly owned assets are not presented in the Association's financial statements.

Income Taxes

In June 2006, Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty of Income Taxes," and Interpretation of FASB Statement No. 109 (FIN 48), that clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Association's income tax return. The revised effective date for FIN 48 is years beginning after December 15, 2008. The association's tax filings are subject to audit by various taxing authorities. The Association's open audit periods are 2006-2009.

Revenue Recognition

Maintenance fees revenue is recorded quarterly in the amount of the membership assessment allocation specified for current period operations based on the annual budget determined and approved by the Board of Directors (the "Board"). Each unit owner is an Association member and is assessed maintenance fees for his (her) proportionate share of the common expenses.

Funds

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. The assets of the Association are maintained and classified into separate funds to account for daily operations, and deferred maintenance or capital replacements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The operating fund reflects the operating portion of quarterly assessments paid by the owners to meet various day-to-day expenditures incurred in the administration, maintenance, and operation of the condominiums and recreational facilities.

The replacement fund is composed of the portion of the quarterly assessments designated in the budget to fund future major repairs and replacements, as further discussed in Note 7.

Cash Flows

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Association made no cash payments for federal or state income taxes or for interest during the year ended December 31, 2009.

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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 3 - CASH, CASH EQUIVALENTS, AND CERTIFICATES OF DEPOSIT

The Association maintains its cash and cash equivalents balances at a financial institution located in Southwest Florida. Accounts at the commercial banking institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. As of December 31, 2009, all of these balances were insured based on bank statement balances less FDIC insurance. The reconciled book balance, as of December 31, 2009, was $207,613.

The Association has certificates of deposit at a commerical banking institution located in Southwest Florida. Accounts at the commercial banking institution are insured by the FDIC up to $250,000. At December 31, 2009, all these balances were insured based on bank statement balances less FDIC insurance.

NOTE 4 - ACCOUNTS RECEIVABLE - MEMBERS

Accounts receivable - members consist of maintenance fees billed which have not been collected by the Association, as of December 31, 2009. The accounts receivable have been reduced by an allowance for doubtful accounts of $1,409. The allowance has been calculated under the assumption that the Association will receive one year's maintenance fees based on attorney's advice.

NOTE 5 - INCOME TAXES

The Association is subject to federal and state income taxes in accordance with the provisions of the Internal Revenue Code. Under this status, the Association is taxed on its non-function income in excess of its non-function expenses at applicable corporate rates. The Association did not incur a federal or state income tax liability for the year ended December 31, 2009. In evaluating the Association's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations, and tax planning strategies, if applicable, are considered. The Association believes their estimates are appropriate based on current facts and circumstances.

NOTE 6 - ASSESSMENTS RECEIVED IN ADVANCE

Assessments received in advance consists of unbilled maintenance fees received by the Association prior to December 31, 2009.

NOTE 7 - REPLACEMENT FUND

The Association's replacement fund is utilized to accumulate funds for future major repairs and replacements, by an allocation of the maintenance fees charged to each owner specifically designated for the fund in the annual budget. Deductions from the fund are recorded as costs, as incurred, which are determined by the Board to meet the objective for which the fund was established.

The following is a table of the activity in the replacement fund:

Description	Balance January 1, 2009	Additions to Fund	Interfund transfers	Charges to Fund	Balance December 31, 2009
General reserves	$ 174,317	$ 129,000	$ 2,167	$ 51,899	$ 253,585
Interest	737	3,705	(2,167)	-	2,275
	$ 175,054	$ 132,705	$ -	$ 51,899	$ 255,860

Additions to the fund include $3,705 of interest income.

No analysis of remaining useful lives or future replacement costs has been conducted by the Association. The Association's governing documents do not require that funds be accumulated for future major repairs and replacements; rather they provide an option to include replacement funding in the annual budget if replacement funding is needed. The Board of Directors periodically reviews the major components of common property and establishes funding levels for replacement costs for Association assets. The Association's 2010 approved budgeted funding is $116,400, as shown in the supplementary information.

Amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. When funds are needed for these purposes, the Association has the right to increase the regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. A schedule is included in the supplementary information summarizing the Board's projections regarding future major repairs and replacements.

NOTE 8 - COMMITMENTS

The Association has various contract services. The Association has a management agreement with Pegasus Property Management.

NOTE 9 - SUBSEQUENT EVENTS

In a review of financial data and inquiry of management for subsequent events to the date of this report, there has been no subsequent events to report.

SUPPLEMENTARY INFORMATION

VINES COMMUNITY ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2009
(Unaudited)

The following table presents significant information about the components of common property as reflected in the 2009 budget of the Association. However, the Board of Directors did not provide information in the 2009 budget relating to estimated useful lives for the components of the replacement fund.

Common Area Components	Estimated Future Replacement Costs	2010 Approved Budgeted Funding
Roads and storm sewers	$ 333,000	$ -
Entry and guardhouse	255,240	-
Streetlights	354,500	-
Mailboxes	48,800	-
General reserves	-	116,400
	$ 991,540	$ 116,400

Estimated future replacement costs are based on the assumption that the rate of interest income earned on replacement funds will be equal to the rate of inflation.

Read Independent Auditors' Report.

VINES COMMUNITY ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES -
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budget *(Unaudited)*	Actual	Variance Favorable (Unfavorable)
REVENUES			
Maintenance fees	$ 497,416	$ 497,420	$ 4
Interest income	-	58	58
Late fees	-	1,559	1,559
Miscellaneous	-	360	360
Total revenues	497,416	499,397	1,981
ADMINISTRATIVE			
Management fees	25,680	25,680	-
Bad debt	-	1,409	(1,409)
Office supplies and postage	7,000	6,311	689
Computer	1,800	1,589	211
Audit fees	4,500	4,950	(450)
Marketing	23,000	23,269	(269)
Legal fees	10,000	5,934	4,066
Insurance	9,000	8,756	244
Miscellaneous	1,924	2,028	(104)
Total administrative	82,904	79,926	2,978
SECURITY			
Guard service	203,204	196,940	6,264
Road safety	2,000	3,739	(1,739)
Patrol radios	1,020	27	993
Patrol vehicle lease	17,400	14,500	2,900
Total security	223,624	215,206	8,418
BUILDING			
Building maintenance	12,000	15,777	(3,777)
Christmas decorations	7,500	6,964	536
Janitorial supplies	1,638	1,284	354
Total building	21,138	24,025	(2,887)

VINES COMMUNITY ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES -
BUDGET TO ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budget *(Unaudited)*	Actual	Variance Favorable (Unfavorable)
GROUNDS			
Contracted lawn service	57,336	57,336	-
Annual flowers	5,000	3,990	1,010
Mulch	22,000	17,800	4,200
Irrigation maintenance	10,000	13,696	(3,696)
Irrigation wet check	6,180	6,180	-
Irrigation water	2,500	-	2,500
Tree trim and removal	22,500	17,200	5,300
Plant, tree, and sod replacement	10,000	10,710	(710)
Fertilizer and pest control	10,445	10,225	220
Total grounds	145,961	137,137	8,824
LAKE			
Lake maintenance	11,100	11,544	(444)
Pump maintenance and electricity	4,200	4,200	-
Total lake	15,300	15,744	(444)
UTILITIES			
Electricity	4,989	3,786	1,203
Water & sewer	500	490	10
Telephone	3,000	3,260	(260)
Total utilities	8,489	7,536	953
Total operating fund expenses	497,416	479,574	17,842
Excess of revenues over expenses	$ -	$ 19,823	$ 19,823