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Weatherstone at Highlands Ranch Association, Inc

Re: Financial statements for the nine months ending September 30, 2008

Balance sheet notes:

A detailed list of the AR Homeowners Dues can be found on page5.

Income statement notes:

Revenues are favorable to budget by \$1,352.46 due to Legal Fee revenues (\$877.46), Lien Fee Assessment (\$250.00), and Late Fee Revenue (\$125.00).

Administration expenses are favorable to budget by \$1,502.80 due to savings in Prior Year Expense (\$1,500.00), Contingency (\$1,131.25) and Community Activities (\$916.85). There are unfavorable variances in Legal of (\$1,143.44), Taxes (\$747.00), and Audit/Tax Prep (\$150.00).

The Pool expenses section is favorable to budget by \$2,773.78 due to savings Pool Area Maintenance (\$1,760.00), Pool Area Irrigation (\$1,681.22), and Clubhouse/Pool Supplies (\$768.00). We do have a large unfavorable variance in Pool Gas of \$1,377.30.

The Grounds expenses are unfavorable to budget by \$636.06 due to Sprinkler Repair (\$1,905.87), Annual Flower Planting (\$941.25), Holiday Lights (\$806.95), and Grounds Maintenance (\$787.95). We have significant offsetting savings in Grounds outside of contract (\$2,459.25), and Snow Removal (\$1,217.12).

The Utilities expenses are favorable to budget by \$2,495.50 due to savings in Grounds Irrigation/Sewer of \$1,619.12 and Trash Removal of \$950.50.

Net Operating Revenue is favorable to budget by \$7,488.48 due to the above mentioned items.

Reserves:

Reserve Fund Net Income is unfavorable to budget by \$733.39 due to Interest Income.

Reserve Fund Expense is unfavorable to budget by \$13,139.55 due to unbudgeted expenses in Pool Area (\$8,615.00) and Reserve Grounds Expense (\$4,524.55).

Respectfully submitted;

HRCA, Subassociation Services

Weatherstone at Highlands Ranch
Summary of All Units
For the Nine Months Ending September 30, 2008

Account	Description	Operating	Reserve	Total
ASSETS				
Operating Assets				
1010	Operating - Wells Fargo	\$40,339.16	\$0.00	\$40,339.16
	Total Operating Assets	40,339.16	0.00	40,339.16
Reserve Assets				
1050	Reserve - Dain Rauscher	0.00	101,789.00	101,789.00
	Total Reserve Assets	0.00	101,789.00	101,789.00
Other Assets				
1100	A/R Homeowners Dues	3,401.08	0.00	3,401.08
1625	Due From Reserves	6,929.55	0.00	6,929.55
	Total Other Assets	10,330.63	0.00	10,330.63
	Total Assets	<u>50,669.79</u>	<u>101,789.00</u>	<u>152,458.79</u>
LIABILITIES & EQUITY				
Current Liabilities				
2100	Prepaid Assess Homeowners dues	9,689.91	0.00	9,689.91
2000	Accounts Payable	6,797.51	0.00	6,797.51
2005	Accrued Accounts Payable	3,140.23	0.00	3,140.23
2600	Due to Operating From Reserve	0.00	6,929.55	6,929.55
	Total Liabilities	19,627.65	6,929.55	26,557.20
Equity				
3000	Future Capital Improvements	17,034.60	0.00	17,034.60
3200	Retained Earnings	(297.00)	94,971.39	94,674.39
3500	Working Capital Fund Equity	14,700.00	0.00	14,700.00
3150	Current YTD Income (Loss)	(395.46)	(111.94)	(507.40)
	Total Fund Equity	31,042.14	94,859.45	125,901.59
	Total Liabilities & Equity	<u>50,669.79</u>	<u>101,789.00</u>	<u>152,458.79</u>

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Weatherstone at Highlands Ranch
Income Statement
For the Nine Months Ending September 30, 2008

Account	Description	Current Month			Year-To-Date			Yearly Budget	Budget Remaining
		Actual	Budget	Favorable/ (Unfavorable)	Actual	Budget	Favorable/ (Unfavorable)		
Revenue									
OPERATING INCOME:									
4000	Assessment Revenue	0.00	0.00	0.00	116,424.00	116,424.00	0.00	155,232.00	(38,808.00)
4400	Misc Income	0.00	0.00	0.00	100.00	0.00	100.00	0.00	100.00
4050	Late Fee Revenue	(175.00)	0.00	(175.00)	875.00	750.00	125.00	1,000.00	(125.00)
4100	Legal Fee Revenue	120.72	0.00	120.72	877.46	0.00	877.46	0.00	877.46
4110	Lien Fee Assessment	100.00	0.00	100.00	250.00	0.00	250.00	0.00	250.00
4410	Community Activities Revenue	0.00	0.00	0.00	0.00	0.00	0.00	1,500.00	(1,500.00)
	Total Operating Income	45.72	0.00	45.72	118,526.46	117,174.00	1,352.46	157,732.00	(39,205.54)
Expenses									
Administration									
5010	Operating Contingency	1,938.75	550.00	(1,388.75)	3,818.75	4,950.00	1,131.25	6,600.00	2,781.25
5020	Audit/Tax Prep	0.00	0.00	0.00	1,750.00	1,600.00	(150.00)	1,600.00	(150.00)
5050	Prior Year Expense/Credit	0.00	0.00	0.00	(1,500.00)	0.00	1,500.00	0.00	1,500.00
5370	Insurance	668.41	604.00	(64.41)	5,268.20	5,188.00	(80.20)	7,000.00	1,731.80
5380 +	Taxes	0.00	0.00	0.00	847.00	100.00	(747.00)	100.00	(747.00)
5390	Bank Charges	0.00	4.17	4.17	95.82	37.53	(58.29)	50.00	(45.82)
5450	Legal Fees	60.72	250.00	189.28	1,893.44	750.00	(1,143.44)	1,000.00	(893.44)
5490	Management Fee	1,417.65	1,360.00	(57.65)	11,836.61	11,920.00	83.39	16,000.00	4,163.39
5500	Reserve Fund Transfer	1,242.00	1,242.00	0.00	11,178.00	0.00	0.00	14,904.00	3,726.00
5600	Future Capital Improvement	708.33	708.33	0.00	6,374.97	6,374.97	0.00	8,500.00	2,125.03
5700	Administrative	66.60	145.83	79.23	1,382.59	1,312.47	(70.12)	1,750.00	367.41
5410	Community Activities	415.06	2,500.00	2,084.94	2,583.15	3,500.00	916.85	4,500.00	1,916.85
5720	Web Site Maintenance	0.00	40.00	40.00	349.99	370.00	20.01	500.00	150.01
5710	Postage	6.46	83.33	76.87	649.62	749.97	100.35	1,000.00	350.38
	Total Administration	6,523.98	7,487.66	963.68	46,528.14	48,030.94	1,502.80	63,504.00	16,975.86
Pool									
6900	Pool Cleaning	0.00	950.00	950.00	5,975.00	5,700.00	(275.00)	5,700.00	(275.00)
6910	Pool Area Maintenance	0.00	400.00	400.00	240.00	2,000.00	1,760.00	2,000.00	1,760.00
6960	Clubhouse Cleaning	150.00	450.00	300.00	1,835.00	2,200.00	365.00	2,200.00	365.00
6970	Clubhouse/Pool Supplies	0.00	153.60	153.60	0.00	768.00	768.00	768.00	768.00
6985	Pool Gas	1,398.11	1,000.00	(398.11)	6,802.30	5,425.00	(1,377.30)	5,500.00	(1,302.30)
6990	Pool Electric	649.41	450.00	(199.41)	2,643.14	2,495.00	(148.14)	2,600.00	(43.14)
6995	Pool Area Irrigation	228.40	900.00	671.60	3,218.78	4,900.00	1,681.22	5,500.00	2,281.22
	Total Pool	2,425.92	4,303.60	1,877.68	20,714.22	23,488.00	2,773.78	24,268.00	3,553.78
Grounds									
7300	Grounds Maintenance	1,410.20	1,370.00	(40.20)	10,377.95	9,590.00	(787.95)	10,960.00	582.05
7350	Grounds outside of contract	319.00	500.00	181.00	1,040.75	3,500.00	2,459.25	4,000.00	2,959.25
7400	Grounds Improvements	0.00	250.00	250.00	852.12	1,000.00	147.88	1,000.00	147.88
7500	Annual Flower Planting	0.00	0.00	0.00	941.25	0.00	(941.25)	0.00	(941.25)
7550	Fence Maintenance	0.00	41.67	41.67	362.50	375.03	12.53	500.00	137.50
7600	Lighting Maintenance	0.00	83.33	83.33	780.79	749.97	(30.82)	1,000.00	219.21
7700	Sprinkler Repair	118.40	500.00	381.60	4,405.87	2,500.00	(1,905.87)	2,500.00	(1,905.87)
7800	Holiday Lighting	0.00	0.00	0.00	806.95	0.00	(806.95)	2,400.00	1,593.05
7820	Snow Removal	0.00	0.00	0.00	1,932.88	2,250.00	1,217.12	4,000.00	2,967.12
	Total Grounds	1,847.60	2,745.00	897.40	20,601.06	19,965.00	(636.06)	26,360.00	5,758.94
Utilities									
8780	Electric	171.56	159.00	(12.56)	1,498.12	1,424.00	(74.12)	1,900.00	401.88
8900	Trash Removal	2,950.00	2,950.00	0.00	25,399.50	26,350.00	950.50	35,200.00	9,800.50
8950	Grounds Irrigation/Sewer	502.34	1,500.00	997.66	4,130.88	5,750.00	1,619.12	6,500.00	2,369.12
	Total Utilities	3,623.90	4,609.00	985.10	31,028.50	33,524.00	2,495.50	43,600.00	12,571.50
	Total Expenses	14,421.40	19,145.26	4,723.86	118,871.92	125,007.94	6,136.02	157,732.00	38,860.08
	Net Operating Income (Loss)	(14,375.68)	(19,145.26)	4,769.58	(345.46)	(7,833.94)	7,488.48	0.00	(345.46)

Weatherstone at Highlands Ranch
Income Statement
For the Nine Months Ending September 30, 2008

Account	Description	Current Month			Year-To-Date			Yearly Budget	Budget Remaining
		Actual	Budget	Favorable/ (Unfavorable)	Actual	Budget	Favorable/ (Unfavorable)		
Reserves									
Reserve Income									
9000	Reserve Fund Income	1,242.00	1,242.00	0.00	11,178.00	11,178.00	0.00	14,904.00	(3,726.00)
9100	Reserve Fund Interest	125.10	287.00	(161.90)	1,849.61	2,583.00	(733.39)	3,442.31	(1,592.70)
		<u>1,367.10</u>	<u>1,529.00</u>	<u>(161.90)</u>	<u>13,027.61</u>	<u>13,761.00</u>	<u>(733.39)</u>	<u>18,346.31</u>	<u>(5,318.70)</u>
Reserve Expense									
9205	Pool Area Expense	0.00	0.00	0.00	8,615.00	0.00	(8,615.00)	0.00	(8,615.00)
9210	Reserve Grounds Expense	0.00	0.00	0.00	4,524.55	0.00	(4,524.55)	0.00	(4,524.55)
	Total Reserve Expense	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>13,139.55</u>	<u>0.00</u>	<u>(13,139.55)</u>	<u>0.00</u>	<u>(13,139.55)</u>
	Net Reserve Income (Loss)	<u>1,367.10</u>	<u>1,529.00</u>	<u>(161.90)</u>	<u>(111.94)</u>	<u>13,761.00</u>	<u>(13,872.94)</u>	<u>18,346.31</u>	<u>(18,458.25)</u>
	Net Surplus (Deficit)	<u>(13,008.58)</u>	<u>(17,616.26)</u>	<u>4,607.68</u>	<u>(457.40)</u>	<u>5,927.06</u>	<u>(6,384.46)</u>	<u>18,346.31</u>	<u>(18,803.71)</u>