

HOBBS & MURPHY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Accountant's Compilation Report

To the Board of Directors
Villas at Elk Run Homeowners Association
Basalt, Colorado

We have compiled the accompanying Statement of Assets, Liabilities, Equity Previous Year Comparison - Income Tax Basis of Villas at Elk Run Homeowners Association, (a Colorado Corporation) as of December 31, 2013 and 2012 and the related Statement of Combined Revenues & Expenses Previous Year Comparison – Income Tax Basis for the twelve months ending December 31, 2013 and 2012 and the related Statement of Operating Revenues and Expenses - Income Tax Basis for the quarter and twelve months then ended December 31, 2013 and the Statement of Reserves Revenues & Expenses for the quarter and twelve months then ended December 31, 2013, and Statement of Operating Revenue and Expenses – Income Tax Basis Budget versus Actual for the year to date ending December 31, 2013, and the Statement of Reserves Revenue and Expenses – Income Tax Basis Budget versus Actual for the year to date ending December 31, 2013. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the income tax basis of accounting.

Management is (the owners are) responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management (the owners) in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has (the owners have) elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the association's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Hobbs & Murphy, PC
Hobbs & Murphy, PC
February 6, 2014

Vinas @ Elk Run Homeowners Assoc.
Stmnt of Assets, Liab & Equity Prev Yr Comp-Inc Tax Basis
As of December 31, 2013

	<u>Dec 31, 13</u>	<u>Dec 31, 12</u>	<u>\$ Change</u>
ASSETS			
Current Assets			
Checking/Savings			
Alpine Bank OP	33,501.07	29,224.30	4,276.77
Alpine Bank Reserves MM	154,388.24	133,209.27	21,178.97
Total Checking/Savings	<u>187,889.31</u>	<u>162,433.57</u>	<u>25,455.74</u>
Accounts Receivable			
ACCOUNTS RECEIVABLE	2,157.46	5,583.51	-3,426.05
Total Accounts Receivable	<u>2,157.46</u>	<u>5,583.51</u>	<u>-3,426.05</u>
Total Current Assets	<u>190,046.77</u>	<u>168,017.08</u>	<u>22,029.69</u>
Fixed Assets			
Dell Computer	767.94	767.94	0.00
Accumulated Depreciation	-767.94	-767.94	0.00
Total Fixed Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL ASSETS	<u><u>190,046.77</u></u>	<u><u>168,017.08</u></u>	<u><u>22,029.69</u></u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable	23,592.85	22,700.06	892.79
Total Accounts Payable	<u>23,592.85</u>	<u>22,700.06</u>	<u>892.79</u>
Total Current Liabilities	<u>23,592.85</u>	<u>22,700.06</u>	<u>892.79</u>
Long Term Liabilities			
N/P Alpine Bank	108,272.94	174,829.03	-66,556.09
Total Long Term Liabilities	<u>108,272.94</u>	<u>174,829.03</u>	<u>-66,556.09</u>
Total Liabilities	<u>131,865.79</u>	<u>197,529.09</u>	<u>-65,663.30</u>
Equity			
Reserve Fund Balance	-166,153.33	-252,544.64	86,391.31
Operating Fund Balance	136,641.32	134,441.32	2,200.00
Net Income	87,692.99	88,591.31	-898.32
Total Equity	<u>58,180.98</u>	<u>-29,512.01</u>	<u>87,692.99</u>
TOTAL LIABILITIES & EQUITY	<u><u>190,046.77</u></u>	<u><u>168,017.08</u></u>	<u><u>22,029.69</u></u>

Vinas @ Elk Run Homeowners Assoc.
Statement of Combined Rev & Exp Prev Year Comp-Inc Tax Basis
January through December 2013

	Jan - Dec 13	Jan - Dec 12	% Change
Ordinary Income/Expense			
Income			
Assessments	216,427.32	212,742.36	1.7%
Finance Charges / Late Fees	1,844.94	1,919.40	-3.9%
Insurance Claims Income	36,880.58	0.00	100.0%
Interest Income	67.59	95.28	-29.1%
Miscellaneous Income	125.00	150.00	-16.7%
Pet Registration	3,450.00	3,000.00	15.0%
Total Income	258,795.43	217,907.04	18.8%
Expense			
Accounting/Legal	8,207.59	8,828.00	-7.0%
Dog Grounds Maintenance	3,126.41	2,770.50	12.9%
Elk Run Master Owners' Dues	900.00	0.00	100.0%
General & Admin Expense			
Board Compensation	3,000.00	2,515.00	19.3%
Management & Monitor Fees	20,126.80	16,904.00	19.1%
Total General & Admin Expense	23,126.80	19,419.00	19.1%
Insurance	25,177.70	26,768.15	-5.9%
Landscaping			
Landscaping-Other	25,736.50	27,074.01	-4.9%
Total Landscaping	25,736.50	27,074.01	-4.9%
Miscellaneous G & A	1,161.05	668.79	73.6%
Office Supplies/Postage	306.20	389.24	-21.3%
Repairs & Maintenance			
Insurance Repairs	37,448.89	915.00	3,992.8%
Repairs & Maintenance - Other	23,676.65	22,734.22	4.2%
Total Repairs & Maintenance	61,125.54	23,649.22	158.5%
Snow Removal	10,706.48	8,320.00	28.7%
Utilites			
Electricity	7,560.30	6,055.54	24.9%
Sewer	41,472.00	39,916.80	3.9%
Trash Removal	19,009.87	17,202.00	10.5%
Water	29,581.93	29,817.99	-0.8%
Total Utilites	97,624.10	92,992.33	5.0%
Website	692.92	600.00	15.5%
Total Expense	257,891.29	211,479.24	22.0%
Net Ordinary Income	904.14	6,427.80	-85.9%
Other Income/Expense			
Other Income			
Reserve Assessments	72,086.04	72,086.04	0.0%
Roof Special Assessment 10/10	69,870.37	75,197.52	-7.1%
Total Other Income	141,956.41	147,283.56	-3.6%
Other Expense			
Roof Interest Expense	9,667.56	14,010.70	-31.0%
Reserve Expenses			
Stairwell Repair	28,000.00	0.00	100.0%
Seal Driveways	0.00	16,000.00	-100.0%
Epoxy Rock Reseal	0.00	35,109.35	-100.0%
Roof/Gutter Work	17,500.00	0.00	100.0%
Total Reserve Expenses	45,500.00	51,109.35	-11.0%
Total Other Expense	55,167.56	65,120.05	-15.3%
Net Other Income	86,788.85	82,163.51	5.6%
Net Income	87,692.99	88,591.31	-1.0%

Vinas @ Elk Run Homeowners Assoc.
Statement of Operating Revenues & Expenses-Income Tax Basis
October through December 2013

	Oct - Dec 13	Jan - Dec 13
Ordinary Income/Expense		
Income		
Assessments	54,413.91	216,427.32
Finance Charges / Late Fees	247.39	1,844.94
Insurance Claims Income	0.00	36,880.58
Interest Income	17.56	67.59
Miscellaneous Income	100.00	125.00
Pet Registration	325.00	3,450.00
Total Income	55,103.86	258,795.43
Expense		
Accounting/Legal	1,883.84	8,207.59
Dog Grounds Maintenance	642.30	3,126.41
Elk Run Master Owners' Dues	0.00	900.00
General & Admin Expense		
Board Compensation	750.00	3,000.00
Management & Monitor Fees	4,415.00	20,126.80
Total General & Admin Expense	5,165.00	23,126.80
Insurance	5,835.48	25,177.70
Landscaping		
Landscaping-Other	6,036.25	25,736.50
Total Landscaping	6,036.25	25,736.50
Miscellaneous G & A	780.00	1,161.05
Office Supplies/Postage	211.28	306.20
Repairs & Maintenance		
Insurance Repairs	0.00	37,448.89
Repairs & Maintenance - Other	6,613.52	23,676.65
Total Repairs & Maintenance	6,613.52	61,125.54
Snow Removal	3,830.00	10,706.48
Utilites		
Electricity	1,758.07	7,560.30
Sewer	10,368.00	41,472.00
Trash Removal	5,078.70	19,009.87
Water	6,278.80	29,581.93
Total Utilites	23,483.57	97,624.10
Website	150.00	692.92
Total Expense	54,631.24	257,891.29
Net Ordinary Income	472.62	904.14
Net Income	472.62	904.14

Vinas @ Elk Run Homeowners Assoc.
Statement of Reserves Revenues & Expenses-Income Tax Basis
October through December 2013

	<u>Oct - Dec 13</u>	<u>Jan - Dec 13</u>
Other Income/Expense		
Other Income		
Reserve Assessments	18,021.51	72,086.04
Roof Special Assessment 10/10	20,048.16	69,870.37
Total Other Income	<u>38,069.67</u>	<u>141,956.41</u>
Other Expense		
Roof Interest Expense	1,992.03	9,667.56
Reserve Expenses		
Stairwell Repair	0.00	28,000.00
Roof/Gutter Work	0.00	17,500.00
Total Reserve Expenses	<u>0.00</u>	<u>45,500.00</u>
Total Other Expense	<u>1,992.03</u>	<u>55,167.56</u>
Net Other Income	<u>36,077.64</u>	<u>86,788.85</u>
Net Income	<u><u>36,077.64</u></u>	<u><u>86,788.85</u></u>

Vinas @ Elk Run Homeowners Assoc.
Statemnt of Operating Rev & Exp Budget v Actual-Inc Tax Basis
January through December 2013

	Jan - Dec 13	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
Assessments	216,427.32	217,635.00	-1,207.68	99.4%
Finance Charges / Late Fees	1,844.94	1,600.00	244.94	115.3%
Insurance Claims Income	36,880.58			
Interest Income	67.59	100.00	-32.41	67.6%
Miscellaneous Income	125.00	125.00	0.00	100.0%
Pet Registration	3,450.00	3,000.00	450.00	115.0%
Total Income	258,795.43	222,460.00	36,335.43	116.3%
Expense				
Accounting/Legal	8,207.59	8,916.00	-708.41	92.1%
Dog Grounds Maintenance	3,126.41	3,000.00	126.41	104.2%
Elk Run Master Owners' Dues	900.00	1,000.00	-100.00	90.0%
General & Admin Expense				
Board Compensation	3,000.00	3,000.00	0.00	100.0%
Management & Monitor Fees	20,126.80	17,411.00	2,715.80	115.6%
Total General & Admin Expense	23,126.80	20,411.00	2,715.80	113.3%
Insurance	25,177.70	26,765.00	-1,587.30	94.1%
Landscaping				
Landscaping-Other	25,736.50	28,500.00	-2,763.50	90.3%
Total Landscaping	25,736.50	28,500.00	-2,763.50	90.3%
Miscellaneous G & A	1,161.05	500.00	661.05	232.2%
Office Supplies/Postage	306.20	400.00	-93.80	76.6%
Repairs & Maintenance				
Insurance Repairs	37,448.89	3,000.00	34,448.89	1,248.3%
Repairs & Maintenance - Other	23,676.65	24,415.00	-738.35	97.0%
Total Repairs & Maintenance	61,125.54	27,415.00	33,710.54	223.0%
Snow Removal	10,706.48	10,000.00	706.48	107.1%
Taxes	0.00	100.00	-100.00	0.0%
Utilites				
Electricity	7,560.30	6,177.00	1,383.30	122.4%
Sewer	41,472.00	40,715.00	757.00	101.9%
Trash Removal	19,009.87	17,546.00	1,463.87	108.3%
Water	29,581.93	30,415.00	-833.07	97.3%
Total Utilites	97,624.10	94,853.00	2,771.10	102.9%
Website	692.92	600.00	92.92	115.5%
Total Expense	257,891.29	222,460.00	35,431.29	115.9%
Net Ordinary Income	904.14	0.00	904.14	100.0%
Net Income	904.14	0.00	904.14	100.0%

Vilas @ Elk Run Homeowners Assoc.
Statement of Reserve Rev & Exp Budget v Actual-Inc Tax Basis
January through December 2013

	Jan - Dec 13	Budget	\$ Over Budget	% of Budget
Other Income/Expense				
Other Income				
Reserve Assessments	72,086.04	72,086.00	0.04	100.0%
Roof Special Assessment 10/10	69,870.37	62,995.92	6,874.45	110.9%
Total Other Income	141,956.41	135,081.92	6,874.49	105.1%
Other Expense				
Roof Interest Expense	9,667.56	12,000.00	-2,332.44	80.6%
Reserve Expenses				
Playground Removal	0.00	5,000.00	-5,000.00	0.0%
Stairwell Repair	28,000.00	28,000.00	0.00	100.0%
Power Wash/Stain	0.00	6,000.00	-6,000.00	0.0%
Roof/Gutter Work	17,500.00	18,000.00	-500.00	97.2%
Total Reserve Expenses	45,500.00	57,000.00	-11,500.00	79.8%
Total Other Expense	55,167.56	69,000.00	-13,832.44	80.0%
Net Other Income	86,788.85	66,081.92	20,706.93	131.3%
Net Income	86,788.85	66,081.92	20,706.93	131.3%