

APPLICATION

DEPOSIT

DATE

D069

JAN 25 1999

1. This is an application for (check one):

Original certificate (new company).

Approval of transfer of existing certificate: Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.

Approval of assignment of existing certificate: Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.

Approval of transfer of control: Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

990093-TX

2. Name of company:

THE GRAND CONDOMINIUM ASSOCIATION INC.

3. Name under which the applicant will do business (fictitious name, etc.):

SAME AS ABOVE

4. Official mailing address (including street name & number post office box, city, state, zip code):

1717 NORTH BAYSHORE DRIVE

MIAMI, FLORIDA 33132

5. Florida address (including street name & number, post office box, city, state, zip code):

SAME AS ABOVE

DOCUMENT NO.
01025-99
1-25-99

6. Structure of organization:

- Individual Corporation
- Foreign Corporation Foreign Partnership
- General Partnership Limited Partnership
- Other: _____

7. If individual, provide:

Name: _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

8. If incorporated in Florida, provide proof of authority to operate in Florida:

(a) The Florida Secretary of State corporate registration number:
770520

9. If foreign corporation, provide proof of authority to operate in Florida:

(a) The Florida Secretary of State corporate registration number:

10. If using fictitious name-d/b/a, provide proof of compliance with fictitious name statute (Chapter 885.09, FS) to operate in Florida:

(a) The Florida Secretary of State fictitious name registration number:

11. ~~If a limited liability partnership~~, provide proof of registration to operate in Florida:

(a) The Florida Secretary of State registration number:

12. ~~If a partnership~~, provide name, title and address of all partners and a copy of the partnership agreement.

Name: _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

13. ~~If a foreign limited partnership~~, provide proof of compliance with the foreign limited partnership statute (Chapter 620.189, FS), if applicable.

(a) The Florida registration number: _____

14. Provide ~~F.E.L. Number~~(if applicable): _____

15. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(a) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. Provide explanation.

NO

(b) an officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

NO

16. Who will serve as liaison to the Commission with regard to the following?

(a) The application:

Name: ROBERT M. HITTNER

Title: GENERAL MANAGER

Address: 1717 NORTH BAYSHORE DRIVE

City/State/Zip: MIAMI FLORIDA 33132

Telephone No.: 305-374-2822 x6020 Fax No.: 305-530-0016

Internet E-Mail Address:

Internet Website Address:

(b) Official point of contact for the ongoing operations of the company:

Name: ROBERT M. HITTNER

Title: GENERAL MANAGER

Address: 1717 NORTH BAYSHORE DRIVE

City/State/Zip: MIAMI, FLORIDA, 33132

Telephone No.: 305 974-2822 x6020 Fax No.: 305-530-0016

Internet E-Mail Address: _____

Internet Website Address: _____

(c) Complaints/Inquiries from customers:

Name: ANNETTE NOSSEN

Title: CUSTOMER SERVICE MANAGER

Address: 1717 NORTH BAYSHORE DRIVE

City/State/Zip: MIAMI, FLORIDA 33132

Telephone No.: 305 374-2822 x6015 Fax No.: 305-530-0016

Internet E-Mail Address: _____

Internet Website Address: _____

17. List the states in which the applicant:

(a) has operated as an alternative local exchange company.

NONE

(b) has applications pending to be certificated as an alternative local exchange company.

NONE

(c) is certificated to operate as an alternative local exchange company.

NONE

(d) has been denied authority to operate as an alternative local exchange company and the circumstances involved.

NONE

(e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

NONE

(f) has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

NONE

18. Submit the following:

A. Financial capability.

The application ~~should contain~~ the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer affirming that the financial statements are true and correct and should include:

1. the balance sheet
2. income statement; and

3. **statement of retained earnings.**

NOTE: *This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.*

Further, the following (which includes supporting documentation) should be provided:

- 1. **written explanation** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
 - 2. **written explanation** that the applicant has sufficient financial capability to maintain the requested service.
 - 3. **written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.
- B. **Managerial capability:** give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.
- C. **Technical capability:** give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.

APPENDIX A

CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT

I, (Name) N/A

(Title) _____ of (Name of Company)

and current holder of Florida Public Service Commission Certificate Number # _____
_____ have reviewed this application and join in the petitioner's request for
a:

- () sale
- () transfer
- () assignment

of the above-mentioned certificate.

UTILITY OFFICIAL:

Signature _____	Date _____
Title _____	Telephone No. _____
Address: _____	Fax No. _____
_____	_____
_____	_____

**** APPENDIX B ****

INTRASTATE NETWORK (if available)

Chapter 25-24.825 (5), Florida Administrative Code, requires the company to make available to staff the alternative local exchange service areas only upon request.]

1. **POP: Addresses where located, and indicate if owned or leased.**

1) _____	2) _____
_____	_____
3) _____	4) _____
_____	_____

2. **SWITCHES: Address where located, by type of switch, and indicate if owned or leased.**

1) _____	2) _____
_____	_____
3) _____	4) _____
_____	_____

3. **TRANSMISSION FACILITIES: POP-to-POP facilities by type of facilities (microwave; fiber, copper, satellite, etc.) and indicate if owned or leased.**

<u>POP-to-POP</u>	<u>OWNERSHIP</u>
1) _____	_____
2) _____	_____
3) _____	_____
4) _____	_____

**** APPENDIX C ****

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that, pursuant to Chapter 837.08, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."

UTILITY OFFICIAL:

Signature	<u>R. M. Hutto</u>	Date	<u>1/22/99</u>
Title	<u>GENERAL MANAGER</u>	Telephone No.	<u>305-374-2822 x6020</u>
Address:	<u>1717 NORTH BAYSHORE DR.</u>	Fax No.	<u>305-530-0016</u>
	<u>MIAMI, FLA, 33132</u>		

**** FLORIDA PUBLIC SERVICE COMMISSION ****

DIVISION OF COMMUNICATIONS
BUREAU OF SERVICE EVALUATION

99 JAN 25 11 12 AM '99

APPLICATION FORM
for
AUTHORITY TO PROVIDE (ALEC) ALTERNATIVE LOCAL EXCHANGE SERVICE
WITHIN THE STATE OF FLORIDA

Instructions

- ◆ This form is used as an application for an original certificate and for approval of the assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Appendix A).
- ◆ Print or type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.
- ◆ Use a separate sheet for each answer which will not fit the allotted space.
- ◆ Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$280.00 to:

Florida Public Service Commission
Division of Records and Reporting
2548 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6770

- ◆ If you have questions about completing the form, contact:

Florida Public Service Commission
Division of Communications
Bureau of Certification and Evaluation
2548 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6800

RECEIVED

JAN 12 1999

UNION RELATIONS
TALLAHASSEE, FL

FORM PSC/CMU 8 (ALEC) (6/98)
Required by Commission Rule Nos. 25-24.805,
25-24.810, and 25-24.815

THE GRAND CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 1997

GERSTLE, ROSEN & ASSOCIATES, P.A.

Certified Public Accountants

Mark R. Gerstle, C.P.A.

Robert N. Rosen, C.P.A.

INDEPENDENT AUDITORS' REPORT

February 28, 1998

Board of Directors and Unit Owners
The Grand Condominium Association, Inc.

Dear Members:

We have audited the accompanying balance sheet for The Grand Condominium Association, Inc., as of December 31, 1997, and the related statements of revenues, expenses, changes in fund balance, and cash flows for the year then ended. These financial statements are the responsibility of the Association. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 The Grand Condominium Association, Inc., as of December 31, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

The supplementary information on future major repairs and replacements, as required by the American Institute of Certified Public Accountants, schedule of operating revenues and expenses - budget comparison and statement of revenues and expenses by limited common element, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the estimated replacements and remaining lives on the schedule of future major repairs and replacements, and the budgeted figures on the schedule of operating revenues and expense - budget comparison has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion, is fairly stated in all material aspects.



GERSTLE, ROSEN & ASSOCIATES, P.A.
Certified Public Accountants

One Turnberry Place
19495 Biscayne Boulevard
Suite 705
Aventura, Florida 33180
Dade (305) 937-0116
Broward (954) 389-1616
Boca Raton (561) 347-8917
Palm Beach (561) 687-2192
Fax (305) 937-0128

Compton Financial Center
980 North Federal Highway
Suite 401
Boca Raton, Florida 33432
Phone (561) 447-4000
Fax (561) 447-4004

5100 Tamiami Trail North
Suite 103
Naples, Florida 34103
Phone: (941) 262-1773
Fax: (941) 263-0166

THE GRAND CONDOMINIUM
ASSOCIATION, INC.

BALANCE SHEET

December 31, 1997

	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash/Equivalents	207,726	1,202,997	1,410,724
Unit Owner Receivable	210,048		210,048
Allowance For Uncollectible	(69,159)		(69,159)
Prepaid Expenses	16,847		16,847
Prepaid Insurance	363,705		363,705
Prepaid Taxes	18,045		18,045
Fixed Assets - Unamortized Principal	7,766		7,766
Utility Deposits	44,105		44,105
Due To/From Funds	(169,337)	169,337	
TOTAL ASSETS	<u>\$ 629,746</u>	<u>\$ 1,372,334</u>	<u>\$ 2,002,081</u>
 <u>LIABILITIES</u>			
Accounts Payable	\$ 113,724		\$ 113,729
Insurance Payable	242,458		242,458
Accrued Payroll/Taxes	40,853		40,853
Prepaid Maintenance Fees	119,120		119,120
Parking Deposits	1,283		1,283
Note Payable - Fixed Assets	7,766		7,766
TOTAL LIABILITIES	<u>525,204</u>		<u>525,209</u>
 <u>MEMBERS' EQUITY</u>			
Fund Balance	104,539	1,372,334	1,476,872
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 629,743</u>	<u>\$ 1,372,334</u>	<u>\$ 2,002,081</u>

SEE ACCOUNTANTS' REVIEW REPORT AND ACCOMPANYING
NOTES TO THE FINANCIAL STATEMENTS.

ASSOCIATION, INC.

STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN FUND BALANCES

Year Ended December 31, 1997

<u>REVENUE</u>	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>
Maintenance Fees	\$ 5,456,481		\$ 5,456,481
Interest Income	6,709	81,753	88,461
Screening Fees	4,957		4,957
Parking Fees	89,348		89,348
Vending Commission	2,736		2,736
Health Club Income	122,861		122,861
Miscellaneous Income	1,376		1,376
TOTAL REVENUE	<u>5,684,468</u>	<u>81,753</u>	<u>5,766,220</u>

EXPENSES

Accounting	14,776		14,776
Air Conditioning Repairs	81,253		81,253
Bad Debts	75,999		75,999
Building Maintenance	139,462		139,462
Contingency	70,568		70,568
Data Processing	3,172		3,172
Engineering Shop Lease	10,599		10,599
Electricity	626,962		626,962
Elevator	142,352		142,352
Fire and Life Safety	27,196		27,196
Gas	40,346		40,346
Floor Maintenance	46,895	62,745	109,640
Hurricane Fund Expense		874,580	874,580
Health Club Expense	216,809		216,809
Income Tax	13,883		13,883
Insurance	508,202		508,202
Janitorial	34,090		34,090
Landscaping Maintenance	82,826		82,826
Legal	16,703		16,703
Licenses, Taxes and Fees	16,039		16,039
Management Fees	112,500		112,500
Miscellaneous	82,319		82,319
Office Expense	53,134		53,134
Payroll - Administrative	298,451		298,451
Payroll - Engineering	404,739		404,739
Payroll - Housekeeping	333,525		333,525
Payroll - Security	379,108		379,108
Payroll - Valet/Bellmen	612,903		612,903
Payroll Taxes/Benefits	121,067		121,067
Painting/Supplies	18,839	278,239	297,078

SEE ACCOUNTANTS' REVIEW REPORT AND ACCOMPANYING
NOTES TO THE FINANCIAL STATEMENTS.

ASSOCIATION, INC.

STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN FUND BALANCES

Year Ended December 31, 1997

Plumbing Repairs	29,831		29,831
Pest Control	15,215		15,215
Pool Maintenance & Supplies	57,152		57,152
Postage and Printing	15,577		15,577
Repairs and Maintenance	98,778		98,778
Security	6,262		6,262
Supplies	64,749		64,749
Telephone	45,008		45,008
Water Treatment	8,435		8,435
Trash Removal	104,083		104,083
Uniforms	23,773		23,773
Window Cleaning	5,259		5,259
Water & Sewer	427,027		427,027
TOTAL EXPENSES	<u>5,485,866</u>	<u>1,215,564</u>	<u>6,701,430</u>
EXCESS REVENUE (EXPENSES)	198,602	(1,133,811)	(935,210)
FUND BALANCE - BEGINNING	155,928	2,291,247	2,447,175
ROLLOVER	(214,898)	214,898	
PRIOR PERIOD ADJUSTMENT	(35,093)		(35,093)
FUND BALANCE - ENDING	<u>\$ 104,539</u>	<u>\$ 1,372,334</u>	<u>\$ 1,476,872</u>

SEE ACCOUNTANTS' REVIEW REPORT AND ACCOMPANYING
NOTES TO THE FINANCIAL STATEMENTS.

ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 1997

	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Sources of Cash:			
Member Assessments	\$ 5,830,575	\$ 43,913	\$ 5,874,488
Health Club Income	122,861		122,861
Interest Income	6,709	81,753	88,461
Miscellaneous Income	<u>9,069</u>		<u>9,069</u>
TOTAL SOURCES OF CASH	5,969,214	125,666	6,094,879
Uses of Cash:			
Expenses Paid	(5,645,272)	(1,715,564)	(7,360,834)
Federal Income Tax Paid	<u>(31,928)</u>	<u>0</u>	<u>(31,928)</u>
TOTAL USES OF CASH	(5,677,200)	(1,715,564)	(7,392,762)
Cumulative Accounting Adjustment			
Rollover 1996 Surplus	(214,898)	214,898	0
Prior Period Adjustment	<u>(35,093)</u>		<u>(35,093)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>42,023</u>	<u>(1,375,000)</u>	<u>(1,332,976)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Sources (Uses) of Cash:			
Interfund Transfers	42,159	(42,159)	0
CASH FLOWS FROM INVESTING ACTIVITIES			
Sources of Cash:			
Fixed Assets	9,927		9,927
Utility Deposits	34,455		34,455
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	<u>128,564</u>	<u>(1,417,159)</u>	<u>(1,288,594)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>79,162</u>	<u>2,620,156</u>	<u>2,699,318</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 207,726</u>	<u>\$ 1,202,997</u>	<u>\$ 1,410,724</u>

SEE ACCOUNTANTS' REVIEW REPORT AND ACCOMPANYING
NOTES TO THE FINANCIAL STATEMENTS.

ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 1997

	<u>OPERATING FUND</u>	<u>RESTRICTED FUND</u>	<u>TOTAL</u>
RECONCILIATION OF EXCESS REVENUE (EXPENSES) TO CASH FROM OPERATING ACTIVITIES:			
Excess Revenue (Expenses)	\$ 198,602	\$ (1,133,811)	\$ (935,210)
Adjustments to Reconcile Excess of Revenue (Expenses) to Net Cash Provided (Used) by Operating Activities			
Cumulative Accounting Adjustment			
Prior Period Adjustment	(214,898)	214,898	
Non-Budgetary Activity	(35,093)		(35,093)
Non-Cash Item			
Depreciation	3,172		3,172
Decrease (Increase) in Assets:			
Receivables	222,825	43,913	266,738
Inventories - Supplies	10,000		10,000
Prepaid Expenses	(16,847)		(16,847)
Prepaid Insurance	106,100		106,100
Prepaid Taxes	(18,045)		(18,045)
Increase (Decrease) in Liabilities:			
Accounts Payable	(410,543)	(500,000)	(910,541)
Insurance Payable	120,225		120,225
Accrued Payroll/Taxes	40,853		40,853
Prepaid Maintenance Fees	60,638		60,638
Parking Deposits	1,283		1,283
Note Payable - Fixed Assets	(26,249)		(26,249)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 42,023</u>	<u>\$ (1,375,000)</u>	<u>\$ (1,332,976)</u>

SEE ACCOUNTANTS' REVIEW REPORT AND ACCOMPANYING
NOTES TO THE FINANCIAL STATEMENTS.

THE GRAND CONDOMINIUM
ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 1997

1. ORGANIZATION

The Grand Condominium Association, Inc. was incorporated as a Florida not-for-profit corporation, pursuant to the Florida Condominium Act, in 1983. The Association is responsible for the operation and maintenance of a mixed use condominium known as The Grand, located in Miami, Florida. The Grand consists of 810 residential units, 259 commercial units, 141 retail units, and one parking unit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Association uses the accrual method of accounting, i.e., revenues are recognized as earned as of the date of billing and expenses are deducted in the period in which they are incurred.

The Association's financial statements use the fund method for presentation purposes. This method separates the assets, liabilities, and revenues and expenses of the operating and restricted funds (reserves and special assessments). Disbursements from the operating fund are generally at the discretion of the Board of Directors whereas restricted funds may only be used for their designated purpose.

Use of Estimates

The Association uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash-Equivalents

For presentation purposes, the Association consolidates checking, money market and mutual funds, certificates of deposit, treasury bills and other debt securities. These assets are reflected at amortized cost, with any premium or discount (the difference between cost and face value) being amortized over the period to maturity as an adjustment to interest income. Unrealized temporary market fluctuations are not recognized.

Capitalization/Depreciation/Unamortized Principal

The Association capitalizes assets owned by the Association that can be sold to generate future revenue.

Unamortized principal represents the outstanding balance of a loan or other obligation. This amount will be amortized over the repayment period to match revenues budgeted for repayment.

Other real and personal common area property disbursements are charged to expense in the appropriate fund.

See Note 6 regarding the effect of removing the cost basis of previously capitalized assets.

**THE GRAND CONDOMINIUM
ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 1997

3. MAINTENANCE ASSESSMENTS

The Association Declaration provides that each owner is chargeable for their share of common expenses based upon the budget adopted within five separate groups, common, residential, retail, commercial, and commercial/residential. The Association has lien rights in the event of delinquent assessments, which can be exercised through foreclosure proceedings. The Association provides an allowance for losses on receivables based on a review of the current status of existing receivables, where applicable.

4. RESTRICTED FUNDS - RESERVES - SPECIAL ASSESSMENTS - ROLLOVER

Florida Statutes provide that each proposed budget include provisions for reserves for capital improvements and deferred maintenance. These accounts, if adopted, are restricted to their intended purpose unless modified by a qualified unit owner vote. In addition, any special assessments adopted are also restricted to their specific purpose.

At a duly constituted meeting, the Association elected to waive reserve funding for the current fiscal year, but elected to rollover \$214,898 from the operating fund.

Actual expenditures may vary from the estimated future expenditures for repairs and replacements of common property components as disclosed in the supplemental information, 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.

The balance at December 31, 1997, consists of the following:

	<u>BALANCE 12/31/96</u>	<u>ROLLOVER/ INTEREST</u>	<u>EXPENDITURES</u>	<u>REALLOCATION</u>	<u>BALANCE 12/31/97</u>
Roof Replacement	\$47,663	\$30,876			\$78,539
Building Painting	139,677	20,000	278,239	(118,562)	0
Paving	16,785	10,873			27,658
Floor Covering	72,465	38,888	62,745		48,608
Pool Refurbish	2,744	1,778			4,522
A/C, Boilers, Pumps	84,814	54,943			139,757
Elevator	13,630	8,830			22,460
Plumbing/Water Mains/Drainage	25,557	16,556			42,113
Unallocated	133,069	2,699		118,562	17,206
Interest		54,840			54,840
Insurance Proceeds/Assessments	1,754,843	56,368	874,580		936,631
	<u>\$2,291,247</u>	<u>\$296,651</u>	<u>\$1,215,564</u>	<u>\$0</u>	<u>\$1,372,334</u>

THE GRAND CONDOMINIUM
ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 1997

4. RESTRICTED FUNDS - RESERVES - SPECIAL ASSESSMENTS

Florida Statute requires that operating and restricted funds (reserves and special assessments) be separated and not commingled for investment purposes.

A. INSURANCE PROCEEDS/ASSESSMENT

As a result of damages caused by Hurricane Andrew, claims for insurance proceeds of \$2,500,000 were received in previous years as well as \$1,000,000 of special assessment. The net balance from the prior year included accumulated interest, of \$147,967. The remaining balance is earmarked for future replacement items.

5. INCOME TAXES

The Association is subject to federal and state taxation and has essentially two methods to determine the amount of tax, if any, it must pay. Under one method, the excess of revenues from members over related expenditures is subject to taxation unless such excess is returned to the unit owners or applied to the following year's assessments. The other method enables the Association to elect to exclude from taxation "exempt function income," which generally consists of revenue from unit owner assessments. Under either method, the Association may be subject to tax on investment income and other non-exempt income, but at different rates.

The Association filed its 1997 federal income tax return on Form 1120H under Section 528 of the Internal Revenue Code.

The current year provision consists of:

Federal	\$11,871
State of Florida	2,012
	<hr/>
	\$13,883
	<hr/>

6. PRIOR PERIOD ADJUSTMENT

Prior period adjustments are transactions and corrections relating to prior accounting periods, and are made in order to reflect the current year without distortion. These prior period adjustments consist of the following:

To write off the depreciated basis of previously capitalized assets net of adjusting to unamortized principal.	\$ (9,352)
To adjust prepaid taxes at December 31, 1996.	(15,741)
To write off capitalized supplies.	<u>(10,000)</u>
	\$ <u>(35,093)</u>

THE GRAND CONDOMINIUM
ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 1997

7. NOTE PAYABLE/UNAMORTIZED PRINCIPAL

The Association's policy is to capitalize an asset equal to the principal due. This account is amortized to reduce the loan as paid. The principal and interest cost is budgeted for and reflected as operating expense.

The Association has entered into a financing lease to retrofit the lighting in the common, commercial and residential areas. This financing requires monthly payments of \$1,944 per month and are collateralized by the leased equipment.

Future minimum lease payments are summarized as follows:

Year Ending
December 31

1998

\$7,766

8. COMMITMENTS

The Association has negotiated a revolving line of credit totaling \$400,000, at a variable interest rate of 1/2 percent above the Bank Base Rate. The note is subject to a compensating balance agreement and is collateralized by certain equipment. No funds were drawn as of December 31, 1997.

In addition, the Association has entered into the following lease contracts:

<u>LOCATION</u>	<u>LANDLORD</u>	
Engineer Shop	PH Retail	888.22 per month
Health Club	PH Retail	7,455.00 per month

NOTE: P. H. Retail is a corporation that owns commercial and retail units in the Association. P. H. Retail is represented on the Board of Directors.

SUPPLEMENTAL INFORMATION

**THE GRAND CONDOMINIUM
ASSOCIATION, INC.**

SUPPLEMENTAL SCHEDULE

**SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS**

December 31, 1997
(Unaudited)

The Association has not conducted an independent study to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on estimates from historical experience. Actual expenditures may vary from these estimated amounts and the variance may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs. 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.

The following presents significant information about the components of common property:

<u>COMPONENTS</u>	<u>ESTIMATED REMAINING USEFUL LIVES</u>	<u>ESTIMATED CURRENT REPLACEMENT COSTS</u>	<u>1998 FUNDING REQUIREMENT</u>	<u>BALANCE 12/31/97</u>
Roof Replace	2 Years	\$850,000	\$428,000	\$78,539
Bldg. Exterior Painting	7 Years	560,000	80,000	0
Bldg. Interior Painting	3 Years	111,600	34,665	0
Paving Resurface	8 Years	95,604	9,852	27,658
Floor Covering	4 Years	494,078	105,403	48,608
Swim Pool Refurbishing	3 Years	12,020	3,092	4,522
A/C Boilers/Units	15 Years	2,240,000	149,333	139,757
Elevator Interior	1 Years	120,000	106,369	22,460
Plumbing Water Mains/Drains	22 Years	1,800,000	80,656	42,113
Unallocated	Years			17,206
TOTAL		\$6,283,302	\$994,370	\$380,863

**SUPPLEMENTAL INFORMATION
SCHEDULE OF OPERATING REVENUE AND EXPENSES
BUDGET COMPARISON**

Year Ended December 31, 1997

<u>REVENUE</u>	<u>OPERATING FUND</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Maintenance Fees	\$ 5,456,481	\$ 5,456,484	\$ (3)
Interest Income	6,709	0	6,709
Screening Fees	4,957	3,300	1,657
Parking Fees	89,348	87,600	1,748
Vending Commission	2,736	3,600	(864)
Health Club Income	122,861	96,000	26,861
Miscellaneous Income	<u>1,376</u>	<u>15,000</u>	<u>(13,624)</u>
TOTAL REVENUE	<u>5,684,468</u>	<u>5,661,984</u>	<u>22,484</u>
<u>EXPENSES</u>			
Accounting	14,776	18,000	3,224
Air Conditioning Repairs	81,253	99,072	17,819
Bad Debts	75,999	12,000	(63,999)
Building Maintenance	139,462	158,364	18,902
Contingency	70,568	76,728	6,160
Data Processing	3,172	2,892	(280)
Engineering Shop Lease	10,599	10,800	201
Electricity	626,962	552,885	(74,077)
Elevator	142,352	145,320	2,968
Fire and Life Safety	27,196	28,800	1,604
Gas	40,346	62,400	22,054
Floor Maintenance	46,895	56,100	9,205
Health Club Expense	216,809	198,360	(18,449)
Income Tax	13,883	3,600	(10,283)
Insurance	508,202	689,712	181,510
Janitorial	34,090	36,000	1,910
Landscaping Maintenance	82,826	84,600	1,774
Legal	16,703	40,200	23,497
Licenses, Taxes and Fees	16,039	8,640	(7,399)
Management Fees	112,500	112,500	0
Miscellaneous	82,319	78,876	(3,443)
Office Expense	53,134	32,400	(20,734)
Payroll - Administrative	298,451	318,996	20,545
Payroll - Engineering	404,739	397,008	(7,731)
Payroll - Housekeeping	333,525	328,332	(5,193)
Payroll - Security	379,108	391,992	12,884
Payroll - Valet/Bellmen	612,903	625,023	12,120
Payroll Taxes/Benefits	121,067	148,800	27,733

SEE ACCOUNTANTS' REVIEW REPORT AND ACCOMPANYING
NOTES TO THE FINANCIAL STATEMENTS.

ASSOCIATION, INC.

SUPPLEMENTAL INFORMATION
 SCHEDULE OF OPERATING REVENUE AND EXPENSES
 BUDGET COMPARISON

Year Ended December 31, 1997

	<u>OPERATING FUND</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Painting/Supplies	18,839	12,000	(6,839)
Plumbing Repairs	29,831	31,200	1,369
Pest Control	15,215	13,200	(2,015)
Pool Maintenance & Supplies	57,152	58,800	1,648
Postage and Printing	15,577	16,800	1,223
Repairs and Maintenance	98,778	108,000	9,222
Security	6,262	6,264	2
Supplies	64,749	75,000	10,251
Telephone	45,000	63,120	18,112
Water Treatment	8,435	9,000	565
Trash Removal	104,083	105,600	1,517
Uniforms	23,773	29,040	5,267
Window Cleaning	5,259	20,760	15,501
Water & Sewer	427,027	394,800	(32,227)
TOTAL EXPENSES	<u>5,485,866</u>	<u>5,661,984</u>	<u>176,118</u>
 EXCESS REVENUE (EXPENSES)	 <u>\$ 198,602</u>	 <u>\$ 0</u>	 <u>\$ 198,602</u>

SEE ACCOUNTANTS' REVIEW REPORT AND ACCOMPANYING
 NOTES TO THE FINANCIAL STATEMENTS.

THE GRAND CONDOMINIUM ASSOCIATION, INC

SUPPLEMENTAL SCHEDULE

STATEMENT OF REVENUE AND EXPENSES - OPERATING FUND
BY LIMITED COMMON ELEMENT

YEAR ENDED DECEMBER 31, 1997

	TOTAL		COMMON AREA		RESIDENTIAL		COMMERCIAL		COMMERCIAL/RESIDENTIAL		RETAIL AREA	
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET
REVENUE												
Management Fees	5,428,461	5,428,464	2,582,522	2,582,520	1,160,320	1,160,320	278,553	278,553	329,508	329,511	118,580	118,580
Interest Income	8,708	0	8,708									
Residential Fees	4,837	2,200			4,837	2,200						
Marketing Fees	83,348	87,800			83,348	87,800						
Printing Fees	2,778	3,000			2,778	3,000						
Working Capitalization	122,881	98,000			122,881	98,000						
Health Club Income	1,378	18,000										
Management Income												
TOTAL REVENUE	5,894,408	5,881,864	3,571,897	3,578,520	1,295,222	1,295,820	278,553	278,553	329,508	329,511	118,580	118,580
EXPENSES												
Advertising	14,378	18,000	14,378	18,000								
Asst Controller	81,253	80,072	81,253	80,072								
Bad Debt	78,888	12,000	78,888	12,000								
Building Maintenance	128,482	128,394	68,682	108,544	52,800	52,800						
Contingency	78,348	78,778	13,801	24,000	26,328	28,328	17,898					
Dish Proceeding	3,172	2,882	3,172	2,882								
Engineering Shop Lease	18,389	18,800	18,389	18,800								
Electricity	628,182	682,885	123,430	120,000	244,188	218,000	174,281	128,788	23,728	22,800	81,052	88,320
Gas	142,282	148,320	27,188	27,188	87,022	80,000	24,780	24,780	8,700	8,700	21,840	21,840
Fire and Life Safety	40,348	62,488	27,188						40,348	62,488		
Gas	48,888	58,100	48,888	53,700								
Health Club Expenses	274,888	188,300			218,808	188,280						
Insurance Tax Expense	13,883	3,800	13,883	3,800								
Insurance	888,282	888,712	272,420	282,048	128,283	162,484	88,887	118,008	3,443	12,240	8,888	18,000
Landscaping	82,888	84,888	82,888	84,888								
Landscaping Maintenance	78,788	48,288	14,788	48,288								
Leases & Taxes and Fees	14,888	6,488	12,788	6,488	3,240	3,240						
Management Fees	112,888	112,888	72,888	72,888	40,888	40,888						
Management	82,318	78,888	68,888	88,788	18,488	22,178						
Office Expense	83,134	28,688	83,134	32,488								
Project - Administration	288,481	288,888	288,481	288,888								
Project - Engineering	488,728	287,288	488,728	287,288								
Project - Maintenance	323,528	288,522	323,528	288,522								
Project - Security	378,188	288,882	378,188	288,882								
Project - Utilities	612,883	628,882	378,188	391,882								
Project Transportation	121,882	148,888	102,128	127,288	528,888	540,812						
Project Utilities	18,888	12,888	18,888	12,888								
Printing Request	28,881	28,881	28,881	28,881								
Real Estate	18,378	13,288	18,378	13,288								
Real Estate Insurance & Supplies	87,182	88,888	87,182	88,888								
Printing & Marketing	18,872	18,888	18,872	18,888								
Repairs & Maintenance	98,778	108,888	98,778	108,888								
Security	8,282	8,284	8,282	8,284								
Supplies	64,748	78,888	64,748	78,888								
Telephone	48,008	53,128	30,808	28,520								
Vehicle Treatment	8,438	8,438	8,438	8,000								
Traffic Signage	104,083	108,888	104,083	108,888								
Utilities	23,773	28,848	20,281	24,840								
Window Cleaning	3,2	28,788										
Water & Sewer	427,027	284,888	427,027	284,888								
TOTAL EXPENSE	5,481,884	5,881,864	3,486,884	3,578,520	1,281,287	1,285,820	282,884	278,553	257,888	278,511	108,843	118,580
EXCESS REVENUE	188,882	0	10-123	0	33,885	0	(28,421)	0	71,818	0	13,737	0

**THE GRAND CONDOMINIUM
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

DECEMBER 31, 1996

MONTE KANE AND ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

1101 Mitchell Avenue, Suite M-101
Miami, Florida 33131

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
The Grand Condominium Association, Inc.
Miami, Florida

We have audited the accompanying balance sheet of The Grand Condominium Association, Inc. as of December 31, 1996, and the related statements of revenues and expensee 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 generally accepted auditing standards. 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 The Grand Condominium Association, Inc. as of December 31, 1996, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

The Grand Condominium Association, Inc. has not presented the estimates of future costs of major repairs and replacements 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.

Monte Kane and Associates, P.A.

MONTE KANE AND ASSOCIATES, P.A.
Certified Public Accountants

March 4, 1997

THE GRAND CONDOMINIUM ASSOCIATION, INC.

BALANCE SHEET

DECEMBER 31, 1996

	<u>OPERATING</u> <u>FUND</u>	<u>REPLACEMENT AND DEFERRED MAINTENANCE</u> <u>FUND</u>	<u>SPECIAL ASSESSMENT</u> <u>FUND</u>	<u>TOTAL</u>
A S S E T S				
Cash	\$ 79,162	\$ 36,959	\$ 180,191	\$ 296,312
Short-term investments	-	602,064	1,800,942	2,403,006
Maintenance assessments receivable, net of allowance for doubtful accounts of \$69,115	357,927	-	2,115	360,042
Other receivables	5,787	5,712	36,086	47,585
Inventories - supplies	10,000	-	-	10,000
Prepaid insurance	469,805	-	-	469,805
Property, furniture and equipment, net	20,865	-	-	20,865
Utility deposits	78,560	-	-	78,560
Due from (to) other funds	<u>(127,178)</u>	<u>(108,331)</u>	<u>235,509</u>	<u>-</u>
	<u>\$ 894,928</u>	<u>\$ 536,404</u>	<u>\$ 2,254,843</u>	<u>\$ 3,686,175</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued expenses	\$ 524,270	\$ -	\$ 500,000	\$ 1,024,270
Prepaid maintenance assessments	58,482	-	-	58,482
Insurance financing note payable	122,233	-	-	122,233
Financing leases	34,015	-	-	34,015
Deferred revenue	-	-	1,606,876	1,606,876
	739,000	-	2,106,876	2,845,876
FUND BALANCES	<u>155,928</u>	<u>536,404</u>	<u>147,967</u>	<u>840,299</u>
	<u>\$ 894,928</u>	<u>\$ 536,404</u>	<u>\$ 2,254,843</u>	<u>\$ 3,686,175</u>

The accompanying notes are an integral part of these
financial statements.

THE GRAND CONDOMINIUM ASSOCIATION, INC.

**STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 1996**

	<u>OPERATING FUND</u>	<u>REPLACEMENT AND DEFERRED MAINTENANCE FUND</u>	<u>SPECIAL ASSESSMENT FUND</u>	<u>TOTAL</u>
REVENUES:				
Assessments	\$ 5,457,846	\$ -	\$ 1,540,167	\$ 6,998,013
Less assessments on owned units	(24,792)	-	-	(24,792)
Parking	87,730	-	-	87,730
Health club	116,559	-	-	116,559
Late fees, screening fees, and other	82,808	-	-	82,808
Interest	<u>5,144</u>	<u>47,040</u>	<u>91,681</u>	<u>143,865</u>
	<u>5,725,295</u>	<u>47,040</u>	<u>1,631,848</u>	<u>7,404,183</u>
EXPENSES:				
Administrative and general (Schedule 2)	801,651	-	-	801,651
Building maintenance (Schedule 2)	1,005,259	82,410	-	1,087,669
Health club	187,881	-	-	187,881
Hurricane	-	-	1,540,167	1,540,167
Contract services, security, payroll and related costs (Schedule 2)	1,824,910	-	-	1,824,910
Utilities (Schedule 2)	1,140,734	-	-	1,140,734
Valet (Schedule 2)	<u>619,262</u>	<u>-</u>	<u>-</u>	<u>619,262</u>
	<u>5,579,697</u>	<u>82,410</u>	<u>1,540,167</u>	<u>7,202,274</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	145,598	(35,370)	91,681	201,909
FUND BALANCES - DECEMBER 31, 1995	<u>10,330</u>	<u>571,774</u>	<u>56,286</u>	<u>638,390</u>
FUND BALANCES - DECEMBER 31, 1996	<u>\$ 155,928</u>	<u>\$ 536,404</u>	<u>\$ 147,967</u>	<u>\$ 840,299</u>

The accompanying notes are an integral part of these
financial statements.

THE GRAND CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 1996

	<u>OPERATING FUND</u>	<u>REPLACEMENT AND DEFERRED MAINTENANCE FUND</u>	<u>SPECIAL ASSESSMENT FUND</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
SOURCES OF CASH:				
Assessments	\$ 5,225,598	\$ -	\$ 2,500,060	\$ 7,725,658
Parking	92,986	-	-	92,986
Health club	110,907	-	-	110,907
Late fees, screening fees, and other	82,706	-	-	82,706
Interest	5,397	41,328	55,894	102,319
Net interfund borrowings	<u>162,683</u>	<u>(9,883)</u>	<u>(152,800)</u>	<u>-</u>
	<u>5,680,277</u>	<u>31,445</u>	<u>2,402,854</u>	<u>8,114,576</u>
USES OF CASH:				
Administrative and general (Schedule 3)	927,008	-	-	927,008
Building maintenance (Schedule 3)	1,014,997	82,410	-	1,097,307
Health club	185,970	-	-	185,970
Hurricane	-	-	1,040,166	1,040,166
Contract services, security, payroll and related costs (Schedule 3)	1,851,302	-	-	1,851,302
Utilities (Schedule 3)	1,178,473	-	-	1,178,473
Utility deposits	17,260	-	-	17,260
Valet (Schedule 3)	<u>633,572</u>	<u>-</u>	<u>-</u>	<u>633,572</u>
	<u>5,808,482</u>	<u>82,410</u>	<u>1,040,166</u>	<u>6,931,058</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(128,205)</u>	<u>(50,965)</u>	<u>1,362,688</u>	<u>1,183,518</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Redemptions of short-term investments	-	600,000	583,472	1,183,472
Purchase of short-term investments	<u>-</u>	<u>(602,064)</u>	<u>(1,800,942)</u>	<u>(2,403,006)</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>-</u>	<u>(2,064)</u>	<u>(1,217,470)</u>	<u>(1,219,534)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from insurance financing	122,233	-	-	122,233
Repayments of financing leases	<u>(41,116)</u>	<u>-</u>	<u>-</u>	<u>(41,116)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>81,117</u>	<u>-</u>	<u>-</u>	<u>81,117</u>
NET INCREASE (DECREASE) IN CASH	<u>(47,088)</u>	<u>(53,029)</u>	<u>145,218</u>	<u>45,101</u>
CASH - DECEMBER 31, 1995	<u>126,250</u>	<u>89,988</u>	<u>34,973</u>	<u>251,211</u>
CASH - DECEMBER 31, 1996	<u>\$ 79,162</u>	<u>\$ 36,959</u>	<u>\$ 180,191</u>	<u>\$ 296,312</u>

(continued)

The accompanying notes are an integral part of these financial statements.

THE GRAND CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED DECEMBER 31, 1996

	<u>OPERATING FUND</u>	<u>REPLACEMENT AND DEFERRED MAINTENANCE FUND</u>	<u>SPECIAL ASSESSMENT FUND</u>	<u>TOTAL</u>
RECONCILIATION OF EXCESS				
(DEFICIENCY) OF REVENUES OVER				
EXPENSES TO NET CASH PROVIDED BY				
(USED FOR) OPERATING ACTIVITIES:				
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENSES	\$ 145,598	\$ (35,370)	\$ 91,681	\$ 201,909
ADJUSTMENTS TO RECONCILE EXCESS				
(DEFICIENCY) OF REVENUES OVER				
EXPENSES TO NET CASH PROVIDED BY				
(USED FOR) OPERATING ACTIVITIES:				
Increase (decrease) in				
interfund balances	162,683	(9,883)	(152,800)	-
Depreciation	8,598	-	-	8,598
Increase in maintenance				
assessments receivable	(161,240)	-	-	(161,240)
Increase in other receivables	(5,787)	(5,712)	(36,086)	(47,585)
Decrease in prepaid insurance	15,874	-	-	15,874
Increase in utility deposits	(17,260)	-	-	(17,260)
Increase (decrease) in accounts				
payable and accrued expenses	(274,042)	-	500,000	225,958
Decrease in prepaid				
maintenance assessments	(2,629)	-	-	(2,629)
Increase in deferred revenue	-	-	959,893	959,893
NET CASH PROVIDED BY (USED FOR)				
OPERATING ACTIVITIES	\$ (128,205)	\$ (50,965)	\$ 1,362,688	\$ 1,183,518

The accompanying notes are an integral part of these financial statements.

THE GRAND CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL MATTERS (Continued)

SPECIAL ASSESSMENTS - RECOGNITION OF DEFERRED REVENUE - The Association recognizes revenue on special assessments to the extent of related expenditures. (See Note 8).

CREDIT RISK - Financial instruments, which potentially subject the Association to concentrations of credit risk, consist principally of cash, short-term investments and maintenance assessments receivable. The Association tries to limit the amount of its credit exposure with respect to cash by placing its cash with high quality financial institutions. Short-term investments consist of U.S. Treasury Bills with maturities of one year or less and bank certificates of deposit with original maturities of between ninety-one days and one year. To reduce credit risk with respect to maintenance assessments receivable, the Association's policy is to retain legal counsel and to enforce its liens on any unpaid assessments, including the taking of foreclosure action.

INCOME TAXES - The Association is subject to Federal and state taxation. The excess of revenues from members over related expenses is subject to taxation unless such excess is returned to the unit owners or applied to the following year's assessments. The Association's policy is to allocate all income taxes on interest income to the operating fund.

INTEREST EARNED - The Association's policy is to add the interest earned by the replacement and deferred maintenance fund to the unallocated component of the fund.

ESTIMATES - In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECLASSIFICATION - The accompanying statement of cash flows includes a reclassification of \$600,000 to the December 31, 1995 cash balance for certificates of deposit in the replacement and deferred maintenance fund in order to conform to the 1996 presentation of short-term investments.

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1996

NOTE 2 - UNINSURED CASH BALANCES

The Association has interest bearing deposits in various commercial banks. At December 31, 1996, the Association's cash balance exceeded Federal depository insurance by approximately \$209,000.

NOTE 3 - MANAGEMENT AND MAINTENANCE CONTRACT

The Association has a management and maintenance contract with The Continental Group, Inc. at an annual cost of \$72,000, plus specified reimbursement for all on-site administrative and maintenance personnel, through December, 1998.

NOTE 4 - REPLACEMENT AND DEFERRED MAINTENANCE FUND

Chapter 718 of the Florida Statutes requires that budgets include assessments for future major repairs and replacements such as roof replacements, painting, pavement resurfacing, and capital expenditure or deferred maintenance items in excess of \$10,000. In connection with the preparation of the Association's budget for the year ending December 31, 1997, the Board of Directors estimated the remaining useful lives and replacement costs for the components of common property. The estimates were based on a review of historical experience. At a duly called unit owners meeting, the unit owners voted to waive in the 1996 budget the assessment of statutory reserves for roof replacement, exterior painting, and pavement resurfacing. For this reason and because actual expenditures may vary from the estimated amounts, and the variances may be material, amounts accumulated in the replacement and deferred maintenance fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed to meet future needs for major repairs and replacements, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined.

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 1996

NOTE 4 - REPLACEMENT AND DEFERRED MAINTENANCE FUND (Continued)

An analysis of the activity in the replacement and deferred maintenance fund for the year ended December 31, 1996 follows:

<u>Common Area Components</u>	<u>Balance 12/31/95</u>	<u>Additions</u>	<u>Charges</u>	<u>Balance 12/31/96</u>
Roof replacement	\$ 47,663	\$ -	\$ -	\$ 47,663
Building painting	139,677	-	-	139,677
Paving and resurfacing	16,785	-	-	16,785
Floor covering	72,465	-	-	72,465
Pool refurbishing	2,744	-	-	2,744
Air conditioning, boilers and pumps	84,814	-	-	84,814
Elevator	13,630	-	-	13,630
Plumbing, water mains and drainage	25,557	-	-	25,557
Unallocated	<u>168,439</u>	<u>47,040</u>	<u>82,410</u>	<u>133,069</u>
	<u>\$ 571,774</u>	<u>\$ 47,040</u>	<u>\$ 82,410</u>	<u>\$ 536,404</u>

Additions to the unallocated component consisted of interest income earned on reserve funds. Charges to that component were for the acquisition of security equipment.

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1996

NOTE 5 - PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture and equipment consisted of the following at December 31, 1996:

Furniture	\$ 68,305
Equipment	23,861
Laundry units and other	<u>1</u>
	92,167
Less accumulated depreciation	<u>71,302</u>
	<u>\$ 20,865</u>

In May, 1991, P.H. Retail, Inc. and Venetia Kenpier Partnership deeded to the Association their interests in 32 laundry units and 6 equipment and concession units, respectively. These units have been recorded at a nominal amount of \$1 for the purpose of disclosure.

NOTE 6 - INSURANCE FINANCING NOTE PAYABLE

The Association has a financing agreement for property insurance due in monthly installments of \$19,015, including interest at 7.6% per annum through September, 1997. The note payable is collateralized by the related insurance policy. Finance charges aggregate \$3,903 over the term of the note.

NOTE 7 - FINANCING LEASES

The Association has entered into two financing leases to retrofit the lighting in the common, commercial and residential areas. Obligations under these financing leases are collateralized by the leased equipment.

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

NOTE 7 - FINANCING LEASES (Continued)

Future minimum lease payments are summarized as follows:

<u>Year Ending</u> <u>December 31.</u>	
1997	\$ 31,375
1998	<u>7,774</u>
Total minimum lease payments	39,149
Less sales tax	(2,389)
Less amount representing interest at 10%	<u>(2,745)</u>
Total obligations under financing leases	<u>\$ 34,015</u>

NOTE 8 - DEFERRED REVENUE - 1992 HURRICANE REPAIRS

Deferred revenue consisted of the following at December 31, 1996:

Special assessment - 1993	\$1,000,832
Insurance proceeds received - 1996	2,500,000
Hurricane repairs through December 31, 1996	<u>(1,893,956)</u>
	<u>\$1,606,876</u>

The Association intends to complete hurricane related repairs during 1997 and 1998. See Note 9.

NOTE 9 - COMMITMENTS

In May, 1996, the Association entered into a contract with The Continental Group, Inc., d/b/a Continental Painting and Waterproofing, for the repair and restoration of exterior stucco, reinforced concrete and exterior waterproofing and painting. The total contract amount is \$1,830,000. Through December 31, 1996, the Association has incurred expenses aggregating \$1,200,000 for work completed under the terms of the contract. These expenses are recorded in the special assessment fund. Upon completion and acceptance of the work under the contract, the remaining balance of \$630,000 will be payable.

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

NOTE 9 - COMMITMENTS (Continued)

In addition, the Association has entered into various contracts to maintain the common property. The major contracts are summarized as follows:

<u>SERVICES</u>	<u>TERMS/EXPIRATION</u>
Building systems	\$3,255 per month through January, 2000
Elevator	\$11,000 per month through April, 1998
Management and maintenance	See Note 3
Marble restoration	\$3,575 per month through August, 1997
Foliage maintenance	\$4,145 per month through February, 1998
Telephone system	\$1,500 per month through May, 2000
Trash pick-up	Payment schedule varies based on type of container and frequency of pick-up, through December, 1997
Valet	\$7,408 per month, plus payroll reimbursement, through April, 1998
Window cleaning	\$15,000 per year through June, 1997

ADDITIONAL INFORMATION

MONTE KANE AND ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

1101 Brickell Avenue, Suite M-101
Miami, Florida 33131

Date (205) 381-8211 Fax (205) 381-8411
Broward 787-0440
Elsewhere in Florida 1-800-877-0441

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON ADDITIONAL INFORMATION

Board of Directors
The Grand Condominium Association, Inc.
Miami, Florida

Our report on our audit of the basic financial statements of The Grand Condominium Association, Inc. for the year ended December 31, 1996 appears elsewhere. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedules 1 through 9 are presented for purposes of additional analysis and are 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The budget information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Monte Kane and Associates, P.A.

MONTE KANE AND ASSOCIATES, P.A.
Certified Public Accountants

March 4, 1997

THE GRAND CONDOMINIUM ASSOCIATION, INC.

INDEX OF SCHEDULES - OPERATING FUND

YEAR ENDED DECEMBER 31, 1996

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THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF TOTAL REVENUES AND EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1996

	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>VARIANCE</u>
REVENUES:			
Assessments	\$ 5,457,846	\$ 5,456,484	\$ 1,362
Less assessments on owned units	(24,792)	(24,180)	(612)
Parking	87,730	96,000	(8,270)
Health club	116,559	138,000	(21,441)
Late fees, screening fees, and other	82,808	24,120	58,688
Interest	<u>5,144</u>	<u>-</u>	<u>5,144</u>
	<u>5,725,295</u>	<u>5,690,424</u>	<u>34,871</u>
EXPENSES:			
Administrative and general (Schedule 2)	801,651	765,684	(35,967)
Building maintenance (Schedule 2)	1,005,259	1,170,156	164,897
Health club	187,881	195,744	7,863
Contract services, security, payroll and related costs (Schedule 2)	1,824,910	1,839,000	14,090
Utilities (Schedule 2)	1,140,734	1,116,384	(24,350)
Valet (Schedule 2)	<u>619,262</u>	<u>603,456</u>	<u>(15,806)</u>
	<u>5,579,697</u>	<u>5,690,424</u>	<u>110,727</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 145,598</u>	<u>\$ -</u>	<u>\$ 145,598</u>

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1996

	<u>ACTUAL</u>	<u>BUDGET</u> <u>(UNAUDITED)</u>	<u>VARIANCE</u>
ADMINISTRATIVE AND GENERAL:			
Bad debts	\$ 43,489	\$ 12,000	\$ (31,489)
Beepers	3,486	2,640	(846)
Contingency	34,589	70,740	36,151
Data processing	2,778	2,820	42
Depreciation	8,598	-	(8,598)
Elevator consultant	2,800	-	(2,800)
Employee parking	5,500	6,240	740
Engineering shop lease	10,599	10,452	(147)
Holiday bonuses	8,090	15,000	6,910
Insurance	523,768	520,740	(3,028)
Licenses, permits and fees	9,194	5,400	(3,794)
Meeting room and newspaper	12,762	4,800	(7,962)
Miscellaneous	15,879	13,068	(2,811)
Muzak	895	900	5
Office equipment	2,546	30,000	8,454
Office supplies	21,016	14,400	(7,486)
Postage	-	4,800	(479)
Professional fees	53,100	40,800	(12,323)
Registration fees	-	3,240	3,240
Taxes	17,390	3,600	(13,790)
Tax petition	-	4,044	4,044
	<u>\$ 801,651</u>	<u>\$ 768,684</u>	<u>\$ (32,967)</u>

BUILDING MAINTENANCE:

SERVICE CONTRACTS:

Access systems	\$ 6,262	\$ 6,264	\$ 2
Climate controls	39,063	39,072	9
Fire/life safety	27,884	28,800	816
Marble floors	42,031	50,400	8,369
Pest control	13,200	13,200	-
Pool attendant	32,706	28,800	(3,906)
Pool supplies	21,859	19,200	(2,659)
Rubbish removal	103,204	112,800	9,596
Telephone maintenance - AGS	31,244	45,000	13,756
Telephone maintenance - BellSouth	31,124	42,000	10,876
Water treatment	8,435	9,000	565
Window cleaning	6,520	16,800	10,280

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF EXPENSES - OPERATING FUND
ACTUAL TO BUDGET (CONTINUED)
YEAR ENDED DECEMBER 31, 1996

	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>VARIANCE</u>
BUILDING MAINTENANCE (CONTINUED):			
LANDSCAPING:			
Exterior	12,530	12,000	(530)
Floral design	8,226	8,700	474
Interior	52,420	52,800	380
Projects and materials	7,602	24,000	16,398
MAINTENANCE AND REPAIRS:			
Building projects	74,891	118,260	43,369
Carpet repair and replacement	3,714	5,400	1,686
Elevator maintenance	138,863	143,760	4,897
Engineering supplies	66,583	67,200	617
Garage cleaning	7,668	10,200	2,532
General	120,527	126,000	5,473
Housekeeping equipment and supplies	37,664	31,200	(6,464)
HVAC repairs and supplies	65,309	90,000	24,691
Lighting retrofit	5,275	21,900	16,625
Painting supplies	10,605	16,200	5,595
Plumbing repairs and supplies	29,850	31,200	1,350
	<u>\$ 1,005,259</u>	<u>\$ 1,170,156</u>	<u>\$ 164,897</u>
CONTRACT SERVICES, SECURITY, PAYROLL AND RELATED COSTS:			
Administrative/bookkeeping	\$ 289,063	\$ 300,000	\$ 10,937
Bellman	122,758	105,000	(17,758)
Cleaning chemicals	18,000	18,000	-
Engineering	388,227	397,800	9,573
Group health	107,819	100,800	(7,019)
Housekeeping	323,309	324,000	691
Management fee	72,000	72,000	-
Payroll taxes	45,521	57,000	11,479
Radio and miscellaneous	6,256	10,800	4,544
Salaries	386,486	378,000	(8,486)
Uniforms	26,513	37,200	10,687
Workers' compensation	38,958	38,400	(558)
	<u>\$ 1,824,910</u>	<u>\$ 1,839,000</u>	<u>\$ 14,090</u>

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF EXPENSES - OPERATING FUND
ACTUAL TO BUDGET (CONTINUED)
YEAR ENDED DECEMBER 31, 1996

	<u>ACTUAL</u>	<u>BUDGET</u> <u>(UNAUDITED)</u>	<u>VARIANCE</u>
UTILITIES:			
Electricity	\$ 631,147	\$ 653,184	\$ 22,037
Gas	56,969	49,200	(7,769)
Telephones	25,930	25,200	(730)
Water and sewer	<u>426,688</u>	<u>388,800</u>	<u>(37,888)</u>
	<u>\$ 1,140,734</u>	<u>\$ 1,116,384</u>	<u>\$ (24,350)</u>
VALET:			
Insurance	\$ 48,396	\$ 48,396	-
Management fee	40,500	40,500	-
Other expenses	7,622	11,820	4,198
Payroll reimbursement	<u>522,744</u>	<u>502,740</u>	<u>(20,004)</u>
	<u>\$ 619,262</u>	<u>\$ 603,456</u>	<u>\$ (15,806)</u>

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF CASH EXPENDITURES - OPERATING FUND
YEAR ENDED DECEMBER 31, 1996

ADMINISTRATIVE AND GENERAL:

Beepers	\$ 2,877
Contingency	38,514
Data processing	3,074
Elevator consultant	2,450
Employee parking	8,500
Engineering shop lease	10,599
Holiday bonuses	8,240
Insurance	653,890
Licenses, permits and fees	9,194
Meeting room and newspaper	12,993
Miscellaneous	16,203
Muzak	895
Office equipment	23,300
Office supplies	22,218
Postage	5,279
Professional fees	92,108
Taxes	<u>16,674</u>
	<u>\$ 927,008</u>

BUILDING MAINTENANCE:

SERVICE CONTRACTS:

Access systems	\$ 6,263
Climate controls	39,063
Fire/life safety	27,884
Marble floors	42,031
Pest control	13,200
Pool attendant	32,263
Pool supplies	23,195
Rubbish removal	96,470
Telephone maintenance - AGB	30,044
Telephone maintenance - BellSouth	31,784
Water treatment	7,732
Window cleaning	8,680

LANDSCAPING:

Exterior	12,000
Floral design	7,932
Interior	52,420
Projects and materials	11,971

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF CASH EXPENDITURES - OPERATING FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 1996

BUILDING MAINTENANCE (CONTINUED):

MAINTENANCE AND REPAIRS:

Building projects	75,156
Carpet repair and replacement	3,714
Elevator maintenance	138,862
Engineering supplies	61,675
Garage cleaning	11,502
General	123,726
Housekeeping equipment and supplies	36,934
HVAC repairs and supplies	73,492
Lighting retrofit	5,275
Painting supplies	11,152
Plumbing repairs and supplies	<u>30,477</u>

\$ 1,014,897

**CONTRACT SERVICES, SECURITY, PAYROLL
AND RELATED COSTS:**

Administrative/bookkeeping	\$ 286,296
Bellman	120,728
Cleaning chemicals	19,500
Engineering	387,063
Group health	106,545
Housekeeping	321,884
Management fee	78,000
Payroll taxes	44,371
Radio and miscellaneous	6,777
Salaries	418,566
Uniforms	26,905
Workers' compensation	<u>34,667</u>

\$ 1,851,302

UTILITIES:

Electricity	\$ 678,630
Gas	52,253
Telephones	30,120
Water and sewer	<u>47,470</u>

\$ 1,178,473

VALET:

Insurance	\$ 56,462
Management fee	47,250
Other expenses	7,622
Payroll reimbursement	<u>522,238</u>

\$ 633,572

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF COMMON AREA REVENUES AND EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1996

	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>VARIANCE</u>
REVENUES:			
Assessments	\$ 3,564,962	\$ 3,563,520	\$ 1,442
Less assessments on owned units	(24,792)	(24,180)	(612)
Late fees and screening fees	79,515	15,000	64,515
Interest	5,144	-	5,144
	<u>3,624,829</u>	<u>3,554,340</u>	<u>70,489</u>
EXPENSES:			
Administrative and general (Schedule 5)	585,783	521,520	(64,263)
Building maintenance (Schedule 5)	716,359	799,836	83,477
Contract services, security, payroll and related costs (Schedule 5)	1,656,870	1,692,000	35,130
Utilities (Schedule 5)	575,715	540,984	(34,731)
	<u>3,534,727</u>	<u>3,554,340</u>	<u>19,613</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 90,102</u>	<u>\$ -</u>	<u>\$ 90,102</u>

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF COMMON AREA EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1996

	<u>ACTUAL</u>	<u>BUDGET</u> <u>(UNAUDITED)</u>	<u>VARIANCE</u>
ADMINISTRATIVE AND GENERAL:			
Bad debts	\$ 43,489	\$ 12,000	\$ (31,489)
Beepers	3,486	2,640	(846)
Contingency	10,005	36,000	17,995
Data processing	2,778	2,820	42
Depreciation	8,598	-	(8,598)
Elevator consultant	2,800	-	(2,800)
Employee parking	5,500	6,240	740
Engineering shop lease	10,599	10,452	(147)
Holiday bonus	7,430	12,000	4,570
Insurance	325,144	321,600	(3,544)
Licenses, permits and fees	9,194	5,400	(3,794)
Meeting room and newspaper	12,762	4,800	(7,962)
Miscellaneous	15,879	13,068	(2,811)
Muzak	895	900	5
Office and miscellaneous	21,546	30,000	8,454
Office supplies	21,886	14,400	(7,486)
Postage	5,279	4,800	(479)
Professional fees	53,123	40,800	(12,323)
Taxes	17,390	3,600	(13,790)
	<u>\$ 595,783</u>	<u>\$ 521,520</u>	<u>\$ (64,263)</u>
BUILDING MAINTENANCE:			
SERVICE CONTRACTS:			
Access systems	\$ 6,262	\$ 6,264	\$ 2
Climate controls	39,063	39,072	9
Fire/life safety	27,884	28,800	916
Marble floors	42,031	50,400	8,369
Pest control	13,200	13,200	-
Rubbish removal	103,204	112,800	9,596
Water treatment	8,435	9,000	565
LANDSCAPING:			
Exterior	12,530	12,000	(530)
Floral design	8,226	8,700	474
Interior	52,420	52,800	380
Projects and materials	7,602	24,000	16,398

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF COMMON AREA EXPENSES - OPERATING FUND
ACTUAL TO BUDGET (CONTINUED)
YEAR ENDED DECEMBER 31, 1996

	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>VARIANCE</u>
BUILDING MAINTENANCE (CONTINUED):			
MAINTENANCE AND REPAIRS:			
Building projects	62,159	78,000	15,841
Carpet repair and replacement	2,805	3,000	195
Engineering supplies	66,583	67,200	617
General	120,527	126,000	5,473
Housekeeping equipment and supplies	37,664	31,200	(6,464)
HVAC repairs and supplies	65,309	90,000	24,691
Painting supplies	10,605	16,200	5,595
Plumbing repairs and supplies	29,850	31,200	1,350
	<u>\$ 716,359</u>	<u>\$ 799,836</u>	<u>\$ 83,477</u>
CONTRACT SERVICES, SECURITY, PAYROLL AND RELATED COSTS:			
Administrative / bookkeeping	\$ 289,063	\$ 300,000	\$ 10,937
Cleaning chemicals	18,000	18,000	-
Engineering	388,227	397,800	9,573
Group health	87,717	86,400	(1,317)
Housekeeping	323,309	324,000	691
Management fee	72,000	72,000	-
Payroll taxes	34,405	42,000	7,595
Radio and miscellaneous	6,256	10,800	4,544
Salaries	386,486	378,000	(8,486)
Uniforms	20,206	33,000	12,794
Workers' compensation	31,201	30,000	(1,201)
	<u>\$ 1,656,870</u>	<u>\$ 1,692,000</u>	<u>\$ 35,130</u>
UTILITIES:			
Electricity	\$ 123,097	\$ 126,984	\$ 3,887
Telephones	25,930	25,200	(730)
Water and sewer	426,688	388,800	(37,888)
	<u>\$ 575,715</u>	<u>\$ 540,984</u>	<u>\$ (34,731)</u>

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF RESIDENTIAL AREA REVENUES AND EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1996

	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>VARIANCE</u>
REVENUES:			
Assessments	\$ 1,112,424	\$ 1,112,424	\$ -
Parking	87,730	96,000	(8,270)
Health club	116,559	138,000	(21,441)
Other	<u>3,293</u>	<u>9,120</u>	<u>(5,827)</u>
	<u>1,320,006</u>	<u>1,355,544</u>	<u>(35,538)</u>
EXPENSES:			
ADMINISTRATIVE AND GENERAL:			
Contingency	-	12,000	12,000
State registration fee	-	3,240	3,240
Insurance	102,600	102,600	-
Tax petition	-	4,044	4,044
HEALTH CLUB	187,881	195,744	7,863
MAINTENANCE AND REPAIRS:			
Building projects	12,732	40,260	27,528
Carpet repair and replacement	909	2,400	1,491
Elevator maintenance	85,884	88,800	2,916
Garage cleaning	7,668	10,200	2,532
UTILITIES:			
Electricity	270,518	292,800	22,282
VALET:			
Insurance	48,396	48,396	-
Management fee	40,500	40,500	-
Other expenses	7,622	11,820	4,198
Payroll reimbursement	<u>522,744</u>	<u>502,740</u>	<u>(20,004)</u>
	<u>1,287,454</u>	<u>1,355,544</u>	<u>68,090</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 32,552</u>	<u>\$ -</u>	<u>\$ 32,552</u>

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF COMMERCIAL/RESIDENTIAL REVENUES AND EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1996

	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>VARIANCE</u>
REVENUES:			
Assessments	\$ 386,400	\$ 386,400	\$ -
EXPENSES:			
ADMINISTRATIVE AND GENERAL:			
Holiday bonuses	660	3,000	2,340
Insurance	4,128	4,200	72
MAINTENANCE AND CONTRACTS:			
Elevator maintenance	8,642	9,000	358
Pool attendant	32,706	28,800	(3,906)
Pool supplies	21,859	19,200	(2,659)
Telephone maintenance - AGB	31,244	45,000	13,756
Telephone maintenance - BellSouth	31,124	42,000	10,876
Window cleaning	6,520	16,800	10,280
PAYROLL AND RELATED COSTS:			
Group health insurance	20,102	14,400	(5,702)
Payroll taxes	11,116	15,000	3,884
Salaries	122,758	105,000	(17,758)
Uniforms	6,307	4,200	(2,107)
Workers' compensation	7,757	8,400	643
UTILITIES:			
Electricity	22,757	22,200	(557)
Gas	56,969	49,200	(7,769)
	<u>384,649</u>	<u>386,400</u>	<u>1,751</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 1,751</u>	<u>\$ -</u>	<u>\$ 1,751</u>

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF COMMERCIAL AREA REVENUES AND EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1996

	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>VARIANCE</u>
REVENUES:			
Assessments	\$ 274,480	\$ 274,560	\$ (80)
EXPENSES:			
ADMINISTRATIVE AND GENERAL:			
Insurance	78,060	78,060	-
MAINTENANCE AND REPAIRS:			
Elevator maintenance	23,588	24,600	1,012
Lighting retrofit	5,275	21,900	16,625
UTILITIES:			
Electricity	161,304	150,000	(11,304)
	268,227	274,560	6,333
EXCESS OF REVENUES OVER EXPENSES	\$ 6,253	\$ -	\$ 6,253

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF RETAIL AREA REVENUES AND EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1996

	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>VARIANCE</u>
REVENUES:			
Assessments	<u>\$ 119,580</u>	<u>\$ 119,580</u>	<u>\$ -</u>
EXPENSES:			
ADMINISTRATIVE AND GENERAL:			
Contingency	16,584	22,740	6,156
Insurance	13,836	14,280	444
MAINTENANCE AND REPAIRS:			
Elevator maintenance	20,749	21,360	611
UTILITIES:			
Electricity	<u>53,471</u>	<u>61,200</u>	<u>7,729</u>
	<u>104,640</u>	<u>119,580</u>	<u>14,940</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 14,940</u>	<u>\$ -</u>	<u>\$ (14,940)</u>

**THE GRAND CONDOMINIUM
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

DECEMBER 31, 1995

MONTE KANE AND ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

1101 Brickell Avenue, Suite M-101
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
The Grand Condominium Association, Inc.
Miami, Florida

We have audited the accompanying balance sheet of The Grand Condominium Association, Inc. as of December 31, 1995, 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. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 The Grand Condominium Association, Inc. as of December 31, 1995, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

The Grand Condominium Association, Inc. has not presented the estimates of future costs of major repairs and replacements 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.

Monte Kane & Associates, P.A.

MONTE KANE AND ASSOCIATES, P.A.
Certified Public Accountants

March 25, 1996

THE GRAND CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 1995

	<u>OPERATING</u> <u>FUND</u>	<u>REPLACEMENT AND DEFERRED MAINTENANCE</u> <u>FUND</u>	<u>SPECIAL ASSESSMENT</u> <u>FUND</u>	<u>TOTAL</u>
A S S E T S				
Cash	\$ 126,250	\$ 689,988	\$ 34,973	\$ 851,211
Short-term investments	-	-	583,472	583,472
Maintenance assessments receivable, net of allowance for bad debts of \$42,000	196,687	-	2,115	198,802
Inventories - supplies	10,000	-	-	10,000
Prepaid insurance	485,679	-	-	485,679
Property, furniture and equipment, net	29,463	-	-	29,463
Utility deposits	61,300	-	-	61,300
Due from (to) other funds	<u>35,505</u>	<u>(118,214)</u>	<u>82,709</u>	<u>-</u>
	<u>\$ 944,884</u>	<u>\$ 571,774</u>	<u>\$ 703,269</u>	<u>\$ 2,219,927</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued expenses	\$ 798,312	\$ -	\$ -	\$ 798,312
Prepaid maintenance assessments	61,111	-	-	61,111
Financing leases	75,131	-	-	75,131
Deferred revenue	-	-	646,983	646,983
	934,554	-	646,983	1,581,537
FUND BALANCES	<u>10,330</u>	<u>571,774</u>	<u>56,286</u>	<u>638,390</u>
	<u>\$ 944,884</u>	<u>\$ 571,774</u>	<u>\$ 703,269</u>	<u>\$ 2,219,927</u>

The accompanying notes are an integral part of these
financial statements.

THE GRAND CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 1995

	<u>OPERATING FUND</u>	<u>REPLACEMENT AND DEFERRED MAINTENANCE FUND</u>	<u>SPECIAL ASSESSMENT FUND</u>	<u>TOTAL</u>
REVENUES:				
Assessments	\$ 5,446,309	\$ -	\$ 173,896	\$ 5,620,205
Less assessments on owned units	(24,192)	-	-	(24,192)
Parking	94,592	-	-	94,592
Late fees, screening fees, and other	45,936	-	-	45,936
Interest	<u>10,301</u>	<u>18,143</u>	<u>29,564</u>	<u>58,008</u>
	<u>5,572,946</u>	<u>18,143</u>	<u>203,460</u>	<u>5,794,549</u>
EXPENSES:				
Administrative and general (Schedule 2)	739,888	-	-	739,888
Building improvements	-	-	24,787	24,787
Building maintenance (Schedule 2)	1,158,341	118,845	-	1,277,186
Hurricane	-	-	149,109	149,109
Contract services, security, payroll and related costs (Schedule 2)	1,804,959	-	-	1,804,959
Utilities (Schedule 2)	1,093,193	-	-	1,093,193
Valet (Schedule 2)	<u>612,803</u>	<u>-</u>	<u>-</u>	<u>612,803</u>
	<u>5,409,184</u>	<u>118,845</u>	<u>173,896</u>	<u>5,701,925</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	163,762	(100,702)	29,564	92,624
FUND BALANCES - DECEMBER 31, 1994	87,568	431,476	26,722	545,766
TRANSFER FROM OPERATING FUND TO REPLACEMENT AND DEFERRED MAINTENANCE FUND	<u>(241,000)</u>	<u>241,000</u>	<u>-</u>	<u>-</u>
FUND BALANCES - DECEMBER 31, 1995	<u>\$ 10,330</u>	<u>\$ 571,774</u>	<u>\$ 56,286</u>	<u>\$ 638,390</u>

The accompanying notes are an integral part of these
financial statements.

THE GRAND CONDOMINIUM ASSOCIATION INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1995

	OPERATING FUND	REPLACEMENT AND DEFERRED MAINTENANCE FUND	SPECIAL ASSESSMENT FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:				
SOURCES OF CASH:				
Assessments	\$ 5,335,472	\$ -	\$ 701	\$ 5,336,173
Parking	99,666	-	-	99,666
Late fees, screening fees, and other	44,276	-	-	44,276
Interest	10,049	18,145	38,957	67,151
Net interfund borrowings	(199,869)	199,820	49	-
Interfund transfer	(241,000)	241,000	-	-
	<u>5,048,594</u>	<u>458,965</u>	<u>39,707</u>	<u>5,547,266</u>
USES OF CASH:				
Administrative and general (Schedule 3)	610,250	-	-	610,250
Building improvements	-	-	32,050	32,050
Building maintenance (Schedule 3)	1,189,624	118,847	-	1,308,471
Hurricane	-	-	153,592	153,592
Contract services, security, payroll and related costs (Schedule 3)	1,766,706	-	-	1,766,706
Utilities (Schedule 3)	1,093,058	-	-	1,093,058
Valet (Schedule 3)	610,603	-	-	610,603
	<u>5,270,241</u>	<u>118,847</u>	<u>185,642</u>	<u>5,574,730</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(221,647)</u>	<u>340,118</u>	<u>(145,935)</u>	<u>(27,464)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash payments for the purchase of property, furniture and equipment	(3,972)	-	-	(3,972)
Decrease in utility deposits	41,007	-	-	41,007
Decrease in Due from Venetia Kenpier Partnership	23,935	-	-	23,935
Proceeds from short-term investments	-	-	97,502	97,502
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>60,970</u>	<u>-</u>	<u>97,502</u>	<u>158,472</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayments of financing leases	(33,651)	-	-	(33,651)
NET CASH USED FOR FINANCING ACTIVITIES	<u>(33,651)</u>	<u>-</u>	<u>-</u>	<u>(33,651)</u>
NET INCREASE (DECREASE) IN CASH	<u>(194,328)</u>	<u>340,118</u>	<u>(48,433)</u>	<u>97,357</u>
CASH - DECEMBER 31, 1994	<u>320,578</u>	<u>349,870</u>	<u>83,406</u>	<u>753,854</u>
CASH - DECEMBER 31, 1995	<u>\$ 126,250</u>	<u>\$ 689,988</u>	<u>\$ 34,973</u>	<u>\$ 851,211</u>

(continued)

The accompanying notes are an integral part of these
financial statements.

THE GRAND CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 1995

	OPERATING FUND	REPLACEMENT AND DEFERRED MAINTENANCE FUND	SPECIAL ASSESSMENT FUND	TOTAL
RECONCILIATION OF EXCESS (DEFICIENCY)				
OF REVENUES OVER EXPENSES				
TO NET CASH PROVIDED BY				
(USED FOR) OPERATING				
ACTIVITIES:				
EXCESS (DEFICIENCY) OF REVENUES	\$ 163,762	\$ (100,702)	\$ 29,564	\$ 92,624
OVER EXPENSES				
ADJUSTMENTS TO RECONCILE				
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENSES TO NET CASH				
PROVIDED BY (USED FOR)				
OPERATING ACTIVITIES:				
Increase (decrease) in				
interfund balances	(199,869)	199,820	49	-
Interfund transfer	(241,000)	241,000	-	-
Allowance for bad debts	7,000	-	-	7,000
Depreciation	9,341	-	-	9,341
Decrease (increase) in maintenance				
assessments receivable	(54,344)	-	731	(53,613)
Decrease in interest				
receivable	-	-	9,394	9,394
Decrease in other receivables	447	-	-	447
Increase in inventories - supplies	(742)	-	-	(742)
Decrease in prepaid expenses	(6,439)	-	-	(6,439)
Increase (decrease) in				
accounts payable				
and accrued expenses	115,619	-	(11,748)	103,871
(Decrease) in prepaid				
maintenance assessments	(15,422)	-	-	(15,422)
Decrease in deferred revenue	-	-	(173,925)	(173,925)
NET CASH PROVIDED BY (USED FOR)				
OPERATING ACTIVITIES	\$ (221,647)	\$ 340,118	\$ (145,935)	\$ (27,464)

The accompanying notes are an integral part of these
financial statements.

THE GRAND CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL MATTERS

ORGANIZATION - The Grand Condominium Association, Inc. (Association) was incorporated as a Florida not-for-profit corporation in 1983. The Association is responsible for the operation and maintenance of a mixed use condominium known as The Grand, located in Miami, Florida. The Grand consists of 810 residential units, 259 commercial units, 141 retail units, and 1 parking unit.

FUND ACCOUNTING - The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for replacement and deferred maintenance and special assessments, 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 and deferred maintenance fund and special assessment funds may be made only for their designated purposes.

FAIR VALUE OF FINANCIAL INSTRUMENTS - The carrying amount for cash, short term investments, maintenance assessments receivables and financing leases approximates fair value.

MAINTENANCE ASSESSMENTS - Maintenance assessments are based upon a budget established by the Board of Directors. Assessments are levied against the members for their proportionate share of common expenses and funds for capital replacements and deferred maintenance. Assessments receivable at the balance sheet date represent fees due from unit owners. Special assessments may also be imposed from time to time as deemed appropriate by the Board of Directors.

PROPERTY, FURNITURE AND EQUIPMENT - Real property, common areas and related improvements, which are maintained by the Association, are not recorded in the Association's financial statements because these properties are deemed to be owned by the individual unit owners in common and not by the Association. The Association capitalizes, at cost, personal property to which it has title. Depreciation is computed based on the related estimated useful lives, three to ten years, using both the straight-line and declining balance methods. Maintenance, repairs and minor renewals are charged to expense as incurred.

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL MATTERS (Continued)

SPECIAL ASSESSMENTS - RECOGNITION OF DEFERRED REVENUE - The Association recognizes revenue on special assessments to the extent of related expenditures.

CREDIT RISK - Financial instruments, which potentially subject the Association to concentrations of credit risk, consist principally of cash, short term investments and maintenance assessments receivables. The Association tries to limit the amount of its credit exposure by placing its cash with high quality financial institutions. Short term investments consist of U.S. Treasury Bills with a maturity of one year or less. To reduce credit risk with respect to maintenance assessment receivables, the Association's policy is to retain legal counsel and to enforce its liens on any unpaid assessments, including the taking of foreclosure action.

INCOME TAXES - The Association is subject to Federal and state taxation. The excess of revenues from members over related expenses is subject to taxation unless such excess is returned to the unit owners or applied to the following year's assessments. The Association's policy is to allocate all income taxes on interest income to the operating fund.

INTEREST EARNED - The Association's policy is to add the interest earned by the replacement and deferred maintenance fund to the unallocated component of the fund.

ESTIMATES - In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1995

NOTE 2 - UNINSURED AND RESTRICTED CASH BALANCES

The Association has interest bearing deposits in various commercial banks. At December 31, 1994, the Association's cash balance exceeded Federal depository insurance by approximately \$161,000.

NOTE 3 - MANAGEMENT AND MAINTENANCE CONTRACT

The Association has a month-to-month management and maintenance contract with The Continental Group, Inc. which provides for annual costs of approximately \$72,000, plus specified reimbursement for all on-site administrative and maintenance personnel.

NOTE 4 - REPLACEMENT AND DEFERRED MAINTENANCE FUND

In accordance with Florida Statutes, the unit owners, at a duly called meeting, elected to waive in the 1995 budget the assessment of statutory reserves for roof replacement, building painting, pavement resurfacing, etc.

The Association has not conducted a recent study to determine the remaining useful lives of the components of common property and estimates of the costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined.

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1995

NOTE 4 - REPLACEMENT AND DEFERRED MAINTENANCE FUND (Continued)

An analysis of the activity in the replacement and deferred maintenance fund for the year ended December 31, 1995 follows:

<u>Common Area Components</u>	<u>Beginning Fund Balance</u>	<u>Additions to Funds</u>	<u>Charges to Fund</u>	<u>Ending Fund Balance</u>
Roof replacement	\$ 47,663	\$ -	\$ -	\$ 47,663
Interior painting	7,606	-	7,606	-
Building painting	139,677	-	-	139,677
Paving and resurfacing	16,785	-	-	16,785
Floor covering	72,465	-	-	72,465
Pool refurbishing	2,744	-	-	2,744
Air conditioning, boilers and pumps	84,814	-	-	84,814
Elevator	13,630	-	-	13,630
Plumbing, water mains and drainage	25,557	-	-	25,557
Unallocated	<u>20,535</u>	<u>259,143</u>	<u>111,239</u>	<u>168,439</u>
	<u>\$ 431,476</u>	<u>\$259,143</u>	<u>\$ 118,845</u>	<u>\$ 571,774</u>

At the Associations' 1994 annual meeting, the unit owners authorized the Board of Directors to make a determination of the future utilization of the 1994 excess of membership income in the operating fund. In 1995, the Board of Directors approved the transfer of approximately \$241,000 to the replacement and deferred maintenance fund.

Additions to the unallocated component consist primarily of accumulated interest earned on reserve funds and transfers from the operating fund. Charges consist principally of the replacement of air conditioning risers.

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1995

NOTE 5 - PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture and equipment consisted of the following at December 31, 1995

Furniture	\$	68,305
Equipment		23,861
Laundry units and other		<u>1</u>
		92,167
Accumulated depreciation		<u>62,704</u>
	\$	<u>29,463</u>

In May, 1991, P.H. Retail, Inc. and Venetia Kenpier Partnership deeded to the Association their interests in 32 laundry units and 6 equipment and concession units, respectively. These units have been recorded at a nominal amount of \$1 for the purpose of disclosure.

NOTE 6 - FINANCING LEASES

The Association has entered into two financing leases to retrofit the lighting in the common, commercial and residential areas. The related costs were expensed in 1994. Obligations under these financing leases are collateralized by the leased equipment. Future lease payments are summarized as follows:

<u>Year Ending</u>		
<u>December 31,</u>		
1996	\$	49,995
1997		25,545
1998		<u>13,449</u>
Total minimum lease payments		88,989
Less sales tax		(5,441)
Less amount representing interest at 10%		<u>(8,417)</u>
Total obligations under financing leases	\$	<u>75,131</u>

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1995

NOTE 7 - SPECIAL ASSESSMENT AND HURRICANE DAMAGE

In May, 1993, the Board of Directors approved a special assessment of \$1,000,000 to cover the estimated deficiency of insurance proceeds over estimated repair costs created by the damage caused by Hurricane Andrew in 1992. The Association intends to complete these repairs during 1996. Deferred revenues from this special assessment at December 31, 1995 totalled approximately \$647,000.

NOTE 8 - COMMITMENTS

The Association has entered into various contracts to maintain the common property. The major contracts are summarized as follows:

<u>SERVICES</u>	<u>TERMS/EXPIRATION</u>
Elevator	\$11,000 per month through April, 1998
Telephone system lease	\$4,450 per month through May, 1996
Valet	\$7,408 per month, plus payroll reimbursement, through April, 1998
Window cleaning	\$15,000 per year through April, 1996
Trash pick-up	Payment schedule varies based on type of container and frequency of pick-up, through December, 1997
Building systems	\$3,255 per month through January, 2000
Telephone system	\$3,233 per month through January, 1998
Management company	See Note 3

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1995

NOTE 9 - SUBSEQUENT EVENT

Subsequent to year end, the Board of Directors approved a resolution, to be ratified by the unit owners at the next annual meeting, to have the excess of member source income over related expenses for the year ended December 31, 1995 applied as a credit to the unit owners in 1996. Such credit will be applied to 1996 regular assessments.

ADDITIONAL INFORMATION

MONTE KANE AND ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON ADDITIONAL INFORMATION**

Board of Directors
The Grand Condominium Association, Inc.
Miami, Florida

Our report on our audit of the basic financial statements of The Grand Condominium Association, Inc. for the year ended December 31, 1995 appears elsewhere. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedules 1 through 9 are presented for purposes of additional analysis and are 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The budget information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Monte Kane & Associates, P.A.

MONTE KANE AND ASSOCIATES, P.A.
Certified Public Accountants

March 25, 1996

THE GRAND CONDOMINIUM ASSOCIATION, INC.

INDEX OF SCHEDULES - OPERATING FUND

YEAR ENDED DECEMBER 31, 1995

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THE [REDACTED] AND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF TOTAL REVENUES AND EXPENSES OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1995

	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>VARIANCE</u>
REVENUES:			
Assessments	\$ 5,446,309	\$ 5,446,284	\$ 25
Less assessments on owned units	(24,192)	(24,000)	(192)
Parking	94,592	118,200	(23,608)
Late fees, screening fees, and other	45,936	21,960	23,976
Interest	<u>10,301</u>	<u>-</u>	<u>10,301</u>
	<u>5,572,946</u>	<u>5,562,444</u>	<u>10,502</u>
 EXPENSES:			
Administrative and general (Schedule 2)	739,888	831,120	91,232
Building maintenance (Schedule 2)	1,158,341	1,117,548	(40,793)
Contract services, security, payroll and related costs (Schedule 2)	1,804,959	1,837,548	32,589
Utilities (Schedule 2)	1,093,193	1,073,592	(19,601)
Valet (Schedule 2)	<u>612,803</u>	<u>702,636</u>	<u>89,833</u>
	<u>5,409,184</u>	<u>5,562,444</u>	<u>153,260</u>
 EXCESS OF REVENUES OVER EXPENSES	 <u>\$ 163,762</u>	 <u>\$ -</u>	 <u>\$ 163,762</u>

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1995

	<u>ACTUAL</u>	<u>BUDGET</u> <u>(UNAUDITED)</u>	<u>VARIANCE</u>
ADMINISTRATIVE AND GENERAL:			
Bad debts	\$ 23,979	\$ 24,000	\$ 21
Beepers	2,826	2,100	(726)
Contingency	59,988	75,132	15,144
Data processing	2,983	2,700	(283)
Depreciation	9,341	-	(9,341)
Elevator consultant	3,150	-	(3,150)
Employee parking	8,200	6,240	(1,960)
Engineering shop lease	9,034	7,500	(1,534)
Holiday bonus	7,815	15,000	7,185
Insurance	445,174	572,700	127,526
Lawsuit settlement fees	30,000	-	(30,000)
Licenses, permits and fees	7,070	5,400	(1,670)
Meeting room and newspaper	4,708	7,200	2,492
Miscellaneous	5,363	12,000	6,637
Muzak	895	864	(31)
Office and miscellaneous	26,905	20,400	(6,505)
Office supplies	17,024	13,200	(3,824)
Postage	5,229	7,200	1,971
Professional fees	47,559	48,600	1,041
Registration fees	3,240	3,240	-
Taxes	15,355	3,600	(11,755)
Tax petition	4,050	4,044	(6)
	<u>\$ 739,888</u>	<u>\$ 831,120</u>	<u>\$ 91,232</u>

BUILDING MAINTENANCE:

SERVICE CONTRACTS -

Access systems	\$ 6,262	\$ 6,264	\$ 2
Air conditioning	-	12,720	12,720
Climate controls	39,063	39,120	57
Fire / life safety	28,463	28,800	337
Marble floor maintenance	39,885	35,100	(4,785)
Pest control	13,200	13,200	-
Pool attendant	28,974	28,800	(174)
Pool supplies	23,122	14,400	(8,722)
Rubbish removal	107,316	102,000	(5,316)
Telephone AGB contract	53,385	53,400	15
Telephone system maintenance	43,769	48,000	4,231
Water treatment	8,435	8,280	(155)
Window cleaning	14,711	15,000	289

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1995

(continued)	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>VARIANCE</u>
LANDSCAPING -			
Fertilizer	19,526	36,000	16,474
Floral design	8,536	8,700	164
Exterior	12,000	12,000	-
Interior	45,077	12,300	(32,777)
MAINTENANCE AND REPAIRS -			
Building projects	139,217	114,264	(24,953)
Carpet repair	7,947	8,400	453
Contingency	1,772	9,960	8,188
Elevator maintenance	147,047	149,340	2,293
Engineering supplies	62,586	66,000	3,414
Garage cleaning	7,860	10,200	2,340
General	110,501	121,200	10,699
Hallway painting	22,298	-	(22,298)
Housekeeping equipment and supplies	30,964	30,000	(964)
HVAC repairs and supplies	84,810	78,000	(6,810)
Lighting retrofit	5,136	21,900	16,764
Painting supplies	18,363	16,200	(2,163)
Plumbing repairs and supplies	20,116	18,000	(2,116)
Pumps	-	-	-
	<u>\$ 1,158,341</u>	<u>\$ 1,117,548</u>	<u>\$ (40,793)</u>
CONTRACT SERVICES, SECURITY, PAYROLL AND RELATED COSTS:			
Administrative / bookkeeping	\$ 180,430	\$ 175,200	\$ (5,230)
Bellman	114,193	120,000	5,807
Cleaning chemicals	18,000	18,000	-
Engineering	430,243	398,400	(31,843)
Group health	92,452	105,720	13,268
Groundskeeping	5,556	34,272	28,716
Housekeeping	319,423	312,000	(7,423)
Management fee	72,000	72,000	-
Payroll taxes	60,152	67,800	7,648
Radio and miscellaneous	5,868	4,800	(1,068)
Salaries	433,200	442,356	9,156
Security cameras	346	7,200	6,854
Uniforms	24,775	24,600	(175)
Workers' compensation	48,321	55,200	6,879
	<u>\$ 1,804,959</u>	<u>\$ 1,837,548</u>	<u>\$ 32,589</u>

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1995

(continued)

	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>VARIANCE</u>
UTILITIES:			
Electricity	\$ 662,918	\$ 633,192	\$ (29,726)
Gas	43,338	51,600	8,262
Telephones	25,976	28,800	2,824
Water and sewer	<u>360,961</u>	<u>360,000</u>	<u>(961)</u>
	<u>\$ 1,093,193</u>	<u>\$ 1,073,592</u>	<u>\$ (19,601)</u>
VALET:			
Insurance	\$ 48,399	\$ 37,800	\$ (10,599)
Management fee	40,500	40,500	-
Other expenses	9,019	16,500	7,481
Payroll reimbursement	<u>514,885</u>	<u>607,836</u>	<u>92,951</u>
	<u>\$ 612,803</u>	<u>\$ 702,636</u>	<u>\$ 89,833</u>

**THE GRAND CONDOMINIUM ASSOCIATION, INC.
 SCHEDULE OF CASH EXPENDITURES - OPERATING FUND
 YEAR ENDED DECEMBER 31, 1995.**

ADMINISTRATIVE AND GENERAL:

Beepers	\$ 3,232
Contingency	63,208
Data processing	3,070
Elevator consultant	3,500
Employee parking	5,720
Engineering shop lease	9,034
Holiday bonus	7,665
Insurance	375,167
Licenses, permits and fees	7,150
Meeting room and newspaper	4,686
Miscellaneous	11,472
Muzak	969
Office and miscellaneous	25,412
Office supplies	16,760
Postage	6,229
Professional fees	55,827
Registration fees	3,240
Taxes	3,857
Tax petition	<u>4,052</u>
	<u>\$ 610,250</u>

BUILDING MAINTENANCE:

SERVICE CONTRACTS -

Access systems	\$ 6,784
Air conditioning	9,540
Climate controls	39,063
Fire / life safety	28,463
Marble floor maintenance	42,810
Pest control	14,300
Pool attendant	29,053
Pool supplies	22,912
Rubbish removal	110,516
Telephone AGB contract	53,385
Telephone system maintenance	43,116
Water treatment	8,435
Window cleaning	12,551

LANDSCAPING -

Fertilizer	19,946
Floral design	8,972
Exterior	13,000
Interior	45,077

MAINTENANCE AND REPAIRS -

Building projects	138,951
Carpet repair	7,947
Contingency	1,772

(continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF CASH EXPENDITURES - OPERATING FUND
YEAR ENDED DECEMBER 31, 1995.

(continued)

Elevator maintenance	148,246
Engineering supplies	76,478
Garage cleaning	4,026
General	124,701
Hallway painting	22,298
Housekeeping equipment and supplies	34,795
HVAC repairs and supplies	72,362
Lighting retrofit	5,136
Painting supplies	17,164
Plumbing repairs and supplies	27,476
Pumps	<u>349</u>

\$ 1,189,624

**CONTRACT SERVICES, SECURITY, PAYROLL
AND RELATED COSTS:**

Administrative / bookkeeping	\$ 176,974
Bellman	125,548
Cleaning chemicals	18,000
Engineering	428,690
Group health	91,653
Groundskeeping	6,246
Housekeeping	318,108
Management fee	72,000
Payroll taxes	60,625
Radio and miscellaneous	6,019
Salaries	389,337
Security cameras	1,305
Uniforms	25,809
Workers' compensation	<u>46,392</u>

\$ 1,766,706

UTILITIES:

Electricity	\$ 700,937
Gas	44,726
Telephones	18,628
Water and sewer	<u>328,767</u>

\$ 1,093,058

VALET:

Insurance	\$ 44,366
Management fee	37,125
Other expenses	12,386
Payroll reimbursement	<u>516,726</u>

\$ 610,603

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF COMMON AREA REVENUES AND EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1995

	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>VARIANCE</u>
REVENUES:			
Assessments	\$ 3,560,401	\$ 3,560,376	\$ 25
Less assessments on owned units	(24,192)	(24,000)	(192)
Late fees, screening fees and other	37,402	15,000	22,402
Interest income	<u>10,301</u>	<u>-</u>	<u>10,301</u>
	<u>3,583,912</u>	<u>3,551,376</u>	<u>32,536</u>
EXPENSES:			
Administrative and general (Schedule 5)	535,871	637,404	101,533
Building maintenance (Schedule 5)	754,497	727,260	(27,237)
Contract services, security, payroll and related costs (Schedule 5)	1,651,987	1,673,628	21,641
Utilities (Schedule 5)	<u>513,633</u>	<u>513,084</u>	<u>(549)</u>
	<u>3,455,988</u>	<u>3,551,376</u>	<u>95,388</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 127,924</u>	<u>\$ -</u>	<u>\$ 127,924</u>

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF COMMON AREA EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1995

(continued)

	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>VARIANCE</u>
MAINTENANCE AND REPAIRS -			
Building projects	83,857	65,316	(18,541)
Carpet repair	2,090	2,400	310
Contingency	1,772	9,960	8,188
Elevator maintenance	3,675	5,700	2,025
Engineering supplies	62,586	66,000	3,414
General	110,501	121,200	10,699
Housekeeping equipment and supplies	30,964	30,000	(964)
HVAC repairs and supplies	84,810	78,000	(6,810)
Painting supplies	18,363	16,200	(2,163)
Plumbing repairs and supplies	<u>28,116</u>	<u>18,000</u>	<u>(10,116)</u>
	<u>\$ 754,497</u>	<u>\$ 727,260</u>	<u>\$ (27,237)</u>
CONTRACT SERVICES, SECURITY, PAYROLL AND RELATED COSTS:			
Administrative / bookkeeping	\$ 180,430	\$ 175,200	\$ (5,230)
Cleaning chemicals	18,000	18,000	-
Engineering	430,243	398,400	(31,843)
Group health	79,237	94,500	15,263
Groundskeeping	5,556	34,272	28,716
Housekeeping	319,423	312,000	(7,423)
Management fee	72,000	72,000	-
Payroll taxes	47,562	52,200	4,638
Radio and miscellaneous	5,868	4,800	(1,068)
Salaries	433,200	442,356	9,156
Security cameras	346	7,200	6,854
Uniforms	1,609	19,800	(1,809)
Workers' compensation	<u>38,513</u>	<u>42,900</u>	<u>4,387</u>
	<u>\$ 1,651,987</u>	<u>\$ 1,673,628</u>	<u>\$ 21,641</u>
UTILITIES:			
Electricity	\$ 126,696	\$ 124,284	\$ (2,412)
Telephones	25,976	28,800	2,824
Water and sewer	<u>360,961</u>	<u>360,000</u>	<u>(961)</u>
	<u>\$ 513,633</u>	<u>\$ 513,084</u>	<u>\$ (549)</u>

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF COMMON AREA EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1995

	<u>ACTUAL</u>	<u>BUDGET</u> <u>(UNAUDITED)</u>	<u>VARIANCE</u>
ADMINISTRATIVE AND GENERAL:			
Bad debts	\$ 23,979	\$ 24,000	\$ 21
Beepers	2,826	2,100	(726)
Contingency	30,814	44,400	13,586
Data processing	2,983	2,700	(283)
Depreciation	9,341	-	(9,341)
Elevator consultant	3,150	-	(3,150)
Employee parking	8,200	6,240	(1,960)
Engineering shop lease	9,034	7,500	(1,534)
Holiday bonus	7,815	12,000	4,185
Insurance	277,621	420,000	142,379
Lawsuit settlement fees	30,000	-	(30,000)
Licenses, permits and fees	7,070	5,400	(1,670)
Meeting room and newspaper	4,708	7,200	2,492
Miscellaneous	5,363	12,000	6,637
Muzak	895	864	(31)
Office and miscellaneous	26,905	20,400	(6,505)
Office supplies	17,024	13,200	(3,824)
Postage	5,229	7,200	1,971
Professional fees	47,559	48,600	1,041
Taxes	15,355	3,600	(11,755)
	<u>\$ 535,871</u>	<u>\$ 637,404</u>	<u>\$ 101,533</u>
BUILDING MAINTENANCE:			
SERVICE CONTRACTS -			
Access systems	\$ 6,262	\$ 6,264	\$ 2
Air conditioning	-	12,720	12,720
Climate controls	39,063	39,120	57
Fire / life safety	28,463	28,800	337
Marble floor maintenance	39,885	35,100	(4,785)
Pest control	13,200	13,200	-
Rubbish removal	107,316	102,000	(5,316)
Water treatment	8,435	8,280	(155)
LANDSCAPING -			
Fertilizer	19,526	36,000	16,474
Floral design	8,536	8,700	164
Exterior	12,000	12,000	-
Interior	45,077	12,300	(32,777)

(Continued)

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF RESIDENTIAL AREA REVENUES AND EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1995

	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>VARIANCE</u>
REVENUES:			
Assessments	\$ 1,094,520	\$ 1,094,520	\$ -
Parking income	94,592	118,200	(23,608)
Miscellaneous	8,534	6,960	1,574
	<u>1,197,646</u>	<u>1,219,680</u>	<u>(22,034)</u>
ADMINISTRATIVE AND GENERAL:			
Contingency	850	20,400	19,550
Fees for registration	3,240	3,240	-
Insurance	88,198	61,020	(27,178)
Tax petition	4,050	4,044	(6)
MAINTENANCE AND REPAIRS -			
Building projects	55,360	48,948	(6,412)
Carpet repairs	5,857	6,000	143
Elevators	87,055	88,800	1,745
Garage cleaning	7,860	10,200	2,340
Hallway painting	22,298	-	(22,298)
UTILITIES -			
Electricity	292,064	274,392	(17,672)
VALET -			
Insurance	48,399	37,800	(10,599)
Management fees	40,500	40,500	-
Other expenses	9,019	16,500	7,481
Payroll reimbursement	514,885	607,836	92,951
	<u>1,179,635</u>	<u>1,219,680</u>	<u>40,045</u>
	<u>\$ 18,011</u>	<u>\$ -</u>	<u>\$ 18,011</u>

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF COMMERCIAL/RESIDENTIAL REVENUES AND EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1995

	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>VARIANCE</u>
REVENUES:			
Assessments	\$ 408,516	\$ 408,516	\$ -
	<u>408,516</u>	<u>408,516</u>	<u>-</u>
EXPENSES:			
ADMINISTRATIVE AND GENERAL -			
Insurance	3,683	2,880	(803)
MAINTENANCE AND CONTRACTS -			
Elevators	11,378	9,000	(2,378)
Pool attendant	28,974	28,800	(174)
Pool supplies	23,122	14,400	(8,722)
Telephone AGB contract	53,385	53,400	15
Telephone engineering	43,769	48,000	4,231
Window cleaning	14,711	15,000	289
PAYROLL AND RELATED COSTS -			
Bellmen	114,193	120,000	5,807
Group insurance	13,215	11,220	(1,995)
Holiday bonus	-	3,000	3,000
Payroll taxes	12,590	15,600	3,010
Uniforms	3,166	4,800	1,634
Workers' compensation	9,808	12,300	2,492
UTILITIES:			
Electricity	22,891	18,516	(4,375)
Gas	43,338	51,600	8,262
	<u>398,223</u>	<u>408,516</u>	<u>10,293</u>
	<u>\$ 10,293</u>	<u>\$ -</u>	<u>\$ 10,293</u>

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF COMMERCIAL AREA REVENUES AND EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1995

	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>VARIANCE</u>
REVENUES:			
Assessments	\$ 259,908	\$ 259,908	\$ -
	<u>259,908</u>	<u>259,908</u>	<u>-</u>
EXPENSES:			
ADMINISTRATIVE AND GENERAL:			
Contingency	2,950	-	(2,950)
Insurance	63,005	69,600	6,595
MAINTENANCE AND REPAIRS -			
Elevators	23,927	24,408	481
Lighting retrofit	5,136	21,900	16,764
UTILITIES -			
Electricity	<u>157,303</u>	<u>144,000</u>	<u>(13,303)</u>
	<u>252,321</u>	<u>259,908</u>	<u>7,587</u>
	<u>\$ 7,587</u>	<u>\$ -</u>	<u>\$ 7,587</u>

THE GRAND CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF RETAIL AREA REVENUES AND EXPENSES - OPERATING FUND
ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 1995

	<u>ACTUAL</u>	<u>BUDGET (UNAUDITED)</u>	<u>VARIANCE</u>
REVENUES:			
Assessments	\$ 122,964	\$ 122,964	\$ -
	<u>122,964</u>	<u>122,964</u>	<u>-</u>
EXPENSES:			
ADMINISTRATIVE AND GENERAL:			
Contingency	25,374	10,332	(15,042)
Insurance	12,667	19,200	6,533
MAINTENANCE AND REPAIRS -			
Elevators	21,012	21,432	420
UTILITIES -			
Electricity	<u>63,964</u>	<u>72,000</u>	<u>8,036</u>
	<u>123,017</u>	<u>122,964</u>	<u>(53)</u>
	<u>\$ (53)</u>	<u>\$ -</u>	<u>\$ (53)</u>

APPLICATION

DEPOSIT

DATE

D069

JAN 25 1999

1. This is an application for (check one):

Original certificate (new company).

Approval of transfer of existing certificate:

Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.

Approval of assignment of existing certificate: Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.

Approval of transfer of control: Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

THE GRAND CONDOMINIUM ASSOCIATION INC.

3. Name under which the applicant will do business (fictitious name, etc.):

SAME AS ABOVE

4. Official mailing address (including street name & number, post office box, city, state, zip code):

1717 NORTH BAYSHORE DRIVE

MIAMI, FLORIDA 33132



Condominium Association, Inc.

1717 N. Bayshore Drive • Miami, FL 33132-1148

(305) 374-2822

OPERATING ACCOUNT

FIRST UNION
Miami, Florida
63-643/670

031022
CHECK NO.

1/22/99
DATE

**1000.00
AMOUNT

TWO HUNDRED FIFTY DOLLARS AND NO CENTS

to the order of

FLORIDA PUBLIC SERV. COMMISSION
DIV OF RECORDS AND REPORTING
2540 SHUMARD OAK BLVD.
TALLAHASSEE FL 32399-0850

DOCUMENT NO.
01025-99
1-25-99

VOID AFTER 90 DAYS

[Handwritten signature]

AUTHORIZED SIGNATURES