

**GREENBRIAR COLONY TOWNHOUSE**  
**ASSOCIATION, NO. 1, INC**

**REPORT ON AUDIT OF**  
**FINANCIAL STATEMENTS**

**For the Year Ended**  
**December 31, 2009**

***NAGESH & CARTER, PLLC***  
***CERTIFIED PUBLIC ACCOUNTANTS***

**GREENBRIAR COLONY TOWNHOUSE ASSOCIATION, NO. 1, INC**

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NAGESH & CARTER, PLLC

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Members of the

**GREENBRIAR COLONY TOWNHOUSE ASSOCIATION, NO. 1, INC**

We have audited the accompanying Balance Sheets of GREENBRIAR COLONY TOWNHOUSE ASSOCIATION, NO. 1, INC, as of December 31, 2009 and 2008 and the related Statements of Assessments, Revenues, Expenses, and Changes in Fund Balances as well as the Statements of Cash Flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards as generally accepted in the United States of America. These 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 GREENBRIAR COLONY TOWNHOUSE ASSOCIATION, NO. 1, INC, as of December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

GREENBRIAR COLONY TOWNHOUSE ASSOCIATION, NO. 1, INC has not estimated the remaining lives and replacement cost of common property and, therefore, has not presented the estimates of future costs of major repairs and replacements. The American Institute of Certified Public Accountants has determined the estimates are required to supplement, but are not required to be part of, the basic financial statements.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules on pages 8 through 10 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.

**Nagesh & Carter, PLLC**

Houston, Texas

June 9, 2010

**GREENBRIAR COLONY TOWNHOUSE ASSOCIATION NO. 1, INC.**  
**BALANCE SHEETS**  
**As of December 31, 2009 and 2008**

|  | Operating        | Replacement     | 2009             | Memo             |
|--|------------------|-----------------|------------------|------------------|
|  | Fund             | Fund            | Total            | 2008             |
|  |                  |                 |                  | Total            |
| <b><u>ASSETS</u></b>                           |                  |                 |                  |                  |
| <b>Current Assets</b>                          |                  |                 |                  |                  |
| Cash   | \$50,729         | \$95,426        | \$146,155        | \$290,265        |
| Accounts receivable                            | 86,416           | -               | 86,416           | 86,765           |
| Allowance for estimated uncollectible accounts | -                | -               | 0                | 0                |
| Prepaid expenses                               | 6,342            | -               | 6,342            | 2,497            |
| <b>Total assets</b>                            | <b>\$143,487</b> | <b>\$95,426</b> | <b>\$238,913</b> | <b>\$379,527</b> |

**LIABILITIES AND FUND BALANCE**

|   |                  |                 |                  |                  |
|---|------------------|-----------------|------------------|------------------|
| <b>Current liabilities</b>                |                  |                 |                  |                  |
| Prepaid assessments                       | \$3,001          | -               | \$3,001          | \$5,608          |
| <b>Total current liabilities</b>          | <b>3,001</b>     | <b>-</b>        | <b>3,001</b>     | <b>5,608</b>     |
| <b>Fund balance</b>                       | <b>140,486</b>   | <b>\$95,426</b> | <b>235,912</b>   | <b>373,919</b>   |
| <b>Total liabilities and fund balance</b> | <b>\$143,487</b> | <b>\$95,426</b> | <b>\$238,913</b> | <b>\$379,527</b> |

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

**GREENBRIAR COLONY TOWNHOUSE ASSOCIATION NO. 1, INC.**  
**STATEMENTS OF ASSESSMENTS, REVENUES AND EXPENSES**  
**AND CHANGES IN FUND BALANCES**  
**For The Year Ended December 31, 2009 and 2008**

|   | Operating<br>Fund | Replacement<br>Fund | 2009<br>Total    | Memo<br>2008<br>Total |
|---|-------------------|---------------------|------------------|-----------------------|
| <b>Assessments and revenues</b>                           |                   |                     |                  |                       |
| Maintenance fees  | \$281,124         | -                   | \$281,124        | \$268,812             |
| Late fees   | 4,252             | -                   | 4,252            | 7,852                 |
| Insurance binders   | -                 | -                   | -                | (724)                 |
| Write-offs and adjustments                                | (3,319)           | -                   | (3,319)          | (20,829)              |
| Interest income   | -                 | \$1,089             | 1,089            | 3,470                 |
| Other income  | 145               | -                   | 145              | (177)                 |
| Capital reserve transfers                                 | (84,716)          | 84,716              | -                | -                     |
| <b>Total revenues</b>                                     | <b>197,486</b>    | <b>85,805</b>       | <b>283,291</b>   | <b>258,404</b>        |
| <b>Operating expenses</b>                                 |                   |                     |                  |                       |
| Administrative expenses                                   | 78,644            | -                   | 78,644           | 81,378                |
| Contract services   | 6,662             | -                   | 6,662            | 22,546                |
| Maintenance and repairs                                   | 95,074            | -                   | 95,074           | 65,157                |
| Utilities   | 15,458            | -                   | 15,458           | 17,414                |
| Insurance   | 13,437            | -                   | 13,437           | 17,662                |
| Renovations and improvements                              | -                 | 212,023             | 212,023          | -                     |
| <b>Total expenses</b>                                     | <b>209,275</b>    | <b>212,023</b>      | <b>421,298</b>   | <b>204,157</b>        |
| <b>Assessments and revenues over<br/>(under) expenses</b> | <b>(11,789)</b>   | <b>(126,218)</b>    | <b>(138,007)</b> | <b>54,247</b>         |
| Fund balance, beginning of the year                       | 152,275           | 221,644             | 373,919          | 319,672               |
| <b>Fund balance, end of the year</b>                      | <b>\$140,486</b>  | <b>\$95,426</b>     | <b>\$235,912</b> | <b>\$373,919</b>      |

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

**GREENBRIAR COLONY TOWNHOUSE ASSOCIATION NO. 1, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For The Year Ended December 31, 2009 and 2008**

|   | Operating<br>Fund | Replacement<br>Fund | 2009<br>Total    | Memo<br>2008<br>Total |
|---|-------------------|---------------------|------------------|-----------------------|
| <b>From (to) operations</b>                       |                   |                     |                  |                       |
| Assessments and revenues<br>over (under) expenses | (\$11,789)        | (\$126,218)         | (\$138,007)      | \$54,247              |
| Accounts receivable                               | 349               | -                   | 349              | 22,324                |
| Prepaid insurance                                 | (3,845)           | -                   | (3,845)          | 7,471                 |
| Prepaid assessments                               | (2,607)           | -                   | (2,607)          | 2,056                 |
| <b>Total from operations</b>                      | <b>(17,892)</b>   | <b>(126,218)</b>    | <b>(144,110)</b> | <b>86,098</b>         |
| <b>Increase (decrease) in cash</b>                | <b>(17,892)</b>   | <b>(126,218)</b>    | <b>(144,110)</b> | <b>86,098</b>         |
| Cash, beginning of the year                       | 68,621            | 221,644             | 290,265          | 204,167               |
| <b>Cash, end of the year</b>                      | <b>\$50,729</b>   | <b>\$95,426</b>     | <b>\$146,155</b> | <b>\$290,265</b>      |

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

**GREENBRIAR COLONY TOWNHOUSE ASSOCIATION, NO. 1, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2009 and 2008**

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**1. ORGANIZATION**

GREENBRIAR COLONY TOWNHOUSE ASSOCIATION, NO. 1, INC ("the Association") was incorporated in the State of Texas as a not-for-profit corporation on October 3, 1980.

The Association is the governing body for the homeowners of Greenbriar Colony Townhouse Association No. 1, Inc., a 171-unit townhome complex in Houston, Texas. The purpose of the Association is for the civic and social benefit and betterment of the residents and property owners of the property.

The affairs of the Association are managed and controlled by its Board of Directors. These Directors are empowered to exercise, on behalf of the Association, all of the powers, duties, and authorities vested or delegated to it by virtue of the Association's By-Laws, Articles of Incorporation, Declarations and/or Covenants.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**METHOD OF ACCOUNTING**

The Association is a not-for-profit organization, which employs the fund method of accounting on an accrual basis in order to properly account for restrictions on the expenditures resulting from actions of the Board or the homeowners.

These financial statements segregate the accounting for such funds into operating and capital reserve or replacement funds. The disbursements from the operating fund are generally at the discretion of the Board and property managers and are used for operating expenses. The disbursements from the capital reserve or replacement fund generally may only be utilized in accordance with the purposes established.

**OWNERS ASSESSMENTS**

The assessments or maintenance fees assessed are based on an annual budget as adopted by the Board pursuant to the by-laws of the Association.

**CASH AND CASH EQUIVALENTS**

The Association considers cash on hand and cash in banks and all other highly liquid debt instruments purchased with original maturities of three (3) months or less to be cash equivalents.

**CAPITALIZATION POLICY**

The replacements and improvements to the real property and common areas are expensed in the year incurred.

**GREENBRIAR COLONY TOWNHOUSE ASSOCIATION, NO. 1, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2009 and 2008**

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ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**3. ACCOUNTS RECEIVABLE**

The Association's accounts receivable represents payments due from delinquent homeowners. The balances are from a few homeowners, some of whom are seriously delinquent. The Association anticipates collecting these balances through its collection efforts, including filing liens and legal actions against these homeowners. The collection of these amounts will be affected by the foreclosure of liens superior to the lien by the homeowner's association such as mortgage lien holders, delinquent property tax liens, and/or bankruptcies by the homeowners.

When the assessments are deemed not collectible, the Association records bad debts using the direct write off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts. The management of the Association however, believes that the net uncollectible assessments from any one year is insignificant, and the effect of using the direct write off method is not materially different from the results that would have been obtained under the allowance method.

As of December 31, 2009 and 2008 the Association had assessments receivable of \$86,416 and \$86,765 respectively. It is the opinion of the management that the Association will prevail against the homeowners whose assessments are delinquent and that the net uncollectible assessments from any one year is insignificant, and, accordingly no allowance for uncollectible accounts is deemed necessary.

**4. FEDERAL INCOME TAXES**

Homeowners' Associations may be taxed either as Homeowners' Associations or regular Corporations.

As a regular Corporation, membership income is exempt from taxation if the required elections are made (such as returning to homeowners excess funds or reducing future assessments). Then the Association is taxed only on its non-membership income (such as interest earnings) at regular federal corporate income tax rates. The Corporate tax rates are graduated based on income levels from a minimum of 15% to a maximum rate of 39%.

As a Homeowners' Association, the Association is taxed on its non-exempt function income (such as interest earnings) at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable.



**GREENBRIAR COLONY TOWNHOUSE ASSOCIATION, NO. 1, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2009**

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The Association elected to file its tax return as a Homeowners' Association for the year ended December 31, 2009.

**5. MEMO CAPTIONS**

The "Memo" captions, when used on the columns of the combined statements, means totals are presented as an overview and for informational purposes only. They present the financial position, results of operations and statement of cash flows for the Association as a whole but do not present in detail the amounts of the various funds.

**6. REPLACEMENT FUNDING PROGRAM**

The Association is responsible for repairs and replacement of common property. The support provided by the owners towards these expenses are segregated and accounted for as capital reserve or replacement funds. These funds are held in separate investment accounts, and are generally not used for normal operating expenses.

An independent study to determine the costs and funding program for the replacement of the Association's common areas has not been conducted. Accordingly, the current program may not be sufficient to meet all future replacement costs. Therefore, when replacement funds are needed, the Association, pursuant to the by-laws, may have to increase the monthly assessments, pass special assessments, borrow, or delay replacement until funds are available.

**SUPPLEMENTAL SCHEDULES**

**GREENBRIAR COLONY TOWNHOUSE ASSOCIATION NO. 1, INC.**  
**ANALYSIS OF ASSESSMENTS, REVENUES AND EXPENSES**  
**For The Year Ended December 31, 2009**

|   | Actual             | %age           | Per Home<br>Per Year | Per Home<br>Per Month |
|---|--------------------|----------------|----------------------|-----------------------|
| <b>Assessments and revenues</b>                   |                    |                |                      |                       |
| Maintenance fees                                  | \$281,124          | 99.24%         | \$1,644.00           | \$137.00              |
| Late fees   | 4,252              | 1.50%          | 24.87                | 2.07                  |
| Insurance binders                                 | -                  | 0.00%          | 0.00                 | 0.00                  |
| Write offs and adjustments                        | (3,319)            | -1.17%         | (19.41)              | 0.53                  |
| Interest income                                   | 1,089              | 0.38%          | 6.37                 | 0.53                  |
| Other income                                      | 145                | 0.05%          | 0.85                 | 0.07                  |
| <b>Total assessments and revenues</b>             | <b>283,291</b>     | <b>100.00%</b> | <b>1,656.67</b>      | <b>138.06</b>         |
| <b>Administrative Expenses</b>                    |                    |                |                      |                       |
| Professional management                           | 23,304             | 8.23%          | 136.28               | 11.36                 |
| Professional fees - auditing                      | 1,375              | 0.49%          | 8.04                 | 0.67                  |
| Professional fees - legal, net of recovery        | 2,269              | 0.80%          | 13.27                | 1.11                  |
| Payroll processing                                | 2,035              | 0.72%          | 11.90                | 0.99                  |
| Office supplies and postage                       | 10,179             | 3.59%          | 59.53                | 4.96                  |
| Property and other taxes                          | 494                | 0.17%          | 2.89                 | 0.24                  |
| Tennis and swim fees                              | 38,988             | 13.76%         | 228.00               | 19.00                 |
| <b>Total administrative expenses</b>              | <b>78,644</b>      | <b>27.76%</b>  | <b>459.91</b>        | <b>38.33</b>          |
| <b>Contract services</b>                          |                    |                |                      |                       |
| Landscaping contract                              | 4,229              | 1.49%          | 24.73                | 2.06                  |
| Pest control                                      | 2,433              | 0.86%          | 14.23                | 1.19                  |
| <b>Total contract services</b>                    | <b>6,662</b>       | <b>2.35%</b>   | <b>38.96</b>         | <b>3.25</b>           |
| <b>Maintenance and repairs</b>                    |                    |                |                      |                       |
| Maintenance payroll, taxes, and contract labor    | 45,977             | 16.23%         | 268.87               | 22.41                 |
| Maintenance repairs and supplies                  | 49,097             | 17.33%         | 287.12               | 23.93                 |
| <b>Total maintenance and repairs</b>              | <b>95,074</b>      | <b>33.56%</b>  | <b>555.99</b>        | <b>46.33</b>          |
| <b>Utilities</b>                                  |                    |                |                      |                       |
| Electricity                                       | 14,089             | 4.97%          | 82.39                | 6.87                  |
| Water and sewer                                   | 769                | 0.27%          | 4.50                 | 0.37                  |
| Telephone   | 600                | 0.21%          | 3.51                 | 0.29                  |
| <b>Total utilities</b>                            | <b>15,458</b>      | <b>5.46%</b>   | <b>90.40</b>         | <b>7.53</b>           |
| <b>Insurance</b>                                  | <b>13,437</b>      | <b>4.74%</b>   | <b>78.58</b>         | <b>6.55</b>           |
| <b>Renovations and improvements</b>               | <b>212,023</b>     | <b>74.84%</b>  | <b>1,239.90</b>      | <b>103.33</b>         |
| <b>Total expenses</b>                             | <b>421,298</b>     | <b>148.72%</b> | <b>2,463.73</b>      | <b>205.31</b>         |
| <b>Net assessments and revenues over expenses</b> | <b>(\$138,007)</b> | <b>-48.72%</b> | <b>(\$807.06)</b>    | <b>(\$67.25)</b>      |

*The foregoing notes are an integral  
part of these financial statements*

**GREENBRIAR COLONY TOWNHOUSE ASSOCIATION NO. 1, INC.**  
**ACTUAL TO BUDGET**  
**ASSESSMENTS, REVENUES AND EXPENSES**  
**For The Year Ended December 31, 2009**

|   | Actual             | Budget           | Variance           |
|---|--------------------|------------------|--------------------|
| <b>Assessments and revenues</b>                   |                    |                  |                    |
| Maintenance fees                                  | \$281,124          | \$281,124        | -                  |
| Late fees   | 4,252              | 1,800            | \$2,452            |
| Write offs and adjustments                        | (3,319)            | (2,400)          | (919)              |
| Deferred collections                              | -                  | (11,556)         | 11,556             |
| Interest income                                   | 1,089              | -                | 1,089              |
| Other income                                      | 145                | -                | 145                |
| <b>Total assessments and revenues</b>             | <b>283,291</b>     | <b>268,968</b>   | <b>14,323</b>      |
| <b>Administrative Expenses</b>                    |                    |                  |                    |
| Professional management                           | 23,304             | 23,304           | -                  |
| Professional fees - auditing                      | 1,375              | 1,800            | 425                |
| Professional fees - legal, net of recovery        | 2,269              | 10,200           | 7,931              |
| Payroll processing                                | 2,035              | 1,740            | (295)              |
| Office supplies and postage                       | 10,179             | 10,260           | 81                 |
| Property and other taxes                          | 494                | 840              | 346                |
| Tennis and swim fees                              | 38,988             | 38,988           | -                  |
| <b>Total administrative expenses</b>              | <b>78,644</b>      | <b>87,132</b>    | <b>8,488</b>       |
| <b>Contract services</b>                          |                    |                  |                    |
| Landscaping contract                              | 4,229              | 24,000           | 19,771             |
| Pest control                                      | 2,433              | 2,400            | (33)               |
| <b>Total contract services</b>                    | <b>6,662</b>       | <b>26,400</b>    | <b>19,738</b>      |
| <b>Maintenance and repairs</b>                    |                    |                  |                    |
| Maintenance payroll, taxes, and contract labor    | 45,977             | 30,792           | (15,185)           |
| Maintenance repairs and supplies                  | 49,097             | 62,328           | 13,231             |
| <b>Total maintenance and repairs</b>              | <b>95,074</b>      | <b>93,120</b>    | <b>(1,954)</b>     |
| <b>Utilities</b>                                  |                    |                  |                    |
| Electricity                                       | 14,089             | 21,000           | 6,911              |
| Water and sewer                                   | 769                | 3,000            | 2,231              |
| Telephone   | 600                | 600              | -                  |
| <b>Total utilities</b>                            | <b>15,458</b>      | <b>24,600</b>    | <b>9,142</b>       |
| <b>Insurance</b>                                  | <b>13,437</b>      | <b>18,000</b>    | <b>4,563</b>       |
| <b>Renovations and improvements</b>               | <b>212,023</b>     | <b>19,716</b>    | <b>(192,307)</b>   |
| <b>Total expenses</b>                             | <b>421,298</b>     | <b>\$268,968</b> | <b>(152,330)</b>   |
| <b>Net assessments and revenues over expenses</b> | <b>(\$138,007)</b> | <b>-</b>         | <b>(\$138,007)</b> |

*The foregoing notes are an integral  
part of these financial statements*

**GREENBRIAR COLONY TOWNHOUSE ASSOCIATION NO. 1, INC.**  
**COMPARATIVE ANALYSIS OF**  
**ASSESSMENTS, REVENUES AND EXPENSES**  
**For The Years Ended December 31, 2009 to 2005**

|   | <u>2009</u>        | <u>Memo</u><br><u>2008</u> | <u>Memo</u><br><u>2007</u> | <u>Memo</u><br><u>2006</u> | <u>Memo</u><br><u>2005</u> |
|---|--------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Assessments and revenues</b>                   |                    |                            |                            |                            |                            |
| Maintenance fees                                  | \$281,124          | \$268,812                  | \$233,928                  | \$230,850                  | \$227,763                  |
| Late fees   | 4,252              | 7,852                      | 7,562                      | 11,189                     | 7,191                      |
| Insurance binders                                 | -                  | (724)                      | (1,549)                    | -                          | -                          |
| Write-offs and adjustments                        | (3,319)            | (20,829)                   | (9,617)                    | (3,413)                    | -                          |
| Interest income                                   | 1,089              | 3,470                      | 3,193                      | 1,677                      | 243                        |
| Other income                                      | 145                | (177)                      | 182                        | 678                        | 76                         |
| <b>Total assessments and revenues</b>             | <b>283,291</b>     | <b>258,404</b>             | <b>233,699</b>             | <b>240,981</b>             | <b>235,273</b>             |
| <b>Administrative Expenses</b>                    |                    |                            |                            |                            |                            |
| Professional management                           | 23,304             | 23,304                     | 23,304                     | 23,304                     | 21,252                     |
| Professional fees - auditing                      | 1,375              | 1,350                      | 2,370                      | 1,350                      | 1,350                      |
| Professional fees - legal, net of recovery        | 2,269              | 4,196                      | 3,571                      | 1,535                      | 1,980                      |
| Payroll processing                                | 2,035              | 1,766                      | 1,766                      | -                          | 1,521                      |
| Office supplies and postage                       | 10,179             | 11,217                     | 8,836                      | 11,159                     | 11,899                     |
| Property and other taxes                          | 494                | 557                        | 3                          | 3                          | 3                          |
| Tennis and swim fees                              | 38,988             | 38,988                     | -                          | -                          | 1,500                      |
| <b>Total administrative expenses</b>              | <b>78,644</b>      | <b>81,378</b>              | <b>39,850</b>              | <b>37,351</b>              | <b>39,505</b>              |
| <b>Contract services</b>                          |                    |                            |                            |                            |                            |
| Landscaping contract                              | 4,229              | 22,546                     | 22,937                     | 22,300                     | 21,845                     |
| Pest control                                      | 2,433              | -                          | 1,216                      | 1,216                      | 1,216                      |
| <b>Total contract services</b>                    | <b>6,662</b>       | <b>22,546</b>              | <b>24,153</b>              | <b>23,516</b>              | <b>23,061</b>              |
| <b>Maintenance and repairs</b>                    |                    |                            |                            |                            |                            |
| Maintenance payroll, taxes, and contract labor    | 45,977             | 27,203                     | 29,016                     | 46,249                     | 32,837                     |
| Maintenance repairs and supplies                  | 49,097             | 37,954                     | 35,197                     | 15,728                     | 24,043                     |
| <b>Total maintenance and repairs</b>              | <b>95,074</b>      | <b>65,157</b>              | <b>64,213</b>              | <b>61,977</b>              | <b>56,880</b>              |
| <b>Utilities</b>                                  |                    |                            |                            |                            |                            |
| Electricity                                       | 14,089             | 16,306                     | 17,255                     | 18,192                     | 16,463                     |
| Water and sewer                                   | 769                | 808                        | 1,908                      | 3,566                      | 3,087                      |
| Telephone   | 600                | 300                        | 1,300                      | 1,300                      | 1,000                      |
| <b>Total utilities</b>                            | <b>15,458</b>      | <b>17,414</b>              | <b>20,463</b>              | <b>23,058</b>              | <b>20,550</b>              |
| <b>Insurance</b>                                  | <b>13,437</b>      | <b>17,662</b>              | <b>17,331</b>              | <b>16,392</b>              | <b>18,736</b>              |
| <b>Renovations and improvements</b>               | <b>212,023</b>     | <b>-</b>                   | <b>44,440</b>              | <b>-</b>                   | <b>18,388</b>              |
| <b>Total expenses</b>                             | <b>421,298</b>     | <b>204,157</b>             | <b>210,450</b>             | <b>162,294</b>             | <b>177,120</b>             |
| <b>Net assessments and revenues over expenses</b> | <b>(\$138,007)</b> | <b>\$54,247</b>            | <b>\$23,249</b>            | <b>\$78,687</b>            | <b>\$58,153</b>            |

*The foregoing notes are an integral  
part of these financial statements*