

**U.S. Income Tax Return
for Homeowners Associations**

Department of the Treasury
Internal Revenue Service

For calendar year 2006 or tax year beginning 2006, and ending 20

# WATERFORD CROSSING HOMEOWNERS ASSOCIATION # 18881 WATERFORD PKWY STRONGSVILLE OH 44149-0923	Employer identification number (see page 5)
I R S	Date association formed <u>11-1-1993</u>

Check if: (1) Final return (2) Name change (3) Address change (4) Amended return

A Check type of homeowners association: Condominium management association Residential real estate association Timeshare association

B Total exempt function income. Must meet 60% gross income test (see instructions)	B	320,384
C Total expenditures made for purposes described in 90% expenditure test (see instructions)	C	239,233
D Association's total expenditures for the tax year (see instructions)	D	261,698
E Tax-exempt interest received or accrued during the tax year	E	

Gross Income (excluding exempt function income)

1 Dividends	1	
2 Taxable interest	2	8918
3 Gross rents	3	9575
4 Gross royalties	4	
5 Capital gain net income (attach Schedule D (Form 1120))	5	
6 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	6	
7 Other income (excluding exempt function income) (attach schedule)	7	
8 Gross income (excluding exempt function income). Add lines 1 through 7	8	18,493

Deductions (directly connected to the production of gross income, excluding exempt function income)

9 Salaries and wages	9	
10 Repairs and maintenance	10	16,874
11 Rents	11	
12 Taxes and licenses	12	
13 Interest	13	
14 Depreciation (attach Form 4562)	14	
15 Other deductions (attach schedule)	15	5541
16 Total deductions. Add lines 9 through 15	16	22,465
17 Taxable income before specific deduction of \$100. Subtract line 16 from line 8	17	<3972>
18 Specific deduction of \$100	18	\$100 00

Tax and Payments

19 Taxable income. Subtract line 18 from line 17	19	<4072>
20 Enter 30% of line 19. (Timeshare associations, enter 32% of line 19.)	20	-
21 Tax credits (see instructions)	21	
22 Total tax. Subtract line 21 from line 20. See instructions for recapture of certain credits.	22	-
23 Payments: a 2005 overpayment credited to 2006	23a	
b 2006 estimated tax payments	23b	
c Total	23c	
d Tax deposited with Form 7004	23d	
e Credit for tax paid on undistributed capital gains (attach Form 2439)	23e	
f Credit for federal tax on fuels (attach Form 4136)	23f	
g Credit for federal telephone excise tax paid (attach Form 8913)	23g	
h Add lines 23c through 23g	23h	-
24 Amount owed. Subtract line 23h from line 22. See instructions for depository method of tax payment	24	-
25 Overpayment. Subtract line 22 from line 23h	25	-
26 Enter amount of line 25 you want: Credited to 2007 estimated tax	26	-

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer <u>James E. Messing</u>	Date <u>12-10-07</u>	Title <u>TRUSTEE</u>	May the IRS discuss this return with the preparer shown below (see instructions)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	Preparer's signature	Date	Preparer's SSN or PTIN	
Paid Preparer's Use Only	Firm's name (or yours if self-employed), address, and ZIP code	EIN	Phone no. ()	

Waterford Crossing Homeowners' Association
#34-1765979
Year ending December 31, 2006

Statement 2
Form 1120-H, Line 15
Other Deductions

Insurance	\$	1,435
Snow Removal		325
Utilities		<u>3,831</u>
	\$	<u><u>5,591</u></u>

Waterford Crossing HOA
Summary of Revenue and Expense
Year Ending December 31, 2006

	YTD-06
Revenue	
Dues	317,345.00
Dues - Move-ins	1,570.20
Dues - Late fees	800.00
Rental income	9,575.00
Interest income	8,918.49
Misc income	668.94
	338,877.63
Expenses	
Lawn maint and fertilization	34,792.50
Pool - Mgmt/lifeguards	35,328.65
Landscaping	31,996.30
Electric	19,154.95
Natural gas	10,364.42
Rec center maint	18,749.49
Add'l common area maint/lake	8,258.30
Sprinkler maintenance	5,997.65
Pool - Supplies/maint	4,874.97
Insurance	7,176.00
Waterford Commons	4,500.00
Tree removal	161.25
Sewer	2,335.13
Water	2,033.95
Snow removal	1,625.00
Telephone	1,709.54
Printing charge	2,471.29
Miscellaneous expense	416.93
Legal	372.69
Postage	283.92
Taxes	867.64
Social/entertainment	1,015.41
Security alarm	250.69
Bank fees	7.00
Capital Improvements	66,954.75
Reserve for replacement	-
	261,698.42
Cash increase (decrease)	77,179.21