

**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, 2017 and 2016, and the related statements of income and expenses for the year then ended and the statements of income and expenses budget for the year 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 16, 2018

**Villas at Elk Run Homeowners Assoc.**  
**Balance Sheet Previous Year Comparison**  
**As of December 31, 2017**

	<u>Dec 31, 17</u>	<u>Dec 31, 16</u>	<u>\$ Change</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Checking/Savings</b>			
Alpine Bank OP	40,991.82	26,029.29	14,962.53
Alpine Bank Reserves MM	149,854.79	95,174.54	54,680.25
<b>Total Checking/Savings</b>	190,846.61	121,203.83	69,642.78
<b>Accounts Receivable</b>			
ACCOUNTS RECEIVABLE	1,912.22	-1,947.54	3,859.76
<b>Total Accounts Receivable</b>	1,912.22	-1,947.54	3,859.76
<b>Total Current Assets</b>	192,758.83	119,256.29	73,502.54
<b>Fixed Assets</b>			
Dell Computer	767.94	767.94	0.00
Accumulated Depreciation	-767.94	-767.94	0.00
<b>Total Fixed Assets</b>	0.00	0.00	0.00
<b>TOTAL ASSETS</b>	<u>192,758.83</u>	<u>119,256.29</u>	<u>73,502.54</u>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable			
Accounts Payable	27,657.84	22,808.97	4,848.87
<b>Total Accounts Payable</b>	27,657.84	22,808.97	4,848.87
<b>Total Current Liabilities</b>	27,657.84	22,808.97	4,848.87
<b>Total Liabilities</b>	27,657.84	22,808.97	4,848.87
<b>Equity</b>			
Reserve Fund Balance	-115,237.04	-135,914.47	20,677.43
Operating Fund Balance	211,684.36	216,647.68	-4,963.32
Net Income	68,653.67	15,714.11	52,939.56
<b>Total Equity</b>	165,100.99	96,447.32	68,653.67
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u>192,758.83</u>	<u>119,256.29</u>	<u>73,502.54</u>

**Villas at Elk Run Homeowners Assoc.**  
**Combined Income & Expenses Prev Year Comparison**  
**January through December 2017**

	Jan - Dec 17	Jan - Dec 16	% Change
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
Assessments	242,992.88	236,939.53	2.6%
Finance Charges / Late Fees	256.70	97.52	163.2%
Insurance Claims Income	0.00	8,858.40	-100.0%
Interest Income	57.25	35.66	60.5%
Miscellaneous Income	650.00	1,740.00	-62.6%
Pet Registration	3,162.50	4,620.00	-31.6%
<b>Total Income</b>	<b>247,119.33</b>	<b>252,291.11</b>	<b>-2.1%</b>
<b>Expense</b>			
Accounting	6,418.50	8,967.50	-28.4%
Legal	412.50	0.00	100.0%
Dog Grounds Maintenance	3,893.40	3,857.56	0.9%
<b>General &amp; Admin Expense</b>			
Board Compensation	2,880.00	2,825.00	2.0%
Management & Monitor Fees	19,049.50	20,818.54	-8.5%
<b>Total General &amp; Admin Expense</b>	<b>21,929.50</b>	<b>23,643.54</b>	<b>-7.3%</b>
Insurance	35,620.75	34,063.15	4.6%
Landscaping			
Landscaping-Other	25,575.00	30,539.35	-16.3%
<b>Total Landscaping</b>	<b>25,575.00</b>	<b>30,539.35</b>	<b>-16.3%</b>
Miscellaneous G & A	787.62	761.88	3.4%
Office Supplies/Postage	375.46	413.69	-9.2%
<b>Repairs &amp; Maintenance</b>			
Insurance Repairs	0.00	8,858.40	-100.0%
Repairs & Maintenance - Other	23,956.89	28,375.77	-15.6%
<b>Total Repairs &amp; Maintenance</b>	<b>23,956.89</b>	<b>37,234.17</b>	<b>-35.7%</b>
Snow Removal	7,260.40	11,710.60	-38.0%
<b>Utilites</b>			
Electricity	8,597.35	8,864.32	-3.0%
Sewer	41,472.00	41,472.00	0.0%
Trash Removal	24,037.00	21,046.80	14.2%
Water	34,769.29	34,409.87	1.0%
<b>Total Utilites</b>	<b>108,875.64</b>	<b>105,792.99</b>	<b>2.9%</b>
Website	360.00	270.00	33.3%
<b>Total Expense</b>	<b>235,465.66</b>	<b>257,254.43</b>	<b>-8.5%</b>
<b>Net Ordinary Income</b>	<b>11,653.67</b>	<b>-4,963.32</b>	<b>334.8%</b>
<b>Other Income/Expense</b>			
<b>Other Income</b>			
Reserve Assessments	104,500.00	95,000.03	10.0%
<b>Total Other Income</b>	<b>104,500.00</b>	<b>95,000.03</b>	<b>10.0%</b>
<b>Other Expense</b>			
<b>Reserve Expenses</b>			
Epoxy Rock Reseal	20,000.00	0.00	100.0%
Stone Pathways-2 buildings	10,000.00	0.00	100.0%
Hot Edge-2 bldgs	17,500.00	0.00	100.0%
Seal Driveways	0.00	20,000.00	-100.0%
Stairs	0.00	20,000.00	-100.0%
Epoxy Stone Overlay	0.00	20,000.00	-100.0%
Rep Courtyard & North Fence	0.00	11,072.60	-100.0%
Heat Tape Installation	0.00	3,250.00	-100.0%
<b>Total Reserve Expenses</b>	<b>47,500.00</b>	<b>74,322.60</b>	<b>-36.1%</b>
<b>Total Other Expense</b>	<b>47,500.00</b>	<b>74,322.60</b>	<b>-36.1%</b>
<b>Net Other Income</b>	<b>57,000.00</b>	<b>20,677.43</b>	<b>175.7%</b>
<b>Net Income</b>	<b>68,653.67</b>	<b>15,714.11</b>	<b>336.9%</b>

**Villas at Elk Run Homeowners Assoc.**  
**Operating Income & Expenses**  
October through December 2017

	<u>Oct - Dec 17</u>	<u>Jan - Dec 17</u>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
Assessments	60,748.23	242,992.88
Finance Charges / Late Fees	65.51	256.70
Interest Income	16.60	57.25
Miscellaneous Income	50.00	650.00
Pet Registration	467.50	3,162.50
<b>Total Income</b>	<u>61,347.84</u>	<u>247,119.33</u>
<b>Expense</b>		
Accounting	1,275.00	6,418.50
Legal	0.00	412.50
Dog Grounds Maintenance	690.00	3,893.40
General & Admin Expense		
Board Compensation	630.00	2,880.00
Management & Monitor Fees	4,850.00	19,049.50
<b>Total General &amp; Admin Expense</b>	<u>5,480.00</u>	<u>21,929.50</u>
Insurance	8,778.21	35,620.75
Landscaping		
Landscaping-Other	6,050.00	25,575.00
<b>Total Landscaping</b>	<u>6,050.00</u>	<u>25,575.00</u>
Miscellaneous G & A	74.96	787.62
Office Supplies/Postage	222.84	375.46
Repairs & Maintenance	6,442.80	23,956.89
Snow Removal	1,560.40	7,260.40
Utilites		
Electricity	731.99	8,597.35
Sewer	10,368.00	41,472.00
Trash Removal	6,003.00	24,037.00
Water	6,584.35	34,769.29
<b>Total Utilites</b>	<u>23,687.34</u>	<u>108,875.64</u>
Website	90.00	360.00
<b>Total Expense</b>	<u>54,351.55</u>	<u>235,465.66</u>
<b>Net Ordinary Income</b>	<u>6,996.29</u>	<u>11,653.67</u>
<b>Net Income</b>	<u><u>6,996.29</u></u>	<u><u>11,653.67</u></u>

**Villas at Elk Run Homeowners Assoc.**  
**Reserves Income & Expenses**  
October through December 2017

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	<u>Oct - Dec 17</u>	<u>Jan - Dec 17</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 Rock Reseal	0.00	20,000.00
Stone Pathways-2 buildings	0.00	10,000.00
Hot Edge-2 bids	0.00	17,500.00
Total Reserve Expenses	0.00	47,500.00
Total Other Expense	0.00	47,500.00
Net Other Income	26,124.99	57,000.00
Net Income	<u>26,124.99</u>	<u>57,000.00</u>

**Villas at Elk Run Homeowners Assoc.**  
**Operating Income & Expense Budget vs Actual**  
**January through December 2017**

	Jan - Dec 17	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
Assessments	242,992.88	242,995.00	-2.12	100.0%
Finance Charges / Late Fees	256.70	150.00	106.70	171.1%
Interest Income	57.25			
Miscellaneous Income	650.00	175.00	475.00	371.4%
Pet Registration	3,162.50	4,000.00	-837.50	79.1%
<b>Total Income</b>	<b>247,119.33</b>	<b>247,320.00</b>	<b>-200.67</b>	<b>99.9%</b>
<b>Expense</b>				
Accounting	6,418.50	8,500.00	-2,081.50	75.5%
Legal	412.50	2,150.00	-1,737.50	19.2%
Dog Grounds Maintenance	3,893.40	4,000.00	-106.60	97.3%
<b>General &amp; Admin Expense</b>				
Board Compensation	2,880.00	3,000.00	-120.00	96.0%
Management & Monitor Fees	19,049.50	22,540.00	-3,490.50	84.5%
<b>Total General &amp; Admin Expense</b>	<b>21,929.50</b>	<b>25,540.00</b>	<b>-3,610.50</b>	<b>85.9%</b>
Insurance	35,620.75	37,000.00	-1,379.25	96.3%
Landscaping				
Landscaping-Other	25,575.00	19,000.00	6,575.00	134.6%
<b>Total Landscaping</b>	<b>25,575.00</b>	<b>19,000.00</b>	<b>6,575.00</b>	<b>134.6%</b>
Miscellaneous G & A	787.62	550.00	237.62	143.2%
Office Supplies/Postage	375.46	550.00	-174.54	68.3%
<b>Repairs &amp; Maintenance</b>				
Insurance Repairs	0.00	3,000.00	-3,000.00	0.0%
Repairs & Maintenance - Other	23,956.89	28,250.00	-4,293.11	84.8%
<b>Total Repairs &amp; Maintenance</b>	<b>23,956.89</b>	<b>31,250.00</b>	<b>-7,293.11</b>	<b>76.7%</b>
Snow Removal	7,260.40	12,000.00	-4,739.60	60.5%
<b>Utilites</b>				
Electricity	8,597.35	7,735.00	862.35	111.1%
Sewer	41,472.00	44,600.00	-3,128.00	93.0%
Trash Removal	24,037.00	21,445.00	2,592.00	112.1%
Water	34,769.29	32,500.00	2,269.29	107.0%
<b>Total Utilites</b>	<b>108,875.64</b>	<b>106,280.00</b>	<b>2,595.64</b>	<b>102.4%</b>
Website	360.00	500.00	-140.00	72.0%
<b>Total Expense</b>	<b>235,465.66</b>	<b>247,320.00</b>	<b>-11,854.34</b>	<b>95.2%</b>
<b>Net Ordinary Income</b>	<b>11,653.67</b>	<b>0.00</b>	<b>11,653.67</b>	<b>100.0%</b>
<b>Net Income</b>	<b>11,653.67</b>	<b>0.00</b>	<b>11,653.67</b>	<b>100.0%</b>

**Villas at Elk Run Homeowners Assoc.  
Reserve Income & Expense Budget vs Actual  
January through December 2017**

	Jan - Dec 17	Budget	\$ Over Budget	% of Budget
<b>Other Income/Expense</b>				
<b>Other Income</b>				
Reserve Assessments	104,500.00	104,500.00	0.00	100.0%
<b>Total Other Income</b>	104,500.00	104,500.00	0.00	100.0%
<b>Other Expense</b>				
<b>Reserve Expenses</b>				
Epoxy Rock Reseal	20,000.00	20,000.00	0.00	100.0%
Stone Pathways-2 buildings	10,000.00	10,000.00	0.00	100.0%
Hot Edge-2 bldgs	17,500.00	14,000.00	3,500.00	125.0%
<b>Total Reserve Expenses</b>	47,500.00	44,000.00	3,500.00	108.0%
<b>Total Other Expense</b>	47,500.00	44,000.00	3,500.00	108.0%
<b>Net Other Income</b>	57,000.00	60,500.00	-3,500.00	94.2%
<b>Net Income</b>	57,000.00	60,500.00	-3,500.00	94.2%