

Western Oaks Property Owners' Association, Inc.

Audited Financial Statements

For the Year Ended December 31, 2008

Western Oaks Property Owners' Association, Inc.

Audited Financial Statements

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Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Western Oaks Property Owners' Association, Inc.  
Austin, Texas

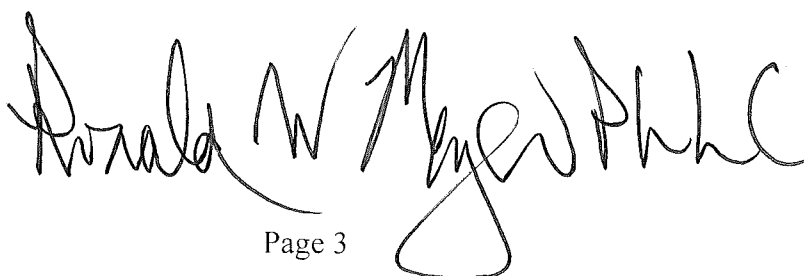
We have audited the accompanying balance sheet of Western Oaks Property Owners' Association, Inc. as of December 31, 2008, and the related statements of revenues, expenditures and changes in fund balance, and cash flows for the year then ended. These financial statements are the responsibility of the 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 generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 Western Oaks Property Owners' Association, Inc. as of December 31, 2008, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on page 10 is presented for the purpose of additional analysis and is 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.

Austin, Texas  
March 9, 2009



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Western Oaks Property Owners' Association, Inc.

Balance Sheet

December 31, 2008

	<u>2008</u>
<b>Assets</b>	
Current Assets	
Cash	\$ 91,772
Accounts Receivable	4,101
Prepaid Insurance	<u>253</u>
Total Current Assets	<u>96,126</u>
Fixed Assets	
Land & Improvements	<u>320,373</u>
Total Fixed Assets	<u>320,373</u>
Total Assets	<u><u>\$ 416,499</u></u>
<b>Liabilities and Fund Balance</b>	
Current Liabilities	
Accounts Payable	\$ 8,269
Prepaid Assessments	12,869
Federal Income Tax Payable	<u>373</u>
Total Current Liabilities	21,511
Fund Balance (Includes \$5,500 Restricted Escrow)	<u>394,988</u>
Total Liabilities and Fund Balance	<u><u>\$ 416,499</u></u>

See accompanying notes to financial statements.

Western Oaks Property Owners' Association, Inc.

Statement of Revenues, Expenses and Changes in Fund Balance

For the Year Ended December 31, 2008

	<u>2008</u>
Revenues	
Dues	\$ 147,193
Interest Income	1,804
Legal Fees	36
Fines	575
Miscellaneous	<u>1,520</u>
Total Revenues	<u>151,128</u>
Expenses	
Management	
Bank Fees	119
Committee Expense	1,352
Newsletter/Telephone Directory	863
Postage and Mailing	1,891
Management Fees	20,800
Legal/Professional/Audit	<u>3,978</u>
Total Management	<u>29,003</u>
Maintenance	
Common Area	10,305
Fence Repair/Replacement	655
Landscape Service and Repairs	25,216
Lights	3,119
Pool Maintenance and Repairs	16,105
Pool Supplies and Chemicals	5,096
Pool Supervision	13,591
Sprinkler System Repairs	4,324
Tennis Court Upgrade	<u>282</u>
Total Maintenance	<u>78,693</u>

See accompanying notes to financial statements.

Western Oaks Property Owners' Association, Inc.

Statements of Revenues, Expenses and Changes in Fund Balance  
(continued)

For the Year Ended December 31, 2008

	<u>2008</u>
Utilities	
Electric	11,094
Water/Wastewater	18,789
Telephone	<u>1,464</u>
Total Utilities	<u>31,347</u>
Taxes and Insurance	
Taxes	1,031
Insurance	<u>7,562</u>
Total Taxes and Insurance	<u>8,593</u>
Total Expenses	<u>147,636</u>
Excess of Revenues Over/(Under) Expenses	3,492
Beginning Fund Balance	<u>391,496</u>
Ending Fund Balance	<u><u>\$ 394,988</u></u>

See accompanying notes to financial statements.

Western Oaks Property Owners' Association, Inc.

Statement of Cash Flows

For the Year Ended December 31, 2008

	<u>2008</u>
Cash Flows from Operating Activities:	
Excess of Revenues Over/(Under) Expenses	\$ 3,492
Changes in Operating Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	1,018
(Increase) Decrease in Prepaid Insurance	27
Increase (Decrease) in Accounts Payable	3,821
Increase (Decrease) in Prepaid Assessments	(6,428)
Increase (Decrease) in Federal Income Tax Payable	<u>22</u>
Net Cash Provided/(Used) By Operating Activities	<u>1,952</u>
Cash Flows Used by Investing Activities:	
Fixed Asset Acquisitions	<u>(6,250)</u>
Net Cash Used by Investing Activities	<u>(6,250)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(4,298)
Cash and Cash Equivalents at Beginning of Year	<u>96,070</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 91,772</u></u>
Supplemental Disclosure	
Income Taxes Paid	<u><u>\$ 521</u></u>
Interest Paid	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

Western Oaks Property Owners' Association, Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2008

Note 1 - Summary of Accounting Policies

Western Oaks Property Owners' Association, Inc. (the Association) was incorporated on August 14, 1975 under the Texas Non-profit Corporation Act for the purpose of operating, managing, and administering the affairs of its membership. This is a 361 unit housing project, located in Travis County, Texas. A monthly fee is paid to the Association by the owner of each lot. For audit purposes, the Association records revenues and expenditures on the accrual basis of accounting and considers cash and cash equivalents to be all cash in banks and money market investing funds.

Note 2 - Common Property

The Association has title to certain common real property including land, a swimming pool and tennis courts. Some of this common property was deeded to the Association by the original developer of the subdivision. The property donated by the developer was valued on the books of the Association at estimated fair market value based upon the 1978 tax valuation from Travis Central Appraisal District. All improvements to the common real property are recorded at cost in the year the improvements are made. The Association has never recorded depreciation on any of the assets on its books. The Association is responsible for maintaining and preserving the common property.

Note 3 - Federal Income Taxes

The Association has elected to be taxed under Internal Revenue Code Section 528 which allows the Association to exclude exempt function income from gross income. Exempt function income consists of owners assessments or other fees the Association receives from members as owners of the Association services. Taxable non-member income arises from amounts received from non-members of the Association including interest earned on reserve funds. Income tax of \$543 for 2008 is reflected in these financial statements.

SUPPLEMENTARY INFORMATION

Western Oaks Property Owners' Association, Inc.

Supplementary Information on Future Major  
Repairs and Replacements (Unaudited)

December 31, 2008

The Association's board of directors conducted a study in 2001 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study as determined by the board of directors. The Association's board of directors updates their estimates each year during annual budget development and incorporates repair and replacement funding requirements into future assessment decisions as determined necessary.

The following information is based on the study and presents significant information about the components of common property.

<u>Components</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Current Replacement Cost</u>	<u>Designated for Repairs/Replacements December 31, 2008</u>
Playground	0	\$ 4,000	\$ 4,000
Basketball & tennis courts	0	15,700	15,700
Irrigation system	0	400	400
Wading pool	0	2,100	2,100
Swimming pool	0	23,500	23,500
Expansion joints	0	2,200	2,200
Pumps & pump house	0	13,484	13,484
Bath house & gazebo	1-16	5,100	5,100
Fence, decking, tables & chairs	9-11	9,000	8,807
<b>Totals</b>		\$ 75,484	\$ 75,291

See independent auditor's report on supplementary information.