

HOBBS & MURPHY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

206 Cody Lane ♦ Basalt, Colorado 81621 ♦ (970) 927-8510 fax (970) 927-8512

Independent Accountant's Compilation Report

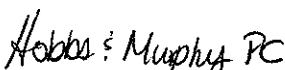
To the Board of Directors
Villas at Elk Run Homeowners Association
Basalt, Colorado

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, 2016 and 2015 and the related Statement of Combined Revenues & Expenses Previous Year Comparison – Income Tax Basis for the twelve months ending December 31, 2016 and 2015 and the related Statement of Operating Revenues and Expenses - Income Tax Basis for the quarter and twelve months then ended December 31, 2016 and the Statement of Reserves Revenues & Expenses for the quarter and twelve months then ended December 31, 2016, and Statement of Operating Revenue and Expenses – Income Tax Basis Budget versus Actual for the year to date ending December 31, 2016, and the Statement of Reserves Revenue and Expenses – Income Tax Basis Budget versus Actual for the year to date ending December 31, 2016. 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
January 10, 2017

Villas @ Elk Run Homeowners Assoc.
Stmnt of Assets, Liab & Equity Prev Yr Comp-Inc Tax Basis
As of December 31, 2016

	<u>Dec 31, 16</u>	<u>Dec 31, 15</u>	<u>\$ Change</u>
ASSETS			
Current Assets			
Checking/Savings			
Alpine Bank OP	26,029.29	61,531.95	-35,502.66
Alpine Bank Reserves MM	95,174.54	42,301.88	52,872.66
Total Checking/Savings	<u>121,203.83</u>	<u>103,833.83</u>	<u>17,370.00</u>
Accounts Receivable			
ACCOUNTS RECEIVABLE	-1,947.54	2,848.39	-4,795.93
Total Accounts Receivable	<u>-1,947.54</u>	<u>2,848.39</u>	<u>-4,795.93</u>
Other Current Assets			
Supply Inventory	0.00	549.36	-549.36
Total Other Current Assets	<u>0.00</u>	<u>549.36</u>	<u>-549.36</u>
Total Current Assets	<u>119,256.29</u>	<u>107,231.58</u>	<u>12,024.71</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>119,256.29</u></u>	<u><u>107,231.58</u></u>	<u><u>12,024.71</u></u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable	22,808.97	26,498.37	-3,689.40
Total Accounts Payable	<u>22,808.97</u>	<u>26,498.37</u>	<u>-3,689.40</u>
Total Current Liabilities	<u>22,808.97</u>	<u>26,498.37</u>	<u>-3,689.40</u>
Total Liabilities	<u>22,808.97</u>	<u>26,498.37</u>	<u>-3,689.40</u>
Equity			
Reserve Fund Balance	-135,914.47	-162,384.11	26,469.64
Operating Fund Balance	216,647.68	215,763.90	883.78
Net Income	15,714.11	27,353.42	-11,639.31
Total Equity	<u>96,447.32</u>	<u>80,733.21</u>	<u>15,714.11</u>
TOTAL LIABILITIES & EQUITY	<u><u>119,256.29</u></u>	<u><u>107,231.58</u></u>	<u><u>12,024.71</u></u>

Villas @ Elk Run Homeowners Assoc.
Statement of Combined Rev & Exp Prev Year Comp-Inc Tax Basis
January through December 2016

	Jan - Dec 16	Jan - Dec 15	% Change
Ordinary Income/Expense			
Income			
Assessments	236,939.53	230,035.25	3.0%
Finance Charges / Late Fees	97.52	160.38	-39.2%
Insurance Claims Income	8,858.40	24,731.92	-64.2%
Interest Income	35.66	28.55	24.9%
Miscellaneous Income	1,740.00	1,355.00	28.4%
Pet Registration	4,620.00	3,960.00	16.7%
Total Income	252,291.11	260,271.10	-3.1%
Expense			
Accounting/Legal	8,967.50	11,030.00	-18.7%
Dog Grounds Maintenance	3,857.56	3,421.60	12.7%
General & Admin Expense			
Board Compensation	2,825.00	2,620.00	7.8%
Management & Monitor Fees	20,818.54	20,544.62	1.3%
Total General & Admin Expense	23,643.54	23,164.62	2.1%
Insurance	34,063.15	30,366.05	12.2%
Landscaping			
Landscaping-Other	30,539.35	28,128.00	8.6%
Total Landscaping	30,539.35	28,128.00	8.6%
Miscellaneous G & A	761.88	149.23	410.5%
Office Supplies/Postage	413.69	400.60	3.3%
Repairs & Maintenance			
Insurance Repairs	8,858.40	26,635.13	-66.7%
Repairs & Maintenance - Other	28,375.77	27,373.00	3.7%
Total Repairs & Maintenance	37,234.17	54,008.13	-31.1%
Snow Removal	11,710.60	7,753.70	51.0%
Utilities			
Electricity	8,864.32	7,347.43	20.7%
Sewer	41,472.00	42,716.16	-2.9%
Trash Removal	21,046.80	20,282.36	3.8%
Water	34,409.87	29,857.45	15.3%
Total Utilities	105,792.99	100,203.40	5.6%
Website	270.00	761.99	-64.6%
Total Expense	257,254.43	259,387.32	-0.8%
Net Ordinary Income	-4,963.32	883.78	-661.6%
Other Income/Expense			
Other Income			
Reserve Assessments	95,000.03	84,556.51	12.4%
Roof Special Assessment 10/10	0.00	55,824.06	-100.0%
Total Other Income	95,000.03	140,380.57	-32.3%
Other Expense			
Roof Interest Expense	0.00	910.93	-100.0%
Reserve Expenses			
Seal Driveways	20,000.00	0.00	100.0%
Stairs	20,000.00	0.00	100.0%
Epoxy Stone Overlay	20,000.00	18,000.00	11.1%
Rep Courtyard & North Fence	11,072.60	0.00	100.0%
Painting	0.00	90,000.00	-100.0%
Roof/Gutter Work	0.00	5,000.00	-100.0%
Heat Tape Installation	3,250.00	0.00	100.0%
Total Reserve Expenses	74,322.60	113,000.00	-34.2%

Villas @ Elk Run Homeowners Assoc.
Statement of Combined Rev & Exp Prev Year Comp-Inc Tax Basis
January through December 2016

	Jan - Dec 16	Jan - Dec 15	% Change
Total Other Expense	74,322.60	113,910.93	-34.8%
Net Other Income	20,677.43	26,469.64	-21.9%
Net Income	<u>15,714.11</u>	<u>27,353.42</u>	<u>-42.6%</u>

Villas @ Elk Run Homeowners Assoc.
Statement of Operating Revenues & Expenses-Income Tax Basis
October through December 2016

	<u>Oct - Dec 16</u>	<u>Jan - Dec 16</u>
Ordinary Income/Expense		
Income		
Assessments	59,235.03	236,939.53
Finance Charges / Late Fees	8.60	97.52
Insurance Claims Income	8,858.40	8,858.40
Interest Income	10.52	35.66
Miscellaneous Income	200.00	1,740.00
Pet Registration	495.00	4,620.00
Total Income	68,807.55	252,291.11
Expense		
Accounting/Legal	1,547.50	8,967.50
Dog Grounds Maintenance	941.60	3,857.56
General & Admin Expense		
Board Compensation	750.00	2,825.00
Management & Monitor Fees	4,880.00	20,818.54
Total General & Admin Expense	5,630.00	23,643.54
Insurance	8,867.46	34,063.15
Landscaping		
Landscaping-Other	7,709.50	30,539.35
Total Landscaping	7,709.50	30,539.35
Miscellaneous G & A	118.25	761.88
Office Supplies/Postage	140.00	413.69
Repairs & Maintenance		
Insurance Repairs	8,858.40	8,858.40
Repairs & Maintenance - Other	3,973.29	28,375.77
Total Repairs & Maintenance	12,831.69	37,234.17
Snow Removal	2,463.10	11,710.60
Utilites		
Electricity	1,696.39	8,864.32
Sewer	10,368.00	41,472.00
Trash Removal	5,481.00	21,046.80
Water	6,994.75	34,409.87
Total Utilites	24,540.14	105,792.99
Website	90.00	270.00
Total Expense	64,879.24	257,254.43
Net Ordinary Income	3,928.31	-4,963.32
Net Income	3,928.31	-4,963.32

Villas @ Elk Run Homeowners Assoc.
Statement of Reserves Revenues & Expenses-Income Tax Basis
October through December 2016

	<u>Oct - Dec 16</u>	<u>Jan - Dec 16</u>
Other Income/Expense		
Other Income		
Reserve Assessments	23,750.01	95,000.03
Total Other Income	<u>23,750.01</u>	<u>95,000.03</u>
Other Expense		
Reserve Expenses		
Seal Driveways	0.00	20,000.00
Stairs	0.00	20,000.00
Epoxy Stone Overlay	0.00	20,000.00
Rep Courtyard & North Fence	0.00	11,072.60
Heat Tape Installation	3,250.00	3,250.00
Total Reserve Expenses	<u>3,250.00</u>	<u>74,322.60</u>
Total Other Expense	<u>3,250.00</u>	<u>74,322.60</u>
Net Other Income	<u>20,500.01</u>	<u>20,677.43</u>
Net Income	<u><u>20,500.01</u></u>	<u><u>20,677.43</u></u>

Villas @ Elk Run Homeowners Assoc.
Statment of Operating Rev & Exp Budget v Actual-Inc Tax Basis
January through December 2016

	Jan - Dec 16	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
Assessments	236,939.53	236,938.00	1.53	100.0%
Finance Charges / Late Fees	97.52	150.00	-52.48	65.0%
Insurance Claims Income	8,858.40			
Interest Income	35.66			
Miscellaneous Income	1,740.00	175.00	1,565.00	994.3%
Pet Registration	4,620.00	4,000.00	620.00	115.5%
Total Income	252,291.11	241,263.00	11,028.11	104.6%
Expense				
Accounting/Legal	8,967.50	9,500.00	-532.50	94.4%
Dog Grounds Maintenance	3,857.56	4,000.00	-142.44	96.4%
General & Admin Expense				
Board Compensation	2,825.00	3,000.00	-175.00	94.2%
Management & Monitor Fees	20,818.54	21,884.00	-1,065.46	95.1%
Total General & Admin Expense	23,643.54	24,884.00	-1,240.46	95.0%
Insurance	34,063.15	33,000.00	1,063.15	103.2%
Landscaping				
Landscaping-Other	30,539.35	24,000.00	6,539.35	127.2%
Total Landscaping	30,539.35	24,000.00	6,539.35	127.2%
Miscellaneous G & A	761.88	250.00	511.88	304.8%
Office Supplies/Postage	413.69	450.00	-36.31	91.9%
Repairs & Maintenance				
Insurance Repairs	8,858.40	3,000.00	5,858.40	295.3%
Repairs & Maintenance - Other	28,375.77	27,500.00	875.77	103.2%
Total Repairs & Maintenance	37,234.17	30,500.00	6,734.17	122.1%
Snow Removal	11,710.60	12,000.00	-289.40	97.6%
Utilites				
Electricity	8,864.32	6,000.00	2,864.32	147.7%
Sewer	41,472.00	43,789.00	-2,317.00	94.7%
Trash Removal	21,046.80	21,445.00	-398.20	98.1%
Water	34,409.87	30,945.00	3,464.87	111.2%
Total Utilites	105,792.99	102,179.00	3,613.99	103.5%
Website	270.00	500.00	-230.00	54.0%
Total Expense	257,254.43	241,263.00	15,991.43	106.6%
Net Ordinary Income	-4,963.32	0.00	-4,963.32	100.0%
Net Income	-4,963.32	0.00	-4,963.32	100.0%

Villas @ Elk Run Homeowners Assoc.
Statement of Reserve Rev & Exp Budget v Actual-Inc Tax Basis
January through December 2016

	Jan - Dec 16	Budget	\$ Over Budget	% of Budget
Other Income/Expense				
Other Income				
Reserve Assessments	95,000.03	95,000.00	0.03	100.0%
Total Other Income	95,000.03	95,000.00	0.03	100.0%
Other Expense				
Reserve Expenses				
Seal Driveways	20,000.00	20,000.00	0.00	100.0%
Stairs	20,000.00	28,000.00	-8,000.00	71.4%
Epoxy Stone Overlay	20,000.00	33,000.00	-13,000.00	60.6%
Rep Courtyard & North Fence	11,072.60	6,500.00	4,572.60	170.3%
Heat Tape Installation	3,250.00			
Total Reserve Expenses	74,322.60	87,500.00	-13,177.40	84.9%
Total Other Expense	74,322.60	87,500.00	-13,177.40	84.9%
Net Other Income	20,677.43	7,500.00	13,177.43	275.7%
Net Income	20,677.43	7,500.00	13,177.43	275.7%