

Memo
Weatherstone at Highlands Ranch Association, Inc
DRAFT

Re: Financial statements for the twelve months ending December 31, 2008

Balance sheet notes:

A detailed list of the AR Homeowners Dues can be found on page 5.

The Board will need to decide what they would like to do with the positive Net Income in the Operating account of \$9,423.70. The Board may leave this amount in the operating account and increase the Retained Fund Balance on the balance sheet from (\$297.00) to \$9,126.70. The Board may also decide to transfer some or all of the overage to the Reserve Fund or to the Future Capital Improvements. The Board may also decide to return this money to the homeowners in equal shares. Please let us know your decision so we can finalize the December financials.

Income statement notes:

Revenues are favorable to budget by \$1,012.42 due to Legal Fee revenues (\$878.42), Late Fee Revenue (\$225.00), Lien Fee Assessment (\$150.00). We do have an off-setting unfavorable variance in Community Activities Revenue of \$341.00

Administration expenses are favorable to budget by \$2,645.41 due to savings in Contingency (\$2,781.25), Prior Year Expense (\$1,500.00), Community Activities (\$471.88), and Insurance (\$361.55). There are unfavorable variances in Legal of (\$1,014.40), Taxes (\$842.02), Administrative (\$385.35), and Audit/Tax Prep (\$150.00).

The Pool expenses section is favorable to budget by \$2,745.58 due to savings Pool Area Maintenance (\$1,760.00), Pool Area Irrigation (\$1,681.55), Clubhouse/Pool Supplies (\$768.00), and Clubhouse Cleaning (\$340.00). We do have off-setting unfavorable variances in Pool Gas (\$1,385.83), Pool Cleaning (\$275.00), and Pool Electric (\$143.14).

The Grounds expenses are favorable to budget by \$1,240.98 due to savings in Snow Removal (\$2,648.12), Grounds outside of contract (\$1,831.49), Lighting Maintenance (\$219.21), Grounds Improvement (\$147.88), and Fence Maintenance (\$137.50). We have unfavorable variances in Sprinkler Repair (\$1,905.87), Annual Flower Planting (\$941.25), and Grounds Maintenance (\$828.15).

The Utilities expenses are favorable to budget by \$1,779.31 due to savings in Grounds Irrigation/Sewer of \$1,035.02 and Trash Removal of \$950.50. However, we do have one unfavorable variance in Electric of \$206.21.

Net Operating Revenue is favorable to budget by \$9,423.70 due to the above mentioned items.

Reserves:

Reserve Fund Net Income is unfavorable to budget by \$1,115.83.20 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).

Reserve Net income is unfavorable to budget by \$14,255.38 due to the above mentioned items.

Respectfully submitted;

HRCA, Subassociation Services

Weatherstone at Highlands Ranch
Summary of All Units
For the Twelve Months Ending December 31, 2008

Account	Description	Operating	Reserve	Total
ASSETS				
Operating Assets				
1010	Operating - Wells Fargo	\$53,245.42	\$0.00	\$53,245.42
	Total Operating Assets	53,245.42	0.00	53,245.42
Reserve Assets				
1050	Reserve - Dain Rauscher	0.00	102,265.87	102,265.87
	Total Reserve Assets	0.00	102,265.87	102,265.87
Other Assets				
1100	A/R Homeowners Dues	2,211.28	0.00	2,211.28
1625	Due From Reserves	3,203.55	0.00	3,203.55
1200	Prepaid Insurance	4,110.75	0.00	4,110.75
	Total Other Assets	9,525.58	0.00	9,525.58
	Total Assets	<u>62,771.00</u>	<u>102,265.87</u>	<u>165,036.87</u>
LIABILITIES & EQUITY				
Current Liabilities				
2100	Prepaid Assess Homeowners dues	16,568.85	0.00	16,568.85
2000	Accounts Payable	3,215.82	0.00	3,215.82
2600	Due to Operating From Reserve	0.00	3,203.55	3,203.55
	Total Liabilities	19,784.67	3,203.55	22,988.22
Equity				
3000	Future Capital Improvements	19,159.63	0.00	19,159.63
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)	9,423.70	4,090.93	13,514.63
	Total Fund Equity	42,986.33	99,062.32	142,048.65
	Total Liabilities & Equity	<u>62,771.00</u>	<u>102,265.87</u>	<u>165,036.87</u>

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Weatherstone at Highlands Ranch
Income Statement
For the Twelve Months Ending December 31, 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	155,232.00	155,232.00	0.00	155,232.00	0.00
4400	Misc Income	0.00	0.00	0.00	100.00	0.00	100.00	0.00	100.00
4050	Late Fee Revenue	(25.00)	0.00	(25.00)	1,225.00	1,000.00	225.00	1,000.00	225.00
4100	Legal Fee Revenue	120.00	0.00	120.00	878.42	0.00	878.42	0.00	878.42
4110	Lien Fee Assessment	50.00	0.00	50.00	150.00	0.00	150.00	0.00	150.00
4410	Community Activities Revenue	0.00	0.00	0.00	1,159.00	1,500.00	(341.00)	1,500.00	(341.00)
	Total Operating Income	145.00	0.00	145.00	158,744.42	157,732.00	1,012.42	157,732.00	1,012.42
Expenses									
Administration									
5010	Operating Contingency	0.00	550.00	550.00	3,818.75	6,600.00	2,781.25	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	456.75	604.00	147.25	6,635.45	7,000.00	364.55	7,000.00	364.55
5380	Taxes	0.00	0.00	0.00	942.00	100.00	(842.00)	100.00	(842.00)
5390	Bank Charges	0.00	4.13	4.13	146.71	50.00	(96.71)	50.00	(96.71)
5450	Legal Fees	0.00	250.00	250.00	2,014.40	1,000.00	(1,014.40)	1,000.00	(1,014.40)
5490	Management Fee	1,417.65	1,360.00	(57.65)	16,089.56	16,000.00	(89.56)	16,000.00	(89.56)
5500	Reserve Fund Transfer	1,242.00	1,242.00	0.00	14,904.00	14,904.00	0.00	14,904.00	0.00
5600	Future Capital Improvement	708.37	708.37	0.00	8,500.00	8,500.00	0.00	8,500.00	0.00
5700	Administrative	492.26	145.87	(346.39)	2,135.33	1,750.00	(385.33)	1,750.00	(385.33)
5410	Community Activities	120.92	0.00	(120.92)	4,028.12	4,500.00	471.88	4,500.00	471.88
5720	Web Site Maintenance	120.00	50.00	(70.00)	469.99	500.00	30.01	500.00	30.01
5710	Postage	123.58	83.37	(40.21)	927.24	1,000.00	72.76	1,000.00	72.76
	Total Administration	4,683.83	4,997.74	314.21	60,858.59	63,504.00	2,645.41	63,504.00	2,645.41
Pool									
6900	Pool Cleaning	0.00	0.00	0.00	5,975.00	5,700.00	(275.00)	5,700.00	(275.00)
6910	Pool Area Maintenance	0.00	0.00	0.00	240.00	2,000.00	1,760.00	2,000.00	1,760.00
6960	Clubhouse Cleaning	0.00	0.00	0.00	1,860.00	2,200.00	340.00	2,200.00	340.00
6970	Clubhouse/Pool Supplies	0.00	0.00	0.00	0.00	768.00	768.00	768.00	768.00
6985	Pool Gas	23.44	25.00	1.56	6,885.83	5,500.00	(1,385.83)	5,500.00	(1,385.83)
6990	Pool Electric	26.50	35.00	8.50	2,743.14	2,600.00	(143.14)	2,600.00	(143.14)
6995	Pool Area Irrigation	132.04	160.00	(27.96)	3,818.45	5,500.00	1,681.55	5,500.00	1,681.55
	Total Pool	181.98	160.00	(21.98)	21,522.42	24,268.00	2,745.58	24,268.00	2,745.58
Grounds									
7300	Grounds Maintenance	0.00	0.00	0.00	11,788.15	10,960.00	(828.15)	10,960.00	(828.15)
7350	Grounds outside of contract	227.50	0.00	(227.50)	2,168.51	4,000.00	1,831.49	4,000.00	1,831.49
7400	Grounds Improvements	0.00	0.00	0.00	852.12	1,000.00	147.88	1,000.00	147.88
7800	Annual Flower Planting	0.00	0.00	0.00	941.25	0.00	(941.25)	0.00	(941.25)
7550	Fence Maintenance	0.00	41.63	41.63	362.50	500.00	137.50	500.00	137.50
7600	Lighting Maintenance	0.00	83.37	83.37	780.79	1,000.00	219.21	1,000.00	219.21
7700	Sprinkler Repair	(130.00)	0.00	130.00	4,405.87	2,500.00	(1,905.87)	2,500.00	(1,905.87)
7800	Holiday Lighting	65.00	0.00	(65.00)	2,467.95	2,400.00	(67.95)	2,400.00	(67.95)
7820	Snow Removal	319.00	250.00	(69.00)	1,351.88	4,000.00	2,648.12	4,000.00	2,648.12
	Total Grounds	481.50	875.00	393.50	25,119.02	26,360.00	1,240.98	26,360.00	1,240.98
Utilities									
8780	Electric	303.43	158.00	(145.43)	2,106.21	1,900.00	(206.21)	1,900.00	(206.21)
8900	Trash Removal	2,950.00	2,950.00	0.00	34,249.59	35,200.00	950.50	35,200.00	950.50
8950	Grounds Irrigation	37.50	75.00	37.50	5,464.98	6,500.00	1,035.02	6,500.00	1,035.02
	Total Utilities	3,290.93	3,183.00	(107.93)	41,820.69	43,600.00	1,779.31	43,600.00	1,779.31
	Total Expenses	8,632.94	9,215.74	577.80	149,320.72	157,732.00	8,411.28	157,732.00	8,411.28
	Net Operating Income (Loss)	(8,492.94)	(9,215.74)	722.80	9,423.70	0.00	9,423.70	0.00	9,423.70

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Weatherstone at Highlands Ranch
Income Statement
For the Twelve Months Ending December 31, 2008

Account	Description	Current Month			Year-To-Date			Yearly Budget	Budget Remaining
		Actual	Budget	Favorable/ (Unfavorable)	Actual	Budget	Favorable/ (Unfavorable)		
Reserves									
Reserve Income									
9050	Reserve Fund Income	1,242.00	1,242.00	6.00	14,904.00	14,904.00	0.00	14,904.00	0.00
9100	Reserve Fund Interest	462.68	285.31	177.37	2,326.48	3,442.31	(1,115.83)	3,442.31	(1,115.83)
		1,704.68	1,527.31	177.37	17,230.48	18,346.31	(1,115.83)	18,346.31	(1,115.83)
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	0.00	0.00	0.00	13,139.55	0.00	(13,139.55)	0.00	(13,139.55)
	Net Reserve Income (Loss)	1,704.68	1,527.31	177.37	4,090.93	18,346.31	(14,255.38)	18,346.31	(14,255.38)
	Net Surplus (Deficit)	(6,788.26)	(7,688.45)	900.17	13,514.63	18,346.31	(4,831.68)	18,346.31	(4,831.68)