

HOBBS & MURPHY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

Management is responsible for the accompanying financial statements of Villas at Elk Run Homeowners Assoc. (a Colorado corporation), which comprise the balance sheets as of December 31, 2018 and December 31, 2017, and the related statements of income and expenses for the year to date period January 1 to December 31, 2018 and January 1 to December 31, 2017 then ended and the statements of income and expenses budget for the 4th quarter period October 1 to December 31, 2018 and October 1 to December 31, 2018 then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the 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, the financial statements are not designed for those who are not informed about such matters.

Hobbs & Murphy, PC

January 15, 2019

Villas at Elk Run Homeowners Assoc.
Balance Sheet Previous Year Comparison
As of December 31, 2018

	Dec 31, 18	Dec 31, 17	\$ Change
ASSETS			
Current Assets			
Checking/Savings			
Alpine Bank OP	34,097.45	40,991.82	-6,894.37
Alpine Bank Reserves MM	222,762.57	149,854.79	72,907.78
Total Checking/Savings	256,860.02	190,846.61	66,013.41
Accounts Receivable			
ACCOUNTS RECEIVABLE	-2,534.05	1,912.22	-4,446.27
Total Accounts Receivable	-2,534.05	1,912.22	-4,446.27
Other Current Assets			
Supply Inventory	283.38	0.00	283.38
Total Other Current Assets	283.38	0.00	283.38
Total Current Assets	254,609.35	192,758.83	61,850.52
Fixed Assets			
Dell Computer	767.94	767.94	0.00
Accumulated Depreciation	-767.94	-767.94	0.00
Total Fixed Assets	0.00	0.00	0.00
TOTAL ASSETS	254,609.35	192,758.83	61,850.52
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable	26,691.73	27,657.84	-966.11
Total Accounts Payable	26,691.73	27,657.84	-966.11
Total Current Liabilities	26,691.73	27,657.84	-966.11
Total Liabilities	26,691.73	27,657.84	-966.11
Equity			
Reserve Fund Balance	-58,237.04	-115,237.04	57,000.00
Operating Fund Balance	223,338.03	211,684.36	11,653.67
Net Income	62,816.63	68,653.67	-5,837.04
Total Equity	227,917.62	165,100.99	62,816.63
TOTAL LIABILITIES & EQUITY	254,609.35	192,758.83	61,850.52

Villas at Elk Run Homeowners Assoc.
Combined Income & Expenses Prev Year Comparison
January through December 2018

	Jan - Dec 18	Jan - Dec 17	% Change
Ordinary Income/Expense			
Income			
Assessments	257,548.04	242,992.88	6.0%
Finance Charges / Late Fees	257.50	256.70	0.3%
Interest Income	94.78	57.25	65.6%
Miscellaneous Income	1,000.00	650.00	53.9%
Pet Registration	3,572.50	3,162.50	13.0%
Total Income	262,472.82	247,119.33	6.2%
Expense			
Accounting	7,386.00	6,418.50	15.1%
Legal	0.00	412.50	-100.0%
Dog Grounds Maintenance	3,430.02	3,893.40	-11.9%
General & Admin Expense			
Board Compensation	2,395.00	2,880.00	-16.8%
Management & Monitor Fees	20,868.91	19,049.50	9.6%
Total General & Admin Expense	23,263.91	21,929.50	6.1%
Insurance	37,917.35	35,620.75	6.5%
Landscaping			
Landscaping-Other	20,207.00	25,575.00	-21.0%
Total Landscaping	20,207.00	25,575.00	-21.0%
Miscellaneous G & A	697.39	787.62	-11.5%
Office Supplies/Postage	357.00	375.46	-4.9%
Repairs & Maintenance			
Insurance Repairs	0.00	0.00	0.0%
Repairs & Maintenance - Other	26,358.77	23,956.89	10.0%
Total Repairs & Maintenance	26,358.77	23,956.89	10.0%
Snow Removal	11,747.01	7,260.40	61.8%
Utilites			
Electricity	5,437.50	8,597.35	-36.8%
Sewer	41,472.00	41,472.00	0.0%
Trash Removal	27,445.29	24,037.00	14.2%
Water	45,643.95	34,769.29	31.3%
Total Utilites	119,998.74	108,875.64	10.2%
Website	360.00	360.00	0.0%
Total Expense	251,723.19	235,465.66	6.9%
Net Ordinary Income	10,749.63	11,653.67	-7.8%
Other Income/Expense			
Other Income			
Reserve Assessments	104,500.00	104,500.00	0.0%
Total Other Income	104,500.00	104,500.00	0.0%
Other Expense			
Reserve Expenses			
Epoxy	15,983.00	0.00	100.0%
Dryer Vent Cleaning	4,950.00	0.00	100.0%
Heat Tape Timers	7,500.00	0.00	100.0%
Hot Edge-3 Buildings	24,000.00	0.00	100.0%
Epoxy Rock Reseal	0.00	20,000.00	-100.0%

Villas at Elk Run Homeowners Assoc.
Combined Income & Expenses Prev Year Comparison
January through December 2018

	Jan - Dec 18	Jan - Dec 17	% Change
Stone Pathways-2 buildings	0.00	10,000.00	-100.0%
Hot Edge-2 bldgs	0.00	17,500.00	-100.0%
Total Reserve Expenses	52,433.00	47,500.00	10.4%
Total Other Expense	52,433.00	47,500.00	10.4%
Net Other Income	52,067.00	57,000.00	-8.7%
Net Income	<u>62,816.63</u>	<u>68,653.67</u>	<u>-8.5%</u>

Villas at Elk Run Homeowners Assoc.
Operating Income & Expenses
 October through December 2018

	<u>Oct - Dec 18</u>	<u>Jan - Dec 18</u>
Ordinary Income/Expense		
Income		
Assessments	64,388.01	257,548.04
Finance Charges / Late Fees	15.31	257.50
Interest Income	27.65	94.78
Miscellaneous Income	-100.00	1,000.00
Pet Registration	150.00	3,572.50
Total Income	64,480.97	262,472.82
Expense		
Accounting	1,255.00	7,386.00
Dog Grounds Maintenance	936.32	3,430.02
General & Admin Expense		
Board Compensation	570.00	2,395.00
Management & Monitor Fees	5,490.00	20,868.91
Total General & Admin Expense	6,060.00	23,263.91
Insurance	9,826.20	37,917.35
Landscaping		
Landscaping-Other	3,155.00	20,207.00
Total Landscaping	3,155.00	20,207.00
Miscellaneous G & A	30.00	697.39
Office Supplies/Postage	208.00	357.00
Repairs & Maintenance		
Insurance Repairs	0.00	0.00
Repairs & Maintenance - Other	5,346.75	26,358.77
Total Repairs & Maintenance	5,346.75	26,358.77
Snow Removal	3,597.16	11,747.01
Utilites		
Electricity	247.28	5,437.50
Sewer	10,368.00	41,472.00
Trash Removal	7,944.96	27,445.29
Water	9,627.65	45,643.95
Total Utilites	28,187.89	119,998.74
Website	90.00	360.00
Total Expense	58,692.32	251,723.19
Net Ordinary Income	5,788.65	10,749.63
Net Income	5,788.65	10,749.63

Villas at Elk Run Homeowners Assoc.
Reserves Income & Expenses
October through December 2018

	<u>Oct - Dec 18</u>	<u>Jan - Dec 18</u>
Other Income/Expense		
Other Income		
Reserve Assessments	26,124.99	104,500.00
Total Other Income	26,124.99	104,500.00
Other Expense		
Reserve Expenses		
Epoxy	0.00	15,983.00
Dryer Vent Cleaning	0.00	4,950.00
Heat Tape Timers	0.00	7,500.00
Hot Edge-3 Buildings	0.00	24,000.00
Total Reserve Expenses	0.00	52,433.00
Total Other Expense	0.00	52,433.00
Net Other Income	26,124.99	52,067.00
Net Income	<u>26,124.99</u>	<u>52,067.00</u>

Villas at Elk Run Homeowners Assoc.
Operating Income & Expense Budget vs Actual
January through December 2018

	Jan - Dec 18	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
Assessments	257,548.04	257,550.00	-1.96	100.0%
Finance Charges / Late Fees	257.50	100.00	157.50	257.5%
Interest Income	94.78			
Miscellaneous Income	1,000.00	100.00	900.00	1,000.0%
Pet Registration	3,572.50	4,000.00	-427.50	89.3%
Total Income	262,472.82	261,750.00	722.82	100.3%
Expense				
Accounting	7,386.00	6,750.00	636.00	109.4%
Legal	0.00	2,000.00	-2,000.00	0.0%
Dog Grounds Maintenance	3,430.02	4,000.00	-569.98	85.8%
General & Admin Expense				
Board Compensation	2,395.00	3,000.00	-605.00	79.8%
Management & Monitor Fees	20,868.91	21,000.00	-131.09	99.4%
Total General & Admin Expense	23,263.91	24,000.00	-736.09	96.9%
Insurance	37,917.35	37,000.00	917.35	102.5%
Landscaping				
Landscaping-Other	20,207.00	20,000.00	207.00	101.0%
Total Landscaping	20,207.00	20,000.00	207.00	101.0%
Miscellaneous G & A	697.39	800.00	-102.61	87.2%
Office Supplies/Postage	357.00	500.00	-143.00	71.4%
Repairs & Maintenance				
Insurance Repairs	0.00	3,000.00	-3,000.00	0.0%
Repairs & Maintenance - Other	26,358.77	25,000.00	1,358.77	105.4%
Total Repairs & Maintenance	26,358.77	28,000.00	-1,641.23	94.1%
Snow Removal				
Utilites	11,747.01	11,000.00	747.01	106.8%
Electricity	5,437.50	8,800.00	-3,362.50	61.8%
Sewer	41,472.00	42,000.00	-528.00	98.7%
Trash Removal	27,445.29	26,000.00	1,445.29	105.6%
Water	45,643.95	50,500.00	-4,856.05	90.4%
Total Utilites	119,998.74	127,300.00	-7,301.26	94.3%
Website	360.00	400.00	-40.00	90.0%
Total Expense	251,723.19	261,750.00	-10,026.81	96.2%
Net Ordinary Income	10,749.63	0.00	10,749.63	100.0%
Net Income	10,749.63	0.00	10,749.63	100.0%

Villas at Elk Run Homeowners Assoc.
Reserve Income & Expense Budget vs Actual
January through December 2018

	Jan - Dec 18	Budget	\$ Over Budget	% of Budget
Other Income/Expense				
Other Income				
Reserve Assessments	104,500.00	104,500.00	0.00	100.0%
Total Other Income	104,500.00	104,500.00	0.00	100.0%
Other Expense				
Reserve Expenses				
Epoxy	15,983.00	15,000.00	983.00	106.6%
Dryer Vent Cleaning	4,950.00	5,000.00	-50.00	99.0%
Heat Tape Timers	7,500.00	7,500.00	0.00	100.0%
Hot Edge-3 Buildings	24,000.00	24,000.00	0.00	100.0%
Landscaping Imp-Trees/Sprinkler	0.00	5,000.00	-5,000.00	0.0%
Total Reserve Expenses	52,433.00	56,500.00	-4,067.00	92.8%
Total Other Expense	52,433.00	56,500.00	-4,067.00	92.8%
Net Other Income	52,067.00	48,000.00	4,067.00	108.5%
Net Income	<u>52,067.00</u>	<u>48,000.00</u>	<u>4,067.00</u>	<u>108.5%</u>