

Memo

Weatherstone at Highlands Ranch Association, Inc

Re: Financial statements for the nine months ending September 30, 2009

Balance sheet notes:

A detailed list of the AR Homeowners Dues can be found on page 5. We continue to reduce the Due To/From account with the monthly reserve transfer.

Income statement notes:

Revenues are unfavorable to budget by \$255.52 due to lower Legal Fees (\$301.71) and Bad Debt Recovery/Loss (\$166.28).

Administration expenses are favorable to budget by \$4,175.48 due to the savings in Operating Contingency (\$3,600.00), Community Activities (\$575.82), and Postage (\$321.37). We do have unfavorable variances in Legal Fees (\$555.67) and Taxes (\$378.60).

The Pool expenses are favorable to budget by \$7,750.54 due to savings in all line items with the largest variances in Pool Gas (\$3,455.45), Pool Security (\$1,705.00), Pool Area Irrigation (\$851.42), and Pool Electric (\$840.51).

The Grounds expenses are favorable to budget by \$2,894.84 due to savings in Grounds Outside of Contract (\$1,482.26), Grounds Improvements (\$1,000.00), Snow Removal (\$801.61), and Grounds Maintenance (\$755.86). We have a large unfavorable variance in Sprinkler Repair of \$1,474.71.

The Utilities expenses are unfavorable to budget by \$871.83 due to Trash (\$923.96) and Grounds Irrigation (\$399.05). Electric is favorable to budget by \$451.18.

Net Operating Revenue after transfers to reserves are \$4,042.19 versus a budgeted loss of \$9,651.32 resulting in a favorable variance of \$13,693.51 due to the above mentioned items.

Reserves:

Reserve Fund Net Income is favorable to budget by \$24,143.91 due to a large savings in Wood Privacy Fence (\$17,271.78), Metal Fence (\$9,426.52), and Wood Trellis (\$9,247.68). We do have an unfavorable variance in Entrance Monument expense (\$2,678.20). We also have an unbudgeted Reserve Grounds Expense of \$5,340.00, Pool Repair expense of \$2,168.00 required by the Virginia Graeme Backer Act and the irrigation clock replacement that cost \$2,322.55.

If you should have any questions or comments, please call me at (303) 471-8841 or e-mail at bsheppelman@hrcaonline.org

Kind Regards,
Highlands Ranch Community Association
Subassociation Services

10/23/09
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Weatherstone at Highlands Ranch
Income Statement
For the Nine Months Ending September 30, 2009

| Account | Description | Current Month | | Year-To-Date | | Favorable/ (Unfavorable) | Yearly Budget | Budget Remaining |
|--------------------------|------------------------|---------------|--------|--------------|------------|-----------------------------|------------------|---------------------|
| | | Actual | Budget | Actual | Budget | | | |
| OPERATING INCOME: | | | | | | | | |
| 4000 | Assessment Revenue | 0.00 | 0.00 | 124,362.00 | 124,362.00 | 0.00 | 165,816.00 | (41,454.00) |
| 4400 | Misc Income | 0.00 | 4.17 | 150.00 | 37.53 | 112.47 | 50.00 | 100.00 |
| 4050 | Late Fee Revenue | (50.00) | 0.00 | 825.00 | 750.00 | 75.00 | 1,000.00 | (175.00) |
| 4100 | Legal Fee Revenue | 116.88 | 66.67 | 298.32 | 600.03 | (301.71) | 800.00 | (801.68) |
| 4110 | Lien Fee Assessment | 0.00 | 50.00 | 175.00 | 150.00 | 25.00 | 200.00 | (25.00) |
| 4830 | Bad Debt Recovery/Loss | 0.00 | 0.00 | (166.28) | 0.00 | (166.28) | 0.00 | (166.28) |
| | Total Operating Income | 66.88 | 120.84 | 125,644.04 | 125,899.56 | (255.52) | 167,866.00 | (42,221.90) |

Expenses

| | | | | | | | | |
|--------|----------------------------|----------|----------|-----------|-----------|----------|-----------|-----------|
| 5010 | Administration | 400.00 | 0.00 | 0.00 | 3,600.00 | 3,600.00 | 4,800.00 | 4,800.00 |
| 5020 | Operating Contingency | 0.00 | 0.00 | 1,750.00 | 1,800.00 | 50.00 | 1,800.00 | 50.00 |
| 5370 | Audit/Tax Prep | 456.75 | 500.00 | 4,151.75 | 4,340.00 | 188.25 | 5,990.00 | 1,838.25 |
| 5380 + | Insurance | 0.00 | 100.00 | 678.60 | 300.00 | (378.60) | 1,160.00 | 481.40 |
| 5390 | Taxes | 0.00 | 10.00 | (79.27) | 90.00 | 169.27 | 120.00 | 199.27 |
| 5450 | Bank Charges | 432.88 | 83.33 | 1,305.64 | 749.97 | (555.67) | 1,000.00 | (305.64) |
| 5490 | Legal Fees | 1,417.65 | 1,417.50 | 12,758.85 | 12,757.50 | (1.35) | 17,010.00 | 4,251.15 |
| 5500 | Management Fee | 1,341.00 | 1,341.00 | 12,077.00 | 12,077.00 | 0.00 | 16,100.00 | 4,023.00 |
| 5600 | Reserve Fund Transfer | 333.00 | 333.00 | 3,001.00 | 3,001.00 | 0.00 | 4,000.00 | 999.00 |
| 5700 | Future Capital Improvement | 30.60 | 155.83 | 1,211.11 | 1,402.47 | 191.36 | 1,870.00 | 658.89 |
| 5410 | Administrative | 228.14 | 1,350.00 | 3,774.18 | 4,350.00 | 575.82 | 4,350.00 | 575.82 |
| 5720 | Community Activities | 120.00 | 41.67 | 360.00 | 375.03 | 15.03 | 500.00 | 140.00 |
| 5710 | Web Site Maintenance | 5.28 | 83.33 | 428.60 | 749.97 | 321.37 | 1,600.00 | 571.40 |
| | Postage | 4,365.30 | 5,815.66 | 41,417.46 | 45,592.94 | 4,175.48 | 59,700.00 | 18,282.54 |
| | Total Administration | 1,298.00 | 1,340.00 | 6,490.00 | 6,700.00 | 210.00 | 6,700.00 | 210.00 |
| 6900 | Pool Cleaning | 0.00 | 200.00 | 400.02 | 1,000.00 | 599.98 | 1,000.00 | 599.98 |
| 6910 | Pool Area Maintenance | 275.00 | 378.00 | 1,880.00 | 1,890.00 | 10.00 | 1,890.00 | 10.00 |
| 6960 | Clubhouse Cleaning | 0.00 | 154.00 | 691.82 | 770.00 | 78.18 | 770.00 | 78.18 |
| 6970 | Clubhouse/Pool Supplies | 0.00 | 1,600.00 | 6,295.00 | 8,000.00 | 1,705.00 | 8,000.00 | 1,705.00 |
| 6930 | Pool Security | 780.52 | 1,700.00 | 3,944.55 | 7,400.00 | 3,455.45 | 7,840.00 | 3,895.45 |
| 6985 | Pool Gas | 520.21 | 700.00 | 2,379.49 | 3,220.00 | 840.51 | 3,440.00 | 1,060.51 |
| 6990 | Pool Electric | 2,037.32 | 800.00 | 3,143.58 | 3,995.00 | 851.42 | 4,500.00 | 1,356.42 |
| 6995 | Pool Area Irrigation | 4,931.05 | 6,872.00 | 25,224.46 | 32,975.00 | 7,750.54 | 34,140.00 | 8,915.54 |
| | Total Pool | 1,298.00 | 1,940.95 | 6,490.00 | 6,700.00 | 210.00 | 6,700.00 | 210.00 |

Weatherstone at Highlands Ranch
Income Statement
For the Nine Months Ending September 30, 2009

| Account | Description | Current Month | | Year-To-Date | | Favorable/ (Unfavorable) | Yearly Budget | Budget Remaining |
|------------------------|-----------------------------|---------------|-------------|--------------|-------------|-----------------------------|------------------|---------------------|
| | | Actual | Budget | Actual | Budget | | | |
| Grounds | | | | | | | | |
| 7300 | Grounds Maintenance | 1,409.52 | 1,517.50 | 9,866.64 | 10,622.50 | 755.86 | 12,140.00 | 2,273.36 |
| 7350 | Grounds outside of contract | 0.00 | 291.66 | 1,142.68 | 2,624.94 | 1,482.26 | 3,500.00 | 2,357.32 |
| 7400 | Grounds Improvements | 0.00 | 0.00 | 0.00 | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 |
| 7500 | Annual Flower Planting | 0.00 | 0.00 | 1,617.25 | 1,500.00 | (117.25) | 1,500.00 | (117.25) |
| 7550 | Fence Maintenance | 0.00 | 41.67 | 0.00 | 375.03 | 375.03 | 500.00 | 500.00 |
| 7600 | Lighting Maintenance | 0.00 | 83.33 | 691.98 | 749.97 | 57.99 | 1,000.00 | 308.02 |
| 7700 | Sprinkler Repair | 230.98 | 700.00 | 4,974.71 | 3,500.00 | (1,474.71) | 3,500.00 | (1,474.71) |
| 7800 | Holiday Lighting | 0.00 | 0.00 | 760.95 | 775.00 | 14.05 | 3,000.00 | 2,239.05 |
| 7820 | Snow Removal | 0.00 | 0.00 | 1,196.39 | 1,998.00 | 801.61 | 4,000.00 | 2,803.61 |
| | Total Grounds | 1,640.50 | 2,634.16 | 20,250.60 | 23,145.44 | 2,894.84 | 30,140.00 | 9,889.40 |
| Utilities | | | | | | | | |
| 8780 | Electric | 145.49 | 197.50 | 1,326.32 | 1,777.50 | 451.18 | 2,370.00 | 1,043.68 |
| 8900 | Trash Removal | 3,097.50 | 3,000.00 | 27,923.96 | 27,000.00 | (923.96) | 36,010.00 | 8,086.04 |
| 8950 | Grounds Irrigation | 2,567.75 | 1,075.00 | 5,459.05 | 5,060.00 | (399.05) | 5,500.00 | 40.95 |
| | Total Utilities | 5,810.74 | 4,272.50 | 34,709.33 | 33,837.50 | (871.83) | 43,880.00 | 9,170.67 |
| | Total Expenses | 16,747.59 | 19,594.32 | 121,601.85 | 135,550.88 | 13,949.03 | 167,860.00 | 46,258.15 |
| | Net Operating Income (Loss) | (16,680.71) | (19,473.48) | 4,042.19 | (9,651.32) | 13,693.51 | 6.00 | 4,036.19 |
| Reserves | | | | | | | | |
| Reserve Income | | | | | | | | |
| 9000 | Reserve Fund Income | 1,341.00 | 1,341.00 | 12,077.00 | 12,077.00 | 0.00 | 16,100.00 | (4,023.00) |
| 9100 | Reserve Fund Interest | 973.54 | 275.24 | 3,183.84 | 2,477.16 | 706.68 | 3,302.91 | (119.07) |
| | | 2,314.54 | 1,616.24 | 15,260.84 | 14,554.16 | 706.68 | 19,402.91 | (4,142.07) |
| Reserve Expense | | | | | | | | |
| 9215 | Pool Maintenance/Repair | 0.00 | 0.00 | 2,168.00 | 0.00 | (2,168.00) | 0.00 | (2,168.00) |
| 9210 | Reserve Grounds Expense | 0.00 | 0.00 | 5,340.00 | 0.00 | (5,340.00) | 0.00 | (5,340.00) |
| 9220 | Entrance Monuments | 0.00 | 0.00 | 4,300.60 | 1,622.40 | (2,678.20) | 1,622.40 | (2,678.20) |
| 9230 | Metal Fence | 0.00 | 0.00 | 1,794.00 | 11,220.52 | 9,426.52 | 11,220.52 | 9,426.52 |
| 9240 | Wood Trellis | 0.00 | 0.00 | 0.00 | 9,247.68 | 9,247.68 | 9,247.68 | 9,247.68 |
| 9235 | Wood Privacy Fence | 0.00 | 0.00 | 6,445.00 | 23,716.78 | 17,271.78 | 23,716.78 | 17,271.78 |
| 9250 | Irrigation Repairs/Replace | 0.00 | 0.00 | 2,322.55 | 0.00 | (2,322.55) | 0.00 | (2,322.55) |
| | Total Reserve Expense | 0.00 | 0.00 | 22,370.15 | 45,807.38 | 23,437.23 | 45,807.38 | 23,437.23 |
| | Net Reserve Income (Loss) | 2,314.54 | 1,616.24 | (7,109.31) | (31,253.22) | 24,143.91 | (26,404.47) | 19,295.16 |
| | Net Surplus (Deficit) | (14,366.17) | (17,857.24) | (3,067.12) | (40,904.54) | 37,837.42 | (26,398.47) | 23,331.35 |