

Wilchester West Fund, Inc.

Balance Sheet  
As of 09/30/08

Account	Description	Operating	Reserves	Other	Totals
ASSETS					
1001	Cash - Sterling Operating	70,530.28			70,530.28
1005	Cash - Sterling MMkt	20,505.67			20,505.67
1010	Cash - Chase MMkt		65,385.49		65,385.49
1250	Due from Reserves	30,768.41			30,768.41
1300	Due to Operating		(30,768.41)		(30,768.41)
TOTAL ASSETS		121,804.36	34,617.08	.00	156,421.44
LIABILITIES & EQUITY					
CURRENT LIABILITIES:					
2200	Prepaid Assessments	935.10			935.10
2250	Loan for Wall		11,914.66		11,914.66
Subtotal Current Liab.		935.10	11,914.66	.00	12,849.76
RESERVES:					
Subtotal Reserves		.00	.00	.00	.00
EQUITY:					
3900	Operating Fund	117,628.44			117,628.44
3910	Reserve Fund		(60,769.82)		(60,769.82)
	Current Year Net Income/(Loss)	3,240.82	83,472.24	.00	86,713.06
Subtotal Equity		120,869.26	22,702.42	.00	143,571.68
TOTAL LIABILITIES & EQUITY		121,804.36	34,617.08	.00	156,421.44

# Wilchester West Fund, Inc.

Income/Expense Statement  
Period: 10/01/07 to 09/30/08

Account	Description	Current Period			Year-To-Date			Yearly Budget
		Actual	Budget	Variance	Actual	Budget	Variance	
<b>OPERATING INCOME</b>								
04001	Assessments	259,915.16	256,905.00	3,010.16	259,915.16	256,905.00	3,010.16	256,905.00
04010	Transfer Fees	2,650.00	2,500.00	150.00	2,650.00	2,500.00	150.00	2,500.00
04015	HO Interest Income	936.07	1,000.00	(63.93)	936.07	1,000.00	(63.93)	1,000.00
04020	HO Late Fees	2,659.09	2,000.00	659.09	2,659.09	2,000.00	659.09	2,000.00
04025	HO NSF Fees	20.00	50.00	(30.00)	20.00	50.00	(30.00)	50.00
04035	HO Lien Fees	50.00	100.00	(50.00)	50.00	100.00	(50.00)	100.00
04040	HO Legal/Atty Fees	3,963.97	500.00	3,463.97	3,963.97	500.00	3,463.97	500.00
04090	Operating Bank Interest Incom	217.27	400.00	(182.73)	217.27	400.00	(182.73)	400.00
<b>TOTAL OPERATING INCOME</b>		<b>270,411.56</b>	<b>263,455.00</b>	<b>6,956.56</b>	<b>270,411.56</b>	<b>263,455.00</b>	<b>6,956.56</b>	<b>263,455.00</b>
<b>OPERATING EXPENSES</b>								
<b>Garbage</b>								
05010	Garbage Fees	99,547.33	92,500.00	(7,047.33)	99,547.33	92,500.00	(7,047.33)	92,500.00
05015	Garbage Reimbursement	(37,368.00)	(37,368.00)	.00	(37,368.00)	(37,368.00)	.00	(37,368.00)
<b>Garbage</b>		<b>62,179.33</b>	<b>55,132.00</b>	<b>(7,047.33)</b>	<b>62,179.33</b>	<b>55,132.00</b>	<b>(7,047.33)</b>	<b>55,132.00</b>
<b>Security</b>								
05110	Security Fees	149,879.00	145,000.00	(4,879.00)	149,879.00	145,000.00	(4,879.00)	145,000.00
05120	Security Reimbursements	(62,755.75)	(54,500.00)	8,255.75	(62,755.75)	(54,500.00)	8,255.75	(54,500.00)
<b>Security</b>		<b>87,123.25</b>	<b>90,500.00</b>	<b>3,376.75</b>	<b>87,123.25</b>	<b>90,500.00</b>	<b>3,376.75</b>	<b>90,500.00</b>
<b>General &amp; Administrative</b>								
05210	Annual Meeting Expense	.00	500.00	500.00	.00	500.00	500.00	500.00
05215	Accounting Fees	9,534.64	9,800.00	265.36	9,534.64	9,800.00	265.36	9,800.00
05220	HO Legal Fees	3,300.28	3,000.00	(300.28)	3,300.28	3,000.00	(300.28)	3,000.00
05225	Association Legal Fees	1,602.56	1,000.00	(602.56)	1,602.56	1,000.00	(602.56)	1,000.00
05230	Postage/Printing & Supplies	1,593.58	2,100.00	506.42	1,593.58	2,100.00	506.42	2,100.00
05235	Landscaping & Grounds Maint.	7,437.28	6,700.00	(737.28)	7,437.28	6,700.00	(737.28)	6,700.00
05240	Insurance	3,318.00	4,200.00	882.00	3,318.00	4,200.00	882.00	4,200.00
05245	General Maint. & Repairs	250.00	250.00	.00	250.00	250.00	.00	250.00
05250	Mosquito Fogging	.00	2,400.00	2,400.00	.00	2,400.00	2,400.00	2,400.00
05255	Utilities	2,059.05	2,200.00	140.95	2,059.05	2,200.00	140.95	2,200.00
05260	Communications Expense	750.00	850.00	100.00	750.00	850.00	100.00	850.00

Wilchester West Fund, Inc.

Income/Expense Statement

Period: 10/01/07 to 09/30/08

Account	Description	Current Period			Year-To-Date			Yearly
		Actual	Budget	Variance	Actual	Budget	Variance	Budget
05265	Member Meetings	.00	400.00	400.00	.00	400.00	400.00	400.00
05270	Wall Maintenance	4,287.34	250.00	(4,037.34)	4,287.34	250.00	(4,037.34)	250.00
05280	Wilchester Club Annual Dues	83,040.00	83,040.00	.00	83,040.00	83,040.00	.00	83,040.00
05290	Bank Charges	293.40	300.00	6.60	293.40	300.00	6.60	300.00
05300	Miscellaneous Expense	402.03	833.00	430.97	402.03	833.00	430.97	833.00
	General & Administrative	117,868.16	117,823.00	(45.16)	117,868.16	117,823.00	(45.16)	117,823.00
	TOTAL OPERATING EXPENSES	267,170.74	263,455.00	(3,715.74)	267,170.74	263,455.00	(3,715.74)	263,455.00
	OPERATING SURPLUS/D (DEFICIT)	3,240.82	.00	3,240.82	3,240.82	.00	3,240.82	.00
RESERVE REVENUE								
04510	Wall Spec Assessments	87,234.49	86,320.00	914.49	87,234.49	86,320.00	914.49	86,320.00
04520	Reserve Bank Interest Income	324.61	600.00	(275.39)	324.61	600.00	(275.39)	600.00
	TOTAL RESERVE REVENUE	87,559.10	86,920.00	639.10	87,559.10	86,920.00	639.10	86,920.00
RESERVE EXPENSES								
05620	Interest Expense	4,086.86	6,500.00	2,413.14	4,086.86	6,500.00	2,413.14	6,500.00
	TOTAL RESERVE EXPENSES	4,086.86	6,500.00	2,413.14	4,086.86	6,500.00	2,413.14	6,500.00
	RESERVE SURPLUS/ (DEFICIT)	83,472.24	80,420.00	3,052.24	83,472.24	80,420.00	3,052.24	80,420.00
	TOTAL SURPLUS/(DEFICIT)	86,713.06	80,420.00	6,293.06	86,713.06	80,420.00	6,293.06	80,420.00

**Wilchester West Fund, Inc.**  
**Notes to Financial Statement**  
**Years Ended September 30, 2007 and 2008**

**Note A - Organization and Operations**

Wilchester West Fund, Inc. ("Fund") was chartered by the State of Texas on October 15, 1965, as a not-for-profit corporation organized to serve as a homeowners' association representing the 519 homes comprising Wilchester West Subdivision in the City of Houston, Texas. The Fund is exempt from Federal income taxes, under Section 501 (c) (4) of the Internal Revenue Code, and from Texas state franchise, sales, and use taxes. The Fund is governed by seven Trustees, who are elected at the annual Members' meeting held each April. The Trustees are elected for staggered three year terms and they elect officers each year.

The Fund's principal source of revenue is an annual maintenance fee charged each homeowner, at the current rate of \$500 per home and a special assessment for reconstruction of the perimeter wall. This special assessment is \$84.00 per home each six months beginning July 1, 2004 and ending January 1, 2009. The Fund's principal services include contracting for (1) outside pickup of garbage, at a 2008 monthly base rate ranging between \$14.50 and \$14.71, along with monthly fuel surcharges ranging from \$0 to \$2.95 per home. Of these amounts, \$6.00 is currently reimbursed to the Fund by the City of Houston and (2) security service with the Harris County Contract Deputy Program had a 2007 monthly rate of \$10,074 monthly, with \$3,948 reimbursed monthly by Nottingham Maintenance and Nottingham IV, for their proportionate share of coverage under the contract. Effective January 1, 2008, a new contract with the Harris County Contract Deputy Program had a monthly rate of \$10,618, with \$4,161.19 reimbursed monthly by Nottingham Maintenance and Nottingham IV, for their proportionate share of coverage under the contract. Effective November 2006, the Fund increased security patrol by adding additional patrol times for \$40 per hour. Wilchester reimburses 55% to the Fund for the proportionate share of the additional cost of this patrol. As a result of a change in the deed restrictions, a contract was signed with the Wilchester Club whereby Annual Member Fees of \$83,040 are paid on behalf of all members of the Fund. This \$83,040 is paid one half on February 1 and one half on August 1.

The Fund's annual budget is prepared and approved by the Trustees and subsequently presented at the annual Members' meeting.

The Fund's financial transactions, records, billing, and collections are handled by Best Fit Solutions, LLC; c/o Wilchester West Fund, Inc.; 11152 Westheimer, #745; Houston, TX 77042. Fees for this service are at the currently contracted base rate of \$750 per month.

Wilchester West is currently represented by the law firm of Butler & Hailey.

**Note B - Accounting Policies and Unrecorded Assets and Liabilities**

The Fund maintains its financial records on the modified cash basis of accounting. That is, assessment revenues and the related assets are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligations are incurred.

The only unrecorded assets and liabilities of the Fund at September 30, 2007 and 2008, known to the Trustees were as follows:

	<u>2007</u>	<u>2008</u>
Amount due from Members for delinquent maintenance assessments (See Note C)	<u>\$10,321</u>	<u>\$ 7,457</u>
Amount due from Members for delinquent Special assessments for the wall	<u>\$3,528</u>	<u>\$ 2,767</u>

### Note C - Delinquent Maintenance Assessments

This amount does not include interest, late fees, lien fees, attorney fees, due thereon. Unpaid delinquent assessments represent an enforceable first lien per the deed restrictions. Attorney fees, lien fees, and any other handling charges are the responsibility of the delinquent homeowner. As of April 14, 2009, outstanding assessments and special assessments totaled \$10,437, which represents 18 properties.

### Note D - Cash Balance/Fund Equity

As the Fund maintains its financial records on the modified cash basis of accounting, the Fund's Equity is represented by the amount of net of Cash, certain receivables, certain short term obligations, and loan balances. Cash Balance and Loan Balances were comprised of the following at September 30, 2007 and 2008:

	<u>2007</u>	<u>2008</u>
Chase Bank - (Money Market)	\$ 65,075	\$ 65,385
Sterling Bank - (Checking)	49,879	70,530
Sterling Bank - (Money Market)	20,353	20,506
Sterling Bank Loan – Perimeter Wall	(77,915)	(11,914)
Prepaid Assessments	<u>(534)</u>	<u>(935)</u>
	<u>\$ 56,858</u>	<u>\$ 143,572</u>

Effective September 15, 2005 the Fund initiated a Promissory Note with Sterling Bank in the amount of \$230,000 with a 6.9% interest rate. The funds were drawn down, as needed, during the construction of the perimeter wall. The Promissory Note requires the Fund to make principal reductions of \$33,000 each March and September, until the Note is paid in full. As of March 2009, the loan has been paid in full and in compliance with its original date of maturity.

It is the policy of the Fund to maintain total cash balances that at least equal the next six months' anticipated net expenditures, excluding the amount paid to the Wilchester Club. One-half of approved budgeted expenditures, less reimbursements and excluding the amount paid to the Wilchester Club for the six months ending March 31, 2009, totals approximately \$ 99,180. A current financial status will be provided in the Treasurer's report at the meeting.

Wilchester West Fund, Inc.  
2008/2009 Budget

Original Budget Prepared Oct 08	Revised Budget Prepared Apr 09
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	# of homes	519	519	519	519	519	519
Assessment	\$	500	\$ 500	\$ 500	\$ 500	\$ 530	\$ 560
Wall Assessment	\$	168	\$ 168	\$ 168	\$ 168	\$ 64	\$ 84
	Actual Oct 04 - Sept 05	Actual Oct 05 - Sept 06	Actual Oct 06 - Sept 07	Actual Oct 07 - Sept 08	Budget Oct 08 - Sept 09	Budget Oct 08 - Sept 09	
Beginning Operating Cash Balance	\$ 59,680.90	\$ 79,431.95	\$ 99,350.46	\$ 118,162.67	\$ 121,804.36	\$ 121,804.36	
<b>Operating Income</b>							
Assessments	\$ 258,291.18	\$ 257,359.09	\$ 260,621.02	\$ 259,915.16	\$ 272,319.30	\$ 287,733.60	
Transfer Fees	3,200.00	3,275.00	2,300.00	2,650.00	2,500.00	2,500.00	
HO Interest Income	-	417.69	1,140.08	936.07	1,000.00	1,000.00	
HO Late Fees	1,487.00	1,609.14	2,522.46	2,659.09	2,250.00	2,250.00	
HO NSF Fees	-	40.00	20.00	20.00	25.00	25.00	
HO Lien Fees	-	50.00	126.05	50.00	50.00	50.00	
HO Legal/Atty Fees	-	-	2,151.36	3,963.97	2,000.00	2,000.00	
Bank Interest Income	2,549.14	1,886.53	451.77	217.27	300.00	300.00	
Miscellaneous Income	-	325.00	-	-	-	-	
<b>Total Operating Income</b>	<b>\$ 265,527.32</b>	<b>\$ 264,962.45</b>	<b>\$ 269,332.74</b>	<b>\$ 270,411.56</b>	<b>\$ 280,444.30</b>	<b>\$ 295,858.60</b>	
<b>Operating Expenses</b>							
<b>Garbage</b>							
Garbage Fees	\$ 90,306.00	\$ 90,418.88	\$ 90,306.00	\$ 99,547.33	\$ 109,800.00	\$ 131,716.00	
Garbage Reimbursement	(37,368.00)	(37,368.00)	(37,368.00)	(37,368.00)	(37,368.00)	(37,368.00)	
<b>Total Garbage</b>	<b>\$ 52,938.00</b>	<b>\$ 53,050.88</b>	<b>\$ 52,938.00</b>	<b>\$ 62,179.33</b>	<b>\$ 72,432.00</b>	<b>\$ 94,348.00</b>	
<b>Security</b>							
Security Fees	\$ 102,476.70	\$ 115,545.90	\$ 141,828.00	\$ 149,879.00	\$ 152,876.58	\$ 152,876.58	
Security Reimbursement	(43,593.94)	(44,912.03)	(52,718.42)	(62,755.75)	(61,150.63)	(61,150.63)	
<b>Total Security</b>	<b>\$ 58,882.76</b>	<b>\$ 70,633.87</b>	<b>\$ 89,109.58</b>	<b>\$ 87,123.25</b>	<b>\$ 91,725.95</b>	<b>\$ 91,725.95</b>	
<b>General &amp; Admin</b>							
Annual Meeting	\$ 713.79	\$ 572.00	\$ -	\$ -	\$ -	\$ -	
Accounting Fees	12,000.00	10,040.00	9,300.00	9,534.64	9,800.00	9,800.00	
HO Legal Fees	-	2,688.45	4,675.95	3,300.28	3,500.00	3,500.00	
Association Legal Fees	2,173.08	848.17	911.87	1,602.56	1,000.00	1,000.00	
Postage/Printing & Supplies	1,317.37	2,181.50	1,970.62	1,593.58	2,000.00	2,000.00	
Landscaping & Grounds	6,477.21	6,575.28	6,572.28	7,437.28	6,700.00	6,700.00	
Insurance	4,039.00	3,776.00	3,771.00	3,318.00	4,000.00	4,000.00	
General Maint & Repairs	749.21	-	40.86	250.00	250.00	250.00	
Mosquito Fogging	1,296.50	1,551.70	2,216.30	-	2,000.00	2,000.00	
Utilities	1,077.34	936.43	2,280.29	2,059.05	2,100.00	2,100.00	
Communications	754.00	1,162.50	750.00	750.00	950.00	950.00	
Member Meetings	3,044.96	103.05	-	-	-	-	
Wall Maintenance	12,150.00	-	(30.99)	4,287.34	250.00	250.00	
Entrance Upgrade	4,040.00	-	-	-	-	-	
Wilchester Club Dues	83,040.00	83,040.00	83,040.00	83,040.00	83,040.00	83,040.00	
Bank Charges	-	300.97	256.14	293.40	300.00	300.00	
Miscellaneous	1,083.05	16.00	820.00	402.03	396.35	396.35	
<b>Total General &amp; Admin</b>	<b>\$ 133,955.51</b>	<b>\$ 113,792.05</b>	<b>\$ 116,574.32</b>	<b>\$ 117,868.16</b>	<b>\$ 116,286.35</b>	<b>\$ 116,286.35</b>	
<b>Total Operating Expenses</b>	<b>\$ 245,776.27</b>	<b>\$ 237,476.80</b>	<b>\$ 258,621.90</b>	<b>\$ 267,170.74</b>	<b>\$ 280,444.30</b>	<b>\$ 302,360.30</b>	
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>\$ 19,751.05</b>	<b>\$ 27,485.65</b>	<b>\$ 10,710.84</b>	<b>\$ 3,240.82</b>	<b>\$ 0.00</b>	<b>\$ (6,501.70)</b>	
Change in prepaid assessments	-	1,774.86	(1,240.63)	400.87	-	-	
Change in garbage rebate rcvble	-	(9,342.00)	9,342.00	-	-	-	
Ending Operating Cash Balance	\$ 79,431.95	\$ 99,350.46	\$ 118,162.67	\$ 121,804.36	\$ 121,804.36	\$ 115,302.66	
Beginning Reserve Cash Balance	\$ 126,557.32	\$ 212,540.58	\$ 86,763.14	\$ 17,144.84	\$ 34,617.08	\$ 34,617.08	
<b>Reserve Revenue</b>							
Wall Special Assessments	\$ 85,983.26	\$ 84,938.46	\$ 87,741.60	\$ 87,234.49	\$ 44,074.80	\$ 44,074.80	
Bank Interest Income	-	1,058.75	664.75	324.61	400.00	400.00	
<b>Total Reserve Revenue</b>	<b>\$ 85,983.26</b>	<b>\$ 85,997.21</b>	<b>\$ 88,406.35</b>	<b>\$ 87,559.10</b>	<b>\$ 44,474.80</b>	<b>\$ 44,474.80</b>	
<b>Reserve Expenses</b>							
Wall Demo & Construction	\$ -	\$ 332,961.70	\$ 103,389.32	\$ -	\$ -	\$ -	
Interest Expense	-	2,727.61	8,635.33	4,086.86	800.00	800.00	
<b>Total Reserve Expenses</b>	<b>\$ -</b>	<b>\$ 335,689.31</b>	<b>\$ 112,024.65</b>	<b>\$ 4,086.86</b>	<b>\$ 800.00</b>	<b>\$ 800.00</b>	
<b>RESERVE SURPLUS/(DEFICIT)</b>	<b>\$ 85,983.26</b>	<b>\$ (249,692.10)</b>	<b>\$ (23,618.30)</b>	<b>\$ 83,472.24</b>	<b>\$ 43,674.80</b>	<b>\$ 43,674.80</b>	
<b>TOTAL SURPLUS/(DEFICIT)</b>	<b>\$ 105,734.31</b>	<b>\$ (222,206.45)</b>	<b>\$ (12,907.46)</b>	<b>\$ 86,713.06</b>	<b>\$ 43,674.80</b>	<b>\$ 37,173.10</b>	
Net Advance/(Payment) on Loan	\$ -	\$ 123,914.66	\$ (46,000.00)	\$ (66,000.00)	\$ (11,914.66)	\$ (11,914.66)	
Ending Reserve Cash Balance	\$ 212,540.58	\$ 86,763.14	\$ 17,144.84	\$ 34,617.08	\$ 66,377.22	\$ 66,377.22	
<b>TOTAL ENDING CASH BALANCE</b>	<b>\$ 291,972.53</b>	<b>\$ 186,113.60</b>	<b>\$ 135,307.51</b>	<b>\$ 156,421.44</b>	<b>\$ 188,181.58</b>	<b>\$ 181,679.88</b>	
Ending Loan Balance	\$ -	\$ 123,914.66	\$ 77,914.66	\$ 11,914.66	\$ -	\$ -	