

FRALEY & COMPANY, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
9309 MONTGOMERY ROAD  
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To the Board of Directors  
Welbourne Manor Homeowners' Assoc.  
Hamilton, Ohio

We have compiled the accompanying statement of assets, liabilities, and equity—income tax basis of Welbourne Manor Homeowners' Assoc. (a corporation) as of September 30, 2011 and the related statement of revenues and expenses—income tax basis for the one and nine months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the accounting basis used by the Company for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them. However, we did become aware of departures from the income tax basis of accounting that are described in the following paragraphs.


The accompanying budget of Welbourne Manor Homeowners' Assoc. for the one and nine months ended September 30, 2011 has not been compiled or examined by us, and, accordingly we do not express an opinion or any other form of assurance on it.

The income tax basis of accounting requires that the Company record a federal income tax provision. The Company has not recorded such a provision, and the effects of this departure from the income tax basis of accounting on the accompanying financial statements have not been determined.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Management has elected to omit the summaries of significant assumptions and accounting policies required under established guidelines for presentation of prospective financial statements. If the omitted summaries were included in the budgeted information, they might influence the user's conclusions about the Company's budgeted information. Accordingly, this budgeted information is not designed for those who are not informed about such matters.

October 11, 2011



Fraley & Company, L.L.C.

**Welbourne Manor Homeowners' Assoc.**  
**Statement of Assets, Liabilities,**  
**and Equity-Income Tax Basis**  
**As of September 30, 2011**

**Assets**

Current Assets

Cash in Bank-Undesignated	\$60,979.23	
Accounts Receivable	7,210.00	
Total Current Assets		68,189.23
Total Assets		68,189.23

**Liabilities and Equity**

Current Liabilities

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Equity

Designated - Pool Reserve	19,252.47	
Undesignated Retained Earnings	48,936.76	
Total Equity		68,189.23
Total Liabilities and Equity		68,189.23

Welbourne Manor Homeowners' Assoc.  
Statement of Revenues and Expenses  
Income Tax Basis  
For the One Month Ended September 30, 2011

	Actual	Month to Date Budget	Budget Var
Revenue			
<b>Operating Expenses</b>			
Welcome Gifts	\$0.00	\$8.34	\$8.34
Communication - Misc	0.00	27.00	27.00
Legal Fees	0.00	12.50	12.50
Common Utilities	130.94	650.00	519.06
Accounting	0.00	400.00	400.00
Miscellaneous	0.00	60.00	60.00
Water & Sewer	922.58	1,255.00	332.42
Pool Operations	1,485.81	200.00	(1,285.81)
Landscape Maintenance	161.55	800.00	638.45
<b>Total Operating Expenses</b>	<b>2,700.88</b>	<b>3,412.84</b>	<b>711.96</b>
<b>Net Income from Operations</b>	<b>(2,700.88)</b>	<b>(3,412.84)</b>	<b>711.96</b>
<b>Other Income &amp; Expense</b>			
Late Fees	(110.00)	0.00	(110.00)
Dividend Income	0.00	11.66	(11.66)
<b>Total Other Income &amp; Expense</b>	<b>(110.00)</b>	<b>11.66</b>	<b>(121.66)</b>
<b>Net Income (Loss)</b>	<b>(2,810.88)</b>	<b>(3,401.18)</b>	<b>590.30</b>

(See Accountants' Compilation Report)

**Welbourne Manor Homeowners' Assoc.**  
**Statement of Revenues and Expenses**  
**Income Tax Basis**  
**For the Nine Months Ended September 30, 2011**

	Actual	Year to Date Budget	Budget Var
<b>Revenue</b>			
Homeowner Assessments	\$52,400.00	\$53,000.00	(\$600.00)
Miscellaneous Income	740.00	960.00	(220.00)
<b>Total Revenue</b>	<b>53,140.00</b>	<b>53,960.00</b>	<b>(820.00)</b>
<b>Operating Expenses</b>			
Post/Print/Supplies	171.10	175.00	3.90
Neighborhood Events	498.59	1,200.00	701.41
Welcome Gifts	0.00	74.98	74.98
Communication - Misc	0.00	239.00	239.00
Legal Fees	188.10	37.50	(150.60)
Property Tax	2,814.56	2,750.00	(64.56)
B-Ball/Tennis Court Maintenance	0.00	50.00	50.00
Common Utilities	1,937.71	2,250.00	312.29
Insurance	2,216.75	2,250.00	33.25
Accounting	3,200.00	3,600.00	400.00
Paint	70.35	200.00	129.65
Miscellaneous	722.48	185.00	(537.48)
Water & Sewer	2,823.34	5,095.00	2,271.66
Pool Operations	12,092.92	8,250.00	(3,842.92)
Pool Improvements	42.48	1,500.00	1,457.52
Common Area Maintenance	1,902.57	0.00	(1,902.57)
Taxes - Income Tax	0.00	350.00	350.00
Irrigation Sys/Maint.	309.65	800.00	490.35
Landscape Maintenance	1,163.20	4,000.00	2,836.80
Landscaping Material/Supplies	1,304.53	1,490.00	185.47
Telephone	296.59	0.00	(296.59)
Trash	10.00	0.00	(10.00)
Bad Debt Expense	351.30	0.00	(351.30)
<b>Total Operating Expenses</b>	<b>32,116.22</b>	<b>34,496.48</b>	<b>2,380.26</b>
<b>Net Income from Operations</b>	<b>21,023.78</b>	<b>19,463.52</b>	<b>1,560.26</b>
<b>Other Income &amp; Expense</b>			
Late Fees	(182.53)	0.00	(182.53)
Dividend Income	0.00	105.01	(105.01)
<b>Total Other Income &amp; Expense</b>	<b>(182.53)</b>	<b>105.01</b>	<b>(287.54)</b>
<b>Net Income (Loss)</b>	<b>20,841.25</b>	<b>19,568.53</b>	<b>1,272.72</b>

(See Accountants' Compilation Report)