

**GARDEN OAKS  
MAINTENANCE ORGANIZATION, INC.**

**FINANCIAL STATEMENTS**

**OCTOBER 31, 2008 AND 2007**

**Durio & Company, P.C.**  
*Certified Public Accountants*

**GARDEN OAKS MAINTENANCE ORGANIZATION, INC.**

**Table of Contents**

	<u>Page</u>
Independent Auditor's Report	1
Statement of Assets & Liabilities Arising from Cash Transactions October 31, 2008 and 2007	2
Statement of Revenue Collected & Expenses Paid Years ended October 31, 2008 and 2007	3
Notes to Financial Statements October 31, 2008 and 2007	4 - 5

## Durio & Company

*Certified Public Accountants*  
PROFESSIONAL CORPORATION

6575 WEST LOOP SOUTH, SUITE 400  
BELLAIRE, TEXAS 77401-3512

PHONE: (713) 661-5290  
FAX: (713) 661-1705  
E-MAIL: FIRM@DURIO.PRO  
INTERNET: WWW.DURIO.PRO

### INDEPENDENT AUDITOR'S REPORT

Garden Oaks Maintenance Organization, Inc.  
Houston, Texas

We have audited the accompanying statements of assets and liabilities arising from cash transactions of Garden Oaks Maintenance Organization, Inc. as of October 31, 2008 and 2007, and the related statements of revenue collected and expenses paid for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 about 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 audits provide a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

**In our opinion**, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of Garden Oaks Maintenance Organization, Inc. as of October 31, 2008 and 2007, and its revenue collected and expenses paid during the years then ended, on the basis of accounting described in Note 2.

*Durio & Company, P.C.*

June 17, 2009



**GARDEN OAKS MAINTENANCE ORGANIZATION, INC.**

**Statement of Assets and Liabilities Arising from Cash Transactions  
October 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash in checking account	\$ 132,388	\$ 24,683
Cash in temporary investments	373,041	434,129
Prepaid expenses	<u>11,348</u>	<u>-</u>
Total Assets	<u>\$ 516,777</u>	<u>\$ 458,812</u>
<b>LIABILITIES &amp; EQUITY</b>		
<b>LIABILITIES</b>	\$ -	\$ -
<b>EQUITY</b>		
Members' Equity	<u>516,777</u>	<u>458,812</u>
Total Liabilities & Equity	<u>\$ 516,777</u>	<u>\$ 458,812</u>

**See the accompanying Notes to Financial Statements**

**GARDEN OAKS MAINTENANCE ORGANIZATION, INC.**

**Statement of Revenue Collected and Expenses Paid  
Years Ended October 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>REVENUE COLLECTED</b>		
Transfer fees - Section 1	\$ 87,358	\$ 76,165
Transfer fees - Section 2	38,187	35,239
Transfer fees - Section 3	47,048	37,890
Transfer fees - Section 5	27,616	48,706
Income on cash investments	14,402	13,044
	<u>214,611</u>	<u>211,044</u>
<b>EXPENSES PAID</b>		
Audit, accounting & tax services	5,890	5,200
Community donations	-	35,000
Computer & Internet expenses	221	761
Constable patrol	91,138	27,031
Dues & subscriptions	1,083	1,082
GOCC - Green spaces	8,182	-
GOCC - Home tour	2,500	-
Income taxes	-	1,524
Insurance	4,180	5,859
Legal	28,488	43,485
Miscellaneous expenses	171	685
Office manager	4,318	4,441
Office supplies	123	435
Postage & delivery	1,471	2,875
Printing & reproduction	21	912
Rent	8,030	8,779
Repairs & maintenance		1,600
Telephone	830	642
	<u>156,646</u>	<u>140,311</u>
<b>NET REVENUE COLLECTED</b>	57,965	70,733
Members' Equity - Beginning of year	<u>458,812</u>	<u>388,079</u>
<b>Members' Equity - End of year</b>	<u>\$ 516,777</u>	<u>\$ 458,812</u>

**See the accompanying Notes to Financial Statements**

# **GARDEN OAKS MAINTENANCE ORGANIZATION, INC.**

## **Notes to Financial Statements October 31, 2008 and 2007**

### **Note 1: Reporting Entity**

Garden Oaks Maintenance Organization, Inc. (GOMO) was incorporated as a Texas non-profit organization in September 2002, to further the common interests of the Garden Oaks subdivisions in Houston, Texas. The organization collects transfer assessments from members, enforces deed restrictions, and promotes recreation, health safety, and welfare of the residents within the Garden Oaks subdivisions numbers 1, 2, 3, and 5.

Every person or entity who is a record owner of a fee or undivided fee interest in any parcel of land (as defined in the deed restrictions) in the applicable subdivisions is a member of GOMO.

### **Note 2: Basis of Presentation**

The financial statements are presented on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles. Revenue is reported in the accounting period received, and expenses are reported in the accounting period paid.

### **Note 3: Sources of Revenue**

Transfer assessment fees are collected from members whenever a parcel is conveyed by one person to another (except in connection with division of community property). The new owner-member pays a one-time special transfer assessment equal to 0.75% of the greater of: a). the gross purchase price as shown on the closing statement, or b). the appraised value of the parcel as shown on the current records of Harris County Appraisal District. The transfer assessment is collected at closing and forwarded to GOMO by the title company.

### **Note 4: Cash in Temporary Investments**

Cash in Temporary Investments includes funds in interest-bearing accounts, as well as short-term, highly liquid investments that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

**Garden Oaks Maintenance Organization, Inc.  
Notes to Financial Statements  
October 31, 2008 and 2007**

**Note 5: Constable Patrol**

In July 2007, Garden Oaks Maintenance Organization, Inc. contracted with Harris County, Texas for neighborhood constable patrol services. The amended term of the agreement ends December 31, 2008. The contract can be terminated at any time by either party with no penalty, with 30 days written notice.

**Note 6: Office Lease Agreement**

From November 1, 2006 through January 31, 2008, Garden Oaks Maintenance Organization, Inc. was committed to a lease for office space at the rate of \$730 per month, on a month-to-month basis. Effective February 1, 2008, the organization entered into a one-year lease commitment through January 31, 2009.

**Note 7: Community Donations**

In the fiscal year ended October 31, 2008, Garden Oaks Maintenance Organization, Inc. donated \$10,682 to the Garden Oaks Civic Club for green spaces and the home tour. In the fiscal year ended October 31, 2007, Garden Oaks Maintenance Organization, Inc. donated \$35,000 to a SPARK Park at Garden Oaks Elementary School.

**Note 8: Federal Income Taxes**

Garden Oaks Maintenance Organization, Inc. is a Texas non-profit organization, but it does not qualify as a charitable organization for Federal tax purposes. The organization files its Federal tax return using Form 1120, U.S. Corporation Income Tax Return.