

renovations and the Clubhouse). The amenity upgrades began in 2006 and will continue into 2008. For this reason depreciation expense has almost doubled.

TABLE A

	2008 Budget	2007 Unaudited	2006 Audited	2005 Audited	2004 Audited	2003 Audited
Total Revenue						
All Sources	\$10,936,999	\$10,440,914	\$10,097,965	\$9,492,981	\$8,676,217	\$8,285,722
Total Operating Expense	\$8,144,211	\$7,217,375	\$7,106,871	\$6,438,158	\$6,359,676	\$6,348,794
Depreciation	\$1,727,387	\$1,476,556	\$1,299,357	\$1,527,399	\$1,041,935	\$ 886,496
Interest	420,700	\$212,006	\$345,860	\$ 384,726	\$ 441,803	\$ 447,794
Income Taxes	\$29,000	\$56,900	\$50,374	\$ 39,964	\$ 32,408	\$ 34,450
<u>Excess Revenue over Expense from Operations</u>	<u>\$616,101</u>	<u>\$1,478,078</u>	<u>\$1,295,503</u>	<u>\$1,102,734</u>	<u>\$ 800,395</u>	<u>\$ 568,188</u>
Add Back	\$1,727,387	\$1,476,556	\$1,299,357	\$1,527,399	\$1,041,935	\$ 886,794
Depreciation						
Cash from Operations	\$2,343,488	\$2,954,634	\$2,594,860	\$2,630,133	\$1,842,330	\$1,454,684
Special Assessment	857,071	\$857,281	\$879,357			
Gain on Casualty Loss			\$3,053,885			
Total Cash Provided from All Sources	<u>\$3,200,559</u>	<u>\$3,811,915</u>	<u>\$6,528,102</u>	<u>\$2,630,133</u>	<u>\$1,842,330</u>	<u>\$1,454,684</u>
Total Assets	\$40,250,000	\$33,462,451	\$24,557,357	\$21,636,540	\$20,653,885	\$19,213,773

The Associations' strong financial position as well as the proceeds from the Clubhouse fire has allowed for the reduction of long term debt as outlined in Table B. Between December 2005 and February 2006 the Association, with the assistance of the Finance Committee, negotiated favorable refinancing for the Fitness Center and an existing Golf Course loans that locked in rates for the financing of the amenity upgrade project. The Fitness Center Loan and the Amenity Upgrade Loan are capped at a rate of 6.99%. Finally, the Association also negotiated with the Developer for the financing of two loans at zero interest over a four year period. Two of the four payments have been made leaving the balance due to the Developer at \$901,925 at December 31, 2007.

It should be noted that when the loans were negotiated with Wachovia there was an option built-in allowing the POA to prepay or not draw up to \$2,500,000 without penalty. This allowed the POA to prepay \$1,000,000 in January of 2007 on the Fitness Center loan and will allow for the flexibility of not drawing all of the funds that could be drawn for the amenity upgrade projects.