

**FORUM PARK TOWNHOMES  
OWNERS' ASSOCIATION, INC.**

**REPORT ON AUDIT OF  
FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2007**

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

**FORUM PARK TOWNHOMES OWNERS' ASSOCIATION, INC.**  
**TABLE OF CONTENTS**

|   | <b><u>Pages</u></b> |
|---|---------------------|
| Independent Auditor's Report  | 1                   |
| Balance Sheets  | 3                   |
| Statements of Assessments, Revenues, and Expenses, and<br>Changes in Fund Balances                          | 4                   |
| Statements of Cash Flows  | 5                   |
| Notes to Financial Statements   | 6                   |
| <b>Supplemental Schedules</b>   |                     |
| Analysis of Assessments, Revenues and Expenses<br>Per Homeowner and as Percentage of Assessments            | 9                   |
| Comparison of Actual to Budgeted Assessments,<br>Revenues and Expenses                                      | 10                  |
| Comparative Analysis of Assessments, Revenues and<br>Expenses for the Years Ended December 31, 2007 to 1998 | 11                  |
| Renovations and Improvements  | 12                  |

# **NAGESH & CARTER, PLLC**

**CERTIFIED PUBLIC ACCOUNTANTS**

2000 Dairy Ashford, Suite 360, Houston, TX 77077

Telephone (281) 584-9922 Fax (281) 584-9933

E-mail: [ksnagesh@sbcglobal.net](mailto:ksnagesh@sbcglobal.net)

---

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Members of the  
**FORUM PARK TOWNHOMES OWNERS' ASSOCIATION, INC.**

We have audited the accompanying Balance Sheets of Forum Park Town Homes Owners' Association, Inc. as of December 31, 2007, and the related Statements of Assessments, Revenues, Expenses, and Changes in Fund Balances; and Cash Flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on 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 Forum Park Town Homes Owners' Association, Inc. as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Forum Park Town Homes Owners' Association, 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 12 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***

March 18, 2008



**FORUM PARK TOWNHOMES OWNERS' ASSOCIATION, INC.**  
**STATEMENTS OF ASSESSMENTS, REVENUES AND EXPENSES**  
**AND CHANGES IN FUND BALANCES**  
**For The Year Ended December 31, 2007**

|   | Total           | Operating Fund  | Insurance Fund  | Replacement Fund |
|---|-----------------|-----------------|-----------------|------------------|
| <b>Assessments and revenues</b>                       |                 |                 |                 |                  |
| Maintenance fees                                      | \$545,168       | \$545,168       |                 | -                |
| Late fees & penalties                                 | 5,969           | 5,969           |                 | -                |
| Interest income                                       | 600             | -               |                 | \$600            |
| Insurance proceeds - fire                             | 63,609          | -               | \$63,609        | -                |
| Transmitters/cards and other income                   | 4,341           | 4,341           |                 | -                |
| Capital reserve funding                               | -               | (23,924)        | 7,788           | 16,136           |
| <b>Total revenues</b>                                 | <b>619,687</b>  | <b>531,554</b>  | <b>71,397</b>   | <b>16,736</b>    |
| <b>Operating expenses</b>                             |                 |                 |                 |                  |
| Administrative expenses                               | 51,128          | 51,128          |                 | -                |
| Contract services                                     | 63,028          | 63,028          |                 | -                |
| Building maintenance                                  | 127,298         | 127,298         |                 | -                |
| Utilities   | 189,030         | 189,030         |                 | -                |
| Insurance   | 76,524          | 76,524          |                 | -                |
| Repairs   | 32,594          | 32,594          |                 | -                |
| Renovation and improvements                           | 7,868           | -               |                 | 7,868            |
| Fire damage repairs                                   | 71,397          |                 | 71,397          |                  |
| <b>Total expenses</b>                                 | <b>618,867</b>  | <b>539,602</b>  | <b>\$71,397</b> | <b>7,868</b>     |
| <b>Assessments and revenues over (under) expenses</b> | <b>820</b>      | <b>(8,048)</b>  | <b>-</b>        | <b>8,868</b>     |
| Fund balance, beginning of the year                   | 79,128          | 57,308          | -               | 21,820           |
| <b>Fund balance, end of the year</b>                  | <b>\$79,948</b> | <b>\$49,260</b> | <b>-</b>        | <b>\$30,688</b>  |

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

**FORUM PARK TOWNHOMES OWNERS' ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For The Year Ended December 31, 2007**

|   | Total           | Operating<br>Fund | Insurance<br>Fund | Replacement<br>Fund |
|---|-----------------|-------------------|-------------------|---------------------|
| <b>From (to) operations</b>                       |                 |                   |                   |                     |
| Assessments and revenues<br>over (under) expenses | \$820           | (\$8,048)         | -                 | \$8,868             |
| Accounts receivable                               | (17,369)        | (17,369)          | -                 | -                   |
| Prepaid insurance                                 | (13,647)        | (13,647)          | -                 | -                   |
| Accounts payable                                  | 7,600           | 7,600             | -                 | -                   |
| Pre-paid assessments                              | 1,063           | 1,063             | -                 | -                   |
| <b>Total from operations</b>                      | <b>(21,533)</b> | <b>(30,401)</b>   | <b>-</b>          | <b>8,868</b>        |
| <b>Increase (decrease) in cash</b>                | <b>(21,533)</b> | <b>(30,401)</b>   | <b>-</b>          | <b>8,868</b>        |
| Cash, beginning of the year                       | 54,023          | 32,203            | -                 | 21,820              |
| <b>Cash, end of the year</b>                      | <b>\$32,490</b> | <b>\$1,802</b>    | <b>-</b>          | <b>\$30,688</b>     |

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

**FORUM PARK TOWNHOMES OWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2007**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ORGANIZATION**

Forum Park Town Homes Owners' Association, Inc., ("the Association") was incorporated in the State of Texas as a not-for-profit corporation in February 9, 1979, and began operations with the close of its first escrow.

The Association is the governing body for the homeowners of Forum Park Town Homes Owners' Association, Inc., a 216-unit condominium complex in Houston, Texas. The purpose for which the Association is organized is to provide for and do all activities necessary, useful and expedient to protect, preserve, maintain and repair the common elements and limited common elements of the said condominium project for the use, enjoyment and benefit of the members of the corporation and to operate, administer and govern the common affairs and common fund of the members of the corporation in connection with said condominium project.

The affairs of the Association shall be managed by a Board of five (5) Directors elected by the members. The Directors need not be members of the Association, and are elected for a term of three years, with two, two and one director elected each year.

**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 replacement funds. The disbursements from the operating fund are generally at the discretion of the Board and are used for operating expenses. The disbursements from the replacement fund may only be utilized in accordance with the purposes established.

**OWNERS ASSESSMENTS**

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

**CAPITALIZATION POLICY**

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

**FORUM PARK TOWNHOMES OWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2007**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**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 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.

**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.

The Association elected to file its tax return as a Homeowners' Association for the Year ended December 31, 2007.

**RISKS AND UNCERTAINTIES**

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, etc., and bankruptcies by the homeowners.



**FORUM PARK TOWNHOMES OWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2007**

---

**2. REPLACEMENT FUNDING PROGRAM**

The Association is responsible for the repair and maintenance, including renovations, major repairs and replacement of common property. The support provided by the owners should include an amount to be set aside as funding for such future expenses.

An independent study to determine the 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 major repairs and replacement costs. Therefore, when replacement funds are needed, the Association may have to increase the monthly assessments, pass special assessments, borrow, or delay replacement until funds are available.

**SUPPLEMENTAL SCHEDULES**

**FORUM PARK TOWNHOMES OWNERS' ASSOCIATION, INC.**  
**ANALYSIS OF ASSESSMENTS, REVENUES AND EXPENSES**  
**Per Homeowner and as Percentage of Assessments**  
**For The Year Ended December 31, 2007**

|  | <b>Actual</b>  | <b>Average<br/>Per Home<br/>Per Year</b> | <b>Average<br/>Per Home<br/>Per Month</b> |
|--|----------------|--|---|
| <b>Assessments and revenues</b>            |                |  |   |
| Maintenance fees                           | \$545,168      | 87.97%                                   | \$210.33                                  |
| Late fees & penalties                      | 5,969          | 0.96%                                    | 2.30                                      |
| Interest income                            | 600            | 0.10%                                    | 0.23                                      |
| Insurance proceeds - fire                  | 63,609         | 10.26%                                   | 24.54                                     |
| Transmitters/cards and other income        | 4,341          | 0.70%                                    | 1.67                                      |
| <b>Total revenues</b>                      | <b>619,687</b> | <b>100.00%</b>                           | <b>239.08</b>                             |
| <b>Administrative Expenses</b>             |                |  |   |
| Professional management                    | 31,800         | 5.13%                                    | 12.27                                     |
| Professional fees - auditing               | 1,200          | 0.19%                                    | 0.46                                      |
| Professional fees - legal, net of recovery | 1,922          | 0.31%                                    | 0.74                                      |
| Payroll processing                         | 2,150          | 0.35%                                    | 0.83                                      |
| Office supplies and postage                | 13,079         | 2.11%                                    | 5.05                                      |
| Property and other taxes                   | 977            | 0.16%                                    | 0.38                                      |
| <b>Total administrative expenses</b>       | <b>51,128</b>  | <b>8.25%</b>                             | <b>19.73</b>                              |
| <b>Contract services</b>                   |                |  |   |
| Water conditioner                          | 4,560          | 0.74%                                    | 1.76                                      |
| Trash removal                              | 24,384         | 3.93%                                    | 9.41                                      |
| Extermination and termite contract         | 2,338          | 0.38%                                    | 0.90                                      |
| Patrol services                            | 31,746         | 5.12%                                    | 12.25                                     |
| <b>Total contract services</b>             | <b>63,028</b>  | <b>10.17%</b>                            | <b>24.32</b>                              |
| <b>Building maintenance</b>                |                |  |   |
| Payroll, taxes and contract labor          | 79,732         | 12.87%                                   | 30.76                                     |
| Supplies and other expenses                | 47,566         | 7.68%                                    | 18.35                                     |
| <b>Total building maintenance</b>          | <b>127,298</b> | <b>20.54%</b>                            | <b>49.11</b>                              |
| <b>Utilities</b>                           |                |  |   |
| Electricity                                | 18,185         | 2.93%                                    | 7.02                                      |
| Water and sewer                            | 94,716         | 15.28%                                   | 36.54                                     |
| Gas  | 71,250         | 11.50%                                   | 27.49                                     |
| Telephone                                  | 4,879          | 0.79%                                    | 1.88                                      |
| <b>Total utilities</b>                     | <b>189,030</b> | <b>30.50%</b>                            | <b>72.93</b>                              |
| <b>Insurance</b>                           | <b>76,524</b>  | <b>12.35%</b>                            | <b>29.52</b>                              |
| <b>Repairs</b>                             | <b>32,594</b>  | <b>5.26%</b>                             | <b>12.57</b>                              |
| <b>Capital reserve expenses</b>            | <b>7,868</b>   | <b>1.27%</b>                             | <b>3.04</b>                               |
| <b>Fire repairs</b>                        | <b>71,397</b>  | <b>11.52%</b>                            | <b>27.55</b>                              |
| <b>Total expenses</b>                      | <b>618,867</b> | <b>99.87%</b>                            | <b>238.76</b>                             |
| <b>Net revenue over expenses</b>           | <b>\$820</b>   | <b>0.13%</b>                             | <b>\$0.32</b>                             |

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

**FORUM PARK TOWNHOMES OWNERS' ASSOCIATION, INC.**  
**COMPARISON OF ACTUAL TO BUDGETED**  
**ASSESSMENTS, REVENUES AND EXPENSES**  
**For The Year Ended December 31, 2007**

|  | <b>Actual</b>  | <b>Budget</b>    | <b>Variance</b><br><b>F (UF)</b> |
|--|----------------|------------------|----------------------------------|
| <b>Assessments and revenues</b>            |                |                  |                                  |
| Maintenance fees                           | \$545,168      | \$543,792        | \$1,376                          |
| Late fees & penalties                      | 5,969          | 2,400            | 3,569                            |
| Interest income                            | 600            | 240              | 360                              |
| Insurance proceeds - fire                  | 63,609         | -                | 63,609                           |
| Rental income                              | -              | 5,400            | (5,400)                          |
| Transmitters/cards and other income        | 4,341          | -                | 4,341                            |
| <b>Total revenues</b>                      | <b>619,687</b> | <b>551,832</b>   | <b>67,855</b>                    |
| <b>Administrative Expenses</b>             |                |                  |                                  |
| Professional management                    | 31,800         | 31,800           | -                                |
| Professional fees - auditing               | 1,200          | 1,344            | 144                              |
| Professional fees - legal, net of recovery | 1,922          | 7,800            | 5,878                            |
| Payroll processing                         | 2,150          | 1,860            | (290)                            |
| Office supplies and postage                | 13,079         | 7,140            | (5,939)                          |
| Property and other taxes                   | 977            | 1,140            | 163                              |
| <b>Total administrative expenses</b>       | <b>51,128</b>  | <b>51,084</b>    | <b>(44)</b>                      |
| <b>Contract services</b>                   |                |                  |                                  |
| Water conditioner                          | 4,560          | 4,320            | (240)                            |
| Trash removal                              | 24,384         | 24,048           | (336)                            |
| Extermination and termite contract         | 2,338          | 2,400            | 62                               |
| Patrol services                            | 31,746         | 32,640           | 894                              |
| <b>Total contract services</b>             | <b>63,028</b>  | <b>63,408</b>    | <b>380</b>                       |
| <b>Building maintenance</b>                |                |                  |                                  |
| Payroll, taxes and contract labor          | 79,732         | 80,400           | 668                              |
| Supplies and other expenses                | 47,566         | 46,920           | (646)                            |
| <b>Total building maintenance</b>          | <b>127,298</b> | <b>127,320</b>   | <b>22</b>                        |
| <b>Utilities</b>                           |                |                  |                                  |
| Electricity                                | 18,185         | 23,400           | 5,215                            |
| Water and sewer                            | 94,716         | 108,000          | 13,284                           |
| Gas  | 71,250         | 79,440           | 8,190                            |
| Telephone                                  | 4,879          | 5,400            | 521                              |
| <b>Total utilities</b>                     | <b>189,030</b> | <b>216,240</b>   | <b>27,210</b>                    |
| <b>Insurance</b>                           | <b>76,524</b>  | <b>72,180</b>    | <b>(4,344)</b>                   |
| <b>Repairs</b>                             | <b>32,594</b>  | <b>21,600</b>    | <b>(10,994)</b>                  |
| <b>Capital reserve expenses</b>            | <b>7,868</b>   | <b>-</b>         | <b>(7,868)</b>                   |
| <b>Fire repairs</b>                        | <b>71,397</b>  | <b>-</b>         | <b>(71,397)</b>                  |
| <b>Total expenses</b>                      | <b>618,867</b> | <b>\$551,832</b> | <b>(67,035)</b>                  |
| <b>Net revenue over expenses</b>           | <b>\$820</b>   | <b>-</b>         | <b>\$820</b>                     |

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

**FORUM PARK TOWNHOMES OWNERS' ASSOCIATION, INC.**  
**COMPARATIVE ANALYSIS OF ASSESSMENTS, REVENUES AND EXPENSES**

For the Years Ended December 31, 2007 to 1998

|  | 2007           | 2006            | 2005              | 2004            | 2003              | 2002            | 2001            | 2000              | 1999              | 1998              |
|--|----------------|-----------------|-------------------|-----------------|-------------------|-----------------|-----------------|-------------------|-------------------|-------------------|
| <b>Assessments and revenues</b>            |                |                 |                   |                 |                   |                 |                 |                   |                   |                   |
| Maintenance fees                           | \$545,168      | \$546,531       | \$510,454         | \$485,169       | \$487,148         | \$488,178       | \$445,883       | \$420,862         | \$416,931         | \$406,589         |
| Late fees & penalties                      | 5,969          | 1,877           | 2,775             | 5,918           | 6,996             | 6,021           | 4,970           | 3,802             | 5,521             | 4,683             |
| Interest income                            | 600            | 336             | 225               | 62              | 233               | 657             | 178             | 675               | 462               | 1,764             |
| Insurance proceeds - fire                  | 63,609         | -               | -                 | -               | -                 | -               | -               | -                 | -                 | -                 |
| Rental income, net of expenses             | -              | 465             | -                 | 5,400           | -                 | -               | -               | -                 | -                 | -                 |
| Transmitters/cards and other income        | 4,341          | 2,117           | 4,965             | 3,036           | 47                | 237             | 150             | (6,089)           | -                 | 201               |
| <b>Total revenues</b>                      | <b>619,687</b> | <b>551,326</b>  | <b>518,419</b>    | <b>499,585</b>  | <b>494,424</b>    | <b>495,093</b>  | <b>451,181</b>  | <b>419,250</b>    | <b>422,914</b>    | <b>413,237</b>    |
| <b>Administrative Expenses</b>             |                |                 |                   |                 |                   |                 |                 |                   |                   |                   |
| Professional management                    | 31,800         | 31,800          | 30,600            | 30,600          | 29,808            | 29,808          | 29,808          | 29,808            | 29,808            | 27,216            |
| Professional fees - auditing               | 1,200          | 1,350           | 1,200             | 1,100           | 1,100             | 1,100           | 1,100           | 1,100             | 1,100             | 1,100             |
| Professional fees - legal, net of recovery | 1,922          | 6,912           | 4,019             | 4,570           | 4,087             | 267             | 36,366          | 2,618             | 660               | (482)             |
| Payroll processing                         | 2,150          | 2,082           | 1,674             | 1,467           | 1,562             | 1,325           | 1,403           | 1,182             | 1,212             | 530               |
| Office supplies and postage                | 13,079         | 13,236          | 14,418            | 14,736          | 11,735            | 16,959          | 9,090           | 7,341             | 6,590             | 8,549             |
| Property and other taxes                   | 977            | 1,552           | 2,125             | 916             | 3,621             | 2,400           | -               | -                 | -                 | (2,655)           |
| <b>Total administrative expenses</b>       | <b>51,128</b>  | <b>56,932</b>   | <b>54,036</b>     | <b>53,389</b>   | <b>51,913</b>     | <b>51,959</b>   | <b>77,767</b>   | <b>42,049</b>     | <b>39,370</b>     | <b>34,258</b>     |
| <b>Contract services</b>                   |                |                 |                   |                 |                   |                 |                 |                   |                   |                   |
| Water conditioner                          | 4,560          | 4,560           | 4,230             | 4,200           | 4,200             | 4,200           | 4,090           | 4,080             | 4,080             | 3,970             |
| Trash removal                              | 24,384         | 24,016          | 23,238            | 21,273          | 18,857            | 18,380          | 17,310          | 14,043            | 15,164            | 13,902            |
| Extermination and termite contract         | 2,338          | 736             | 1,451             | 1,451           | 3,452             | 1,795           | 246             | 2,650             | 1,079             | 3,091             |
| Patrol services                            | 31,746         | 22,331          | 34,465            | 40,076          | 7,286             | 6,600           | 8,752           | 11,900            | 11,700            | 11,950            |
| <b>Total contract services</b>             | <b>63,028</b>  | <b>51,643</b>   | <b>63,384</b>     | <b>67,000</b>   | <b>33,795</b>     | <b>30,975</b>   | <b>30,398</b>   | <b>32,673</b>     | <b>32,023</b>     | <b>32,913</b>     |
| <b>Building maintenance</b>                |                |                 |                   |                 |                   |                 |                 |                   |                   |                   |
| Payroll, taxes and contract labor          | 79,732         | 78,724          | 80,954            | 69,937          | 74,576            | 60,514          | 71,504          | 76,790            | 72,623            | 58,519            |
| Supplies and other expenses                | 47,566         | 44,731          | 41,667            | 33,575          | 45,863            | 32,078          | 29,624          | 33,887            | 42,659            | 30,620            |
| <b>Total building maintenance</b>          | <b>127,298</b> | <b>123,455</b>  | <b>122,621</b>    | <b>103,512</b>  | <b>120,439</b>    | <b>92,592</b>   | <b>101,128</b>  | <b>110,677</b>    | <b>115,282</b>    | <b>89,139</b>     |
| <b>Utilities</b>                           |                |                 |                   |                 |                   |                 |                 |                   |                   |                   |
| Electricity                                | 18,185         | 22,891          | 17,176            | 16,522          | 10,635            | 10,690          | 13,912          | 10,755            | 9,986             | 11,516            |
| Water and sewer                            | 94,716         | 85,694          | 119,651           | 92,351          | 96,190            | 103,750         | 91,584          | 128,868           | 124,420           | 122,305           |
| Gas  | 71,250         | 69,567          | 64,751            | 68,024          | 49,917            | 41,415          | 58,911          | 42,677            | 34,651            | 39,671            |
| Telephone                                  | 4,879          | 5,238           | 5,193             | 5,010           | 5,918             | 4,780           | 3,466           | 2,962             | 2,823             | 2,717             |
| <b>Total utilities</b>                     | <b>189,030</b> | <b>183,390</b>  | <b>206,771</b>    | <b>181,907</b>  | <b>162,660</b>    | <b>160,635</b>  | <b>167,873</b>  | <b>185,262</b>    | <b>171,880</b>    | <b>176,209</b>    |
| <b>Insurance</b>                           |                |                 |                   |                 |                   |                 |                 |                   |                   |                   |
| Repairs                                    | 76,524         | 63,570          | 48,132            | 50,249          | 80,950            | 56,901          | 43,161          | 24,810            | 23,893            | 36,860            |
| Renovations and improvements               | 32,594         | 23,188          | 15,704            | 16,490          | 21,386            | 32,277          | 16,649          | 19,716            | 30,556            | 4,976             |
| Fire repairs                               | 7,868          | 18,359          | 21,436            | 16,317          | 79,449            | -               | -               | 21,238            | 40,476            | 62,436            |
|  | 71,397         | -               | 617               | -               | -                 | 1,050           | -               | -                 | -                 | -                 |
| <b>Total expenses</b>                      | <b>618,867</b> | <b>520,537</b>  | <b>532,084</b>    | <b>488,864</b>  | <b>550,592</b>    | <b>425,239</b>  | <b>436,976</b>  | <b>436,425</b>    | <b>453,480</b>    | <b>436,791</b>    |
| <b>Net revenue over expenses</b>           | <b>\$820</b>   | <b>\$30,789</b> | <b>(\$13,665)</b> | <b>\$10,721</b> | <b>(\$56,166)</b> | <b>\$69,854</b> | <b>\$14,205</b> | <b>(\$17,175)</b> | <b>(\$30,566)</b> | <b>(\$23,554)</b> |

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

**FORUM PARK TOWNHOMES OWNERS' ASSOCIATION, INC.**  
**SCHEDULE OF RENOVATIONS AND IMPROVEMENTS**  
**As of December 31, 2007, 2006, and 2005**

---

|                           | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|---------------------------|-------------|-------------|-------------|
| Driveways and sidewalks   | -           | -           | \$8,378     |
| Pool furniture            | -           | -           | 3,357       |
| Carports                  | -           | -           | 1,510       |
| Mulch for property        | -           | -           | 498         |
| Gypsum floor installation | -           | \$3,915     | 4,385       |
| Boiler repairs            | -           | -           | 3,308       |
| Roof                      | -           | 2,265       | -           |
| Pool renovation           | -           | 12,179      | -           |
| Unit renovation           | \$6,047     |             |             |
| Building                  | 1,821       |             |             |
| Revenues over expenses    | \$7,868     | \$18,359    | \$21,436    |

---

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

---