

HOBBS & MURPHY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Villas at Elk Run Homeowners Association
Basalt, Colorado

We have compiled the accompanying Statement of Assets, Liabilities, Equity - Income Tax Basis of Villas at Elk Run Homeowners Association, as of December 31, 2007 and the related statement of Revenues and Expenses - Income Tax Basis for the twelve months and year to date then ending December 31, 2007 in accordance with standards established by the American Institute of Certified Public Accountants (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 association for federal 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.

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

Hobbs & Murphy, PC

Tim Hobbs, CPA
March 19, 2008

V...as @ Elk Run Homeowners Assc
Statement of Assets, Liabilities & Equity-Income Tax Basis
As of December 31, 2007

	<u>Dec 31, 07</u>
ASSETS	
Current Assets	
Checking/Savings	
Comm Banks Op New 7835	66,085.60
Comm Banks MM New 843	3,044.60
RESERVE ACCOUNTS	<u>45,183.98</u>
Total Checking/Savings	114,314.18
Accounts Receivable	
ACCOUNTS RECEIVABLE	<u>6,472.12</u>
Total Accounts Receivable	6,472.12
Other Current Assets	
Prepaid Taxes	<u>607.00</u>
Total Other Current Assets	<u>607.00</u>
Total Current Assets	121,393.30
Fixed Assets	
Dell Computer	767.94
Accumulated Depreciation	<u>-767.94</u>
Total Fixed Assets	<u>0.00</u>
TOTAL ASSETS	<u>121,393.30</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	<u>21,552.24</u>
Total Accounts Payable	<u>21,552.24</u>
Total Current Liabilities	<u>21,552.24</u>
Total Liabilities	21,552.24
Equity	
Fund Balance	74,411.17
Net Income	<u>25,429.89</u>
Total Equity	<u>99,841.06</u>
TOTAL LIABILITIES & EQUITY	<u>121,393.30</u>

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Elk Run Homeowners Ass.

03/19/08

Revenues & Expenses Budget vs. Actual-Income Tax Basis

Accrual Basis

January through December 2007

	Jan - Dec 07	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
Assessments	168,256.80	168,256.80	0.00	100.0%
Finance Charges / Late Fees	904.84	872.00	32.84	103.8%
Interest Income	2,635.70	3,600.00	-964.30	73.2%
Miscellaneous Income	150.00	335.00	-185.00	44.8%
Pet Registration	2,100.00	2,500.00	-400.00	84.0%
Total Income	174,047.34	175,563.80	-1,516.46	99.1%
Expense				
Accounting/Legal	8,278.50	10,000.00	-1,721.50	82.8%
Dog Grounds Maintenance	2,630.61	2,500.00	130.61	105.2%
Elk Run Master Owners' Dues	1,949.00	1,949.00	0.00	100.0%
General & Admin Expense	13,741.50	12,000.00	1,741.50	114.5%
Insurance	19,188.88	19,500.00	-311.12	98.4%
Landscaping	15,106.50	15,500.00	-393.50	97.5%
Miscellaneous G & A	37.12			
Office Supplies/Postage	698.73	575.00	123.73	121.5%
Repairs & Maintenance	9,854.86	25,000.00	-15,145.14	39.4%
Snow Removal	11,408.20	15,000.00	-3,591.80	76.1%
Taxes	189.00			
Utilites	76,717.02	76,500.00	217.02	100.3%
Website	983.16	1,500.00	-516.84	65.5%
Total Expense	160,783.08	180,024.00	-19,240.92	89.3%
Net Ordinary Income	13,264.26	-4,460.20	17,724.46	-297.4%
Other Income/Expense				
Other Income				
Reserve Assessments	92,395.63	32,770.80	59,624.83	281.9%
Total Other Income	92,395.63	32,770.80	59,624.83	281.9%
Other Expense				
Reserve Expenses	80,230.00	105,000.00	-24,770.00	76.4%
Total Other Expense	80,230.00	105,000.00	-24,770.00	76.4%
Net Other Income	12,165.63	-72,229.20	84,394.83	-16.8%
Net Income	25,429.89	-76,689.40	102,119.29	-33.2%