Franklin Townhomes Owners Association, Inc.

Statement of Excess of Expenses Over Revenues and Retained Earnings

December 31, 2007

| | Operating | Reserve | Total |
|---|---|---|---|
| Revenue | | | |
| Common Area Fees | $ 30,000 | $ - | $ 30,000 |
| Miscellaneous Income | 172 | - | 172 |
| Late Charges | 19 | - | 19 |
| Interest Income | - | 1,396 | 1,396 |
| $500 Monthly Allocation | - | 6,000 | 6,000 |
| Total Revenue | $ 30,191 | $ 7,396 | $ 37,587 |
| | | | |
| Expenses | | | |
| Office Expense | $ 389 | $ 142 | $ 388 |
| Management Fees | 4,710 | - | 4,710 |
| Repairs | 2,267 | - | 2,267 |
| Grounds Maintenance | 7,826 | - | 7,826 |
| Utilities | 4,663 | - | 4,663 |
| Insurance | 10,443 | - | 10,443 |
| Engineering Consultant | 760 | - | 760 |
| Reserve Expenses | - | 26,921 | 27,063 |
| Total Expenses | $ 31,058 | $ 27,063 | $ 58,120 |
| | | | |
| Excess of Expenses Over Revenue | $ (867) | $ (19,667) | $ (20,533) |
| | | | |
| Retained Earnings, Beginning of Year | 8,300 | 57,209 | 65,509 |
| | | | |
| Additional Reserve Allocation | (3,000) | 3,000 | - |
| | | | |
| Retained Earnings, End of Year | $ 4,433 | $ 40,542 | $ 44,976 |