

Financial Statements

Holiday Inn Express
A Division of First Hospitality Group, LLC

For the Month Ended
January 31, 2008

CD JOHNSON ACCOUNTING SOLUTIONS

209 SOUTH EIGHTH AVENUE EAST, SUITE 100
NEWTON, IOWA 50208

PHONE: (641) 791-2771
WWW.CDJOHNSON.COM

CHRIS D. JOHNSON

FAX: (641) 791-2242
EMAIL: CDJOHNSON@CDJOHNSON.COM

To the Partners
First Hospitality Group, LLC
Newton, Iowa 50208

I have compiled the accompanying balance sheet of Holiday Inn Express, a division of First Hospitality Group, LLC as of January 31, 2008 and the related statements of income and members' equity for the month then ended, and the accompanying supplementary information contained in the statement of income for the twelve months then ended, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of the members. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The members have elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.



Chris D Johnson, CPA
CD Johnson Accounting Solutions

May 21, 2008

First Hospitality Group, LLC
Holiday Inn Express
Balance Sheet
As of January 31, 2008

Assets

Current Assets

1040 · Checking	\$ (21,870.53)
Accounts Receivable	
1101 · Accounts Receivable	62,213.99
1122 · Accounts Receivable-Newton Investments	917.20
1140 · Credit Cards Receivable	-
1291 · Payment Clearing	(1,537.19)
Total Accounts Receivable	<u>61,594.00</u>

Total Current Assets

39,723.47

Fixed Assets

1520 · Vehicles	4,237.00
1529 · Accumulated Depreciation-Vehicles	(1,848.00)
1530 · Equipment	17,182.39
1539 · Accumulated Depreciation-Equipment	(6,401.00)
	<u>13,170.39</u>

Total Fixed Assets

13,170.39

Other Assets

1710 · Security Deposits	<u>1,980.00</u>
--------------------------	-----------------

Total Other Assets

1,980.00

Total Assets

\$ 54,873.86

First Hospitality Group, LLC
Holiday Inn Express
Balance Sheet
As of January 31, 2008

Liabilities & Members' Equity

Current Liabilities

2010 · Accounts Payable	\$ 26,855.99
2030 · Sales Tax Payable	27,792.00
2100 · Payroll Liabilities	441.23
2531 · Guest Advanced Deposits	<u>1,026.92</u>

Total Current Liabilities

56,116.14

Members' Equity

3100 · Members' Equity	23,623.80
Net Income	<u>(24,866.08)</u>

Total Members' Equity

(1,242.28)

Total Liabilities & Members' Equity

\$ 54,873.86

First Hospitality Group, LLC
Holiday Inn Express
Statement of Income
For the Period Ending January 31, 2008

Income	
4110 · Occupied Rooms	\$ 72,001.72
4400 · Banquet Income	239.45
4701 · Vending Sales	
4725 · Laundry	29.40
4760 · Miscellaneous Hotel Revenue	511.35
4800 · Telephone Revenue	122.22
	<hr/>
Total Income	72,904.14
	<hr/>
Expense	
Room Expenses	
6101 · Front Desk Wages	4,693.37
6102 · Housekeeping Wages	4,761.50
6104 · Bell Hop	-
6110 · Cleaning/Janitorial Supplies	238.37
6115 · Janitorial Expense	21.94
6120 · Linen	-
6130 · Housekeeping Miscellaneous	18.35
6150 · In-Room Amenities	588.70
6155 · In-Room Supplies	593.64
6160 · Laundry Supplies	608.57
6165 · Paper Supplies	-
6170 · Uniforms	-
6180 · Guest Relations	37.50
6190 · Miscellaneous	0.38
Total Room Expenses	<hr/> 11,562.32
Continental Breakfast/Mtg Rm	
6201 · Breakfast Wages	705.98
6210 · Breakfast Food	5,171.66
6220 · Breakfast Beverages	329.94
6230 · Breakfast Supplies	220.24
6250 · Banquet Food	-
6290 · Banquet Linen	-
Total Continental Breakfast/Mtg Rm	<hr/> 6,427.82
Vending	
6301 · Vending Purchases	-
Total Vending	<hr/> -
Laundry Expenses	
6410 · Guest Laundry	-
6430 · Guest Dry Cleaning	25.84
Total Laundry Expenses	<hr/> 25.84

First Hospitality Group, LLC
Holiday Inn Express
Statement of Income
For the Period Ending January 31, 2008

Telephone Expenses	
6510 · Telephone	709.40
Total Telephone Expenses	<u>709.40</u>
Marketing Expenses	
6610 · Advertising	28.07
6620 · Promotions	-
6630 · Signage	-
6640 · Printing and Reproduction	-
6650 · Travel Agent Commission	3,411.25
Total Marketing Expenses	<u>3,439.32</u>
Franchise Fees	
7100 · Royalty	6,478.83
7200 · Marketing Fee	-
7300 · Central Reservation	928.98
7310 · Profit Manager Support	-
7400 · Frequent Guest Program	1,018.34
7500 · IOC Dues	-
7900 · Other Franchise Costs	-
Total Franchise Fees	<u>8,426.15</u>
Maintenance	
8001 · Maintenance Wages	957.66
8100 · Building Repairs	187.15
8110 · Electrical & Mechanical Repairs	112.04
8120 · Fire & Safety	-
8130 · Inspections	-
8140 · Pest Control	44.94
8150 · Plumbing	-
8200 · Elevator Maintenance	-
8300 · Maintenance Contract	-
8500 · Computer Repairs	-
8600 · Equipment Repairs	-
8700 · Grounds and Landscaping	750.00
8800 · Pool Maintenance	863.02
8810 · Pool Supplies	-
8900 · Maintenance Supplies	-
8910 · Exercise Room Supplies	12.18
Total Maintenance	<u>2,926.99</u>

First Hospitality Group, LLC
Holiday Inn Express
Statement of Income
For the Period Ending January 31, 2008

General & Admin Expenses	
9001 · Administrative Wages	2,307.70
9090 · Payroll Taxes	1,268.77
9100 · Training	-
9230 · Dues & Subscriptions	-
9250 · Postage	82.00
9260 · Shipping	-
9270 · Meals & Entertainment	3.00
9275 · Travel	458.00
9280 · Bank Service Charges	16.05
9285 · Merchant Processing Fees	1,219.24
9290 · Cash Short / (Long)	(177.89)
9299 · Miscellaneous G&A	(20.00)
9300 · Licenses and Permits	347.00
9350 · Automobile Expense	275.79
9400 · Utilities	6,670.80
9500 · Office Supplies	217.15
9550 · Professional Fees	-
9610 · Interest Expense	-
9700 · Insurance	2,542.20
9800 · Rent	45,000.00
9810 · Equipment Rental	1,920.69
9890 · Depreciation Expense	327.00
9899 · Management Fees	1,794.88
Total General & Admin Expenses	64,252.38
Total Expense	97,770.22
Net Income	\$ (24,866.08)

Supplementary Information

First Hospitality Group, LLC - Holiday Inn Express
Statement of Income
February 2007 through January 2008

Feb '07 - Jan 08

Ordinary Income/Expense

Income

4110 · Occupied Rooms	1,187,832.19
4400 · Banquet Income	3,022.01
4701 · Vending Sales	1,598.24
4725 · Laundry	1,369.52
4760 · Miscellaneous Hotel Revenue	4,546.52
4800 · Telephone Revenue	1,414.74

Total Income	1,199,783.22
---------------------	--------------

Expense

6100 · Room Expenses

6101 · Front Desk Wages	63,195.08
6102 · Housekeeping Wages	67,982.68
6104 · Bell Hop	507.00
6110 · Cleaning/Janitorial Supplies	5,684.69
6115 · Janitorial Expense	148.07
6120 · Linen	364.21
6130 · Housekeeping Miscellaneous	36.54
6150 · In-Room Amenities	5,523.86
6155 · In-Room Supplies	5,325.53
6160 · Laundry Supplies	2,546.17
6165 · Paper Supplies	985.54
6170 · Uniforms	554.04
6180 · Guest Relations	1,483.50
6190 · Miscellaneous	97.73

Total 6100 · Room Expenses	154,434.64
-----------------------------------	------------

6200 · Continental Breakfast/Mtg Rm

6201 · Breakfast Wages	6,359.78
6210 · Breakfast Food	34,642.57
6220 · Breakfast Beverage	6,345.81
6230 · Breakfast Supplies	6,222.67
6250 · Banquet Food	722.65
6290 · Banquet Linen	271.14

Total 6200 · Continental Breakfast/Mtg Rm	54,564.62
--	-----------

6300 · Vending

6301 · Vending Purchases	187.10
--------------------------	--------

Total 6300 · Vending	187.10
-----------------------------	--------

6400 · Laundry Expenses

6410 · Guest Laundry	169.41
6430 · Guest Dry Cleaning	1,191.49

Total 6400 · Laundry Expenses	1,360.90
--------------------------------------	----------

6500 · Telephone Expenses

6510 · Telephone	12,262.12
------------------	-----------

Total 6500 · Telephone Expenses	12,262.12
--	-----------

See Accountants' Compilation Report

First Hospitality Group, LLC - Holiday Inn Express
Statement of Income
February 2007 through January 2008

	<u>Feb '07 - Jan 08</u>
6600 - Marketing Expenses	
6610 - Advertising	2,213.42
6620 - Promotions	42.12
6630 - Signage	
6631 - Inside Signage	220.17
6632 - Outside Signage	1,050.25
	<hr/>
Total 6630 - Signage	1,270.42
6640 - Printing and Reproduction	115.69
6650 - Travel Agent Commission	21,439.26
6660 - Decorating	53.82
	<hr/>
Total 6600 - Marketing Expenses	25,134.73
7000 - Franchise Fees	
7100 - Royalty	118,379.58
7300 - Central Reservation	11,003.16
7400 - Frequent Guest Program	8,980.26
	<hr/>
Total 7000 - Franchise Fees	138,363.00
8000 - Maintenance	
8001 - Maintenance Wages	15,574.30
8100 - Building Repairs	3,542.29
8110 - Electrical & Mechanical Repairs	576.15
8120 - Fire & Safety	21.40
8130 - Inspections	7,479.58
8140 - Pest Control	526.44
8150 - Plumbing	110.00
8200 - Elevator Maintenance	4,436.30
8400 - Laundry Equipment Maintenance	1,329.35
8500 - Computer Repairs	3,697.34
8600 - Equipment Repairs	6,503.38
8700 - Grounds and Landscaping	3,779.34
8800 - Pool Maintenance	8,309.47
8810 - Pool Chemicals/Supplies	5,100.96
8900 - Maintenance Supplies	2,327.56
8910 - Exercise Room Supplies	472.01
	<hr/>
Total 8000 - Maintenance	63,785.87
9000 - General & Admin Expenses	
9001 - Administrative Wages	37,423.04
9090 - Payroll Taxes	
9091 - FICA Expense	14,623.20
9092 - FUTA Expense	986.23
9093 - SUTA Expense	1,842.75
	<hr/>
Total 9090 - Payroll Taxes	17,452.18

See Accountants' Compilation Report

First Hospitality Group, LLC - Holiday Inn Express

Statement of Income

February 2007 through January 2008

	<u>Feb '07 - Jan 08</u>
9100 - Training	1,370.00
9230 - Dues/Memberships/Subscriptions	3,332.32
9250 - Postage	325.45
9260 - Shipping	138.46
9270 - Meals & Entertainment	321.75
9275 - Travel	9,463.15
9280 - Bank Service Charges	75.12
9285 - Merchant Processing Fees	30,351.05
9290 - Cash Short / (Long)	-535.29
9299 - Miscellaneous G&A	787.26
9300 - Licenses and Permits	667.00
9350 - Automobile Expense	3,257.14
9400 - Utilities	
9410 - Water	2,070.38
9420 - Electric	33,993.22
9430 - Gas	17,468.56
9450 - Cable/Internet	13,436.89
9460 - Waste Removal	2,238.40
Total 9400 - Utilities	69,207.45
9500 - Office Supplies	4,595.58
9550 - Professional Fees	
9551 - Accounting	5,378.40
9552 - Legal Fees	3,390.00
Total 9550 - Professional Fees	8,768.40
9610 - Interest Expense	67.28
9700 - Insurance	
9710 - Property Insurance	17,821.43
9720 - Liability Insurance	635.74
9740 - Disability Insurance	-259.46
9750 - Workers' Comp	1,516.39
Total 9700 - Insurance	19,714.10
9800 - Rent	489,000.00
9810 - Equipment Rental	25,564.72
9890 - Depreciation Expense	6,672.00
9899 - Management Fees	23,779.18
Total 9000 - General & Admin Expenses	751,797.34
Total Expense	1,201,890.32
Net Ordinary Income	-2,107.10
Net Income	<u><u>-2,107.10</u></u>

See Accountants' Compilation Report