

Memo
Weatherstone at Highlands Ranch Association, Inc
Financial statements for the six months ending June 30, 2010

Balance sheet notes:

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

Income statement notes:

Revenues are unfavorable to budget by \$405.42 due to the variance in Legal Fee Revenue of \$355.42. This is offset by the savings in Legal Fee Expense.

Administration expenses are favorable to budget by \$4,429.46 due to the savings in Operating Contingency (\$1,824.00), Insurance (\$1,306.08), Audit/Tax Prep (\$800.00), and Legal Fees (\$755.42). We have unfavorable variances in Community Activities (\$217.13) and Postage (\$102.84).

The Pool expenses section is favorable to budget by \$76.79 due to savings in Pool Gas (\$861.87), Pool Area Irrigation (\$555.98), and Clubhouse/Pool Supplies (\$530.00). We have a large unfavorable variance of \$2,200.00 in Pool Security.

The Grounds expenses are favorable to budget by \$324.60 due to savings in Annual Flower Planting (\$1,100.00), Snow Removal (\$668.00), Lighting Maintenance (\$500.00), and Grounds Outside of Contract (\$486.20). We do have unfavorable variances in Grounds Maintenance (\$2,004.52), Sprinkler Repair (\$399.63) and Holiday Lighting (\$150.45).

The Utilities expenses are favorable to budget by \$924.70 due to the variance of \$1,088.20 in Grounds Irrigation. The credit for the month in Grounds Irrigation is due to over-accruing an expense in May.

Net Operating Revenue after transfers to reserves is \$11,302.53 versus a budgeted Income of \$5,953.00, resulting in a favorable variance of \$5,349.53 due to the above mentioned items.

Reserves:

Reserve Income is unfavorable to budget by \$1,152.86 due to lower Interest Income.

Reserve Expenses are unfavorable to budget by \$14,130.00 due to the unbudgeted Reserve Grounds Expense of \$12,500.00 for bark. We also have an unfavorable variance of \$1,630.00 in Wood Trellis.

Net Reserve Income (Loss) is at a loss of \$8,004.36 versus the budgeted income of \$7,278.50, resulting in an unfavorable variance of \$15,282.86 due to the above mentioned items.

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

Weatherstone at Highlands Ranch
Summary of All Units
For the Six Months Ending June 30, 2010

Account	Description	Operating	Reserve	Total
ASSETS				
Operating Assets				
1010	Operating - Wells Fargo	\$62,153.88	\$0.00	\$62,153.88
	Total Operating Assets	62,153.88	0.00	62,153.88
Reserve Assets				
1050	Reserve - Dain Rauscher	0.00	109,077.28	109,077.28
1190	Accrued Interest Income	0.00	12.02	12.02
	Total Reserve Assets	0.00	109,089.30	109,089.30
Other Assets				
1100	A/R Homeowners Dues	668.48	0.00	668.48
1625	Due From Reserves	7,531.57	0.00	7,531.57
1200	Prepaid Insurance	869.46	0.00	869.46
1210	Prepaid Expenses	1,305.00	0.00	1,305.00
1220	Prepaid Income Tax	450.00	0.00	450.00
	Total Other Assets	10,824.51	0.00	10,824.51
	Total Assets	<u>72,978.39</u>	<u>109,089.30</u>	<u>182,067.69</u>
LIABILITIES & EQUITY				
Current Liabilities				
2100	Prepaid Assess Homeowners dues	12,945.32	0.00	12,945.32
2000	Accounts Payable	5,040.54	0.00	5,040.54
2600	Due to Operating From Reserve	0.00	7,531.57	7,531.57
	Total Liabilities	17,985.86	7,531.57	25,517.43
Equity				
3000	Future Capital Improvements	28,289.00	0.00	28,289.00
3200	Retained Earnings	701.00	109,562.09	110,263.09
3500	Working Capital Fund Equity	14,700.00	0.00	14,700.00
3150	Current YTD Income (Loss)	11,302.53	(8,004.36)	3,298.17
	Total Fund Equity	54,992.53	101,557.73	156,550.26
	Total Liabilities & Equity	<u>72,978.39</u>	<u>109,089.30</u>	<u>182,067.69</u>

Weatherstone at Highlands Ranch
Income Statement
For the Six Months Ending June 30, 2010

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Account	Description	Current Month		Year-To-Date		Favorable/ (Unfavorable)	Yearly Budget	Budget Remaining
		Actual	Budget	Actual	Budget			
Revenue								
OPERATING INCOME:								
4000	Assessment Revenue	0.00	0.00	82,908.00	82,908.00	0.00	165,816.00	(82,908.00)
4400	Misc Income	75.00	0.00	75.00	25.00	50.00	50.00	25.00
4050	Late Fee Revenue	0.00	0.00	500.00	500.00	0.00	1,000.00	(500.00)
4100	Legal Fee Revenue	0.00	200.00	44.58	400.00	(355.42)	800.00	(755.42)
4110	Lien Fee Assessment	0.00	50.00	0.00	100.00	(100.00)	200.00	(200.00)
	Total Operating Income	75.00	250.00	83,527.58	83,933.00	(405.42)	167,866.00	(84,338.42)
Expenses								
Administration								
5010	Operating Contingency	0.00	304.00	0.00	1,824.00	1,824.00	3,652.00	3,652.00
5020	Audit/Tax Prep	0.00	0.00	900.00	1,700.00	800.00	1,700.00	800.00
5370	Insurance	289.82	507.50	1,738.92	3,045.00	1,306.08	6,090.00	4,351.08
5380 +	Taxes	0.00	0.00	0.00	0.00	0.00	1,110.00	1,110.00
5390	Bank Charges	0.00	10.00	(40.00)	60.00	100.00	120.00	160.00
5450	Legal Fees	0.00	400.00	44.58	800.00	755.42	1,600.00	1,555.42
5490	Management Fee	1,477.19	1,477.50	8,948.14	8,865.00	(83.14)	17,730.00	8,781.86
5500	Reserve Fund Transfer	1,448.00	1,448.00	8,696.00	8,696.00	0.00	17,384.00	8,688.00
5700	Administrative	41.90	144.00	808.95	864.00	55.05	1,730.00	921.05
5410	Community Activities	955.00	500.00	1,717.13	1,500.00	(217.13)	4,350.00	2,632.87
5720	Web Site Maintenance	137.98	0.00	257.98	250.00	(7.98)	500.00	242.02
5710	Postage	7.48	84.00	598.84	496.00	(102.84)	1,000.00	401.16
	Total Administration	4,357.37	4,875.00	23,670.54	28,100.00	4,429.46	56,966.00	33,295.46
Pool								
6900	Pool Cleaning	1,235.00	1,340.00	2,470.00	2,680.00	210.00	6,700.00	4,230.00
6910	Pool Area Maintenance	350.90	200.00	483.80	400.00	(83.80)	1,000.00	514.20
6960	Clubhouse Cleaning	400.00	388.00	675.00	776.00	101.00	1,940.00	1,265.00
6970	Clubhouse/Pool Supplies	0.00	80.00	0.00	530.00	530.00	770.00	770.00
6930	Pool Security	3,610.00	1,400.00	5,000.00	2,800.00	(2,200.00)	7,000.00	2,000.00
6985	Pool Gas	876.67	1,500.00	1,088.13	1,950.00	861.87	7,000.00	5,911.87
6990	Pool Electric	616.24	660.00	976.26	1,080.00	103.74	3,440.00	2,463.74
6995	Pool Area Irrigation	506.92	700.00	1,384.02	1,940.00	555.98	4,730.00	3,345.98
	Total Pool	7,595.73	6,268.00	12,079.21	12,156.00	76.79	32,580.00	20,500.79

Weatherstone at Highlands Ranch
Income Statement
For the Six Months Ending June 30, 2010

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Account	Description	Current Month		Actual	Year-To-Date		Favorable/ (Unfavorable)	Yearly Budget	Budget Remaining
		Actual	Budget		Budget	(Unfavorable)			
	Grounds								
7300	Grounds Maintenance	1,981.13	1,480.00	7,924.52	5,920.00	(2,004.52)	11,840.00	3,915.48	
7350	Grounds outside of contract	0.00	375.00	1,013.80	1,500.00	486.20	3,000.00	1,986.20	
7500	Annual Flower Planting	0.00	1,100.00	0.00	1,100.00	1,100.00	1,650.00	1,650.00	
7550	Fence Maintenance	0.00	62.50	125.00	250.00	125.00	500.00	375.00	
7600	Lighting Maintenance	0.00	125.00	0.00	500.00	500.00	1,000.00	1,000.00	
7700	Sprinkler Repair	1,474.97	730.00	3,329.63	2,930.00	(399.63)	5,120.00	1,790.37	
7800	Holiday Lighting	0.00	0.00	1,150.45	1,000.00	(150.45)	3,800.00	2,649.55	
7820	Snow Removal	0.00	0.00	1,532.00	2,200.00	668.00	4,000.00	2,468.00	
	Total Grounds	3,456.10	3,872.50	15,075.40	15,400.00	324.60	30,910.00	15,834.60	
	Utilities								
8780	Electric	142.08	187.50	1,209.42	1,125.00	(84.42)	2,250.00	1,040.58	
8900	Trash Removal	3,345.00	3,256.50	19,618.68	19,539.00	(79.68)	39,080.00	19,461.32	
8950	Grounds Irrigation	(25.90)	1,000.00	571.80	1,660.00	1,088.20	6,080.00	5,508.20	
	Total Utilities	3,461.18	4,444.00	21,399.90	22,324.00	924.10	47,410.00	26,010.10	
	Total Expenses	18,870.38	19,459.50	72,225.05	77,980.00	5,754.95	167,866.00	95,640.95	
	Net Operating Income (Loss)	(18,795.38)	(19,209.50)	11,302.53	5,933.00	5,349.53	0.00	11,302.53	
	Reserves								
9000	Reserve Income	1,448.00	1,448.00	8,696.00	8,696.00	0.00	17,384.00	(8,688.00)	
9100	Reserve Fund Income	60.41	263.75	429.64	1,582.50	(1,152.86)	3,164.71	(2,735.07)	
	Reserve Fund Interest	1,508.41	1,711.75	9,125.64	10,278.50	(1,152.86)	20,548.71	(11,423.07)	
	Reserve Expense								
9215	Pool Maintenance/Repair	0.00	0.00	0.00	0.00	0.00	1,316.09	1,316.09	
9210	Reserve Grounds Expense	0.00	0.00	12,500.00	0.00	(12,500.00)	0.00	(12,500.00)	
9230	Metal Fence	0.00	0.00	0.00	0.00	0.00	3,000.00	3,000.00	
9240	Wood Trellis	4,630.00	3,000.00	4,630.00	3,000.00	(1,630.00)	3,000.00	(1,630.00)	
9235	Wood Privacy Fence	0.00	0.00	0.00	0.00	0.00	11,000.00	11,000.00	
	Total Reserve Expense	4,630.00	3,000.00	17,130.00	3,000.00	(14,130.00)	18,316.09	1,186.09	
	Net Reserve Income (Loss)	(3,121.59)	(1,288.25)	(8,004.36)	7,278.50	(15,282.86)	2,232.62	(10,236.98)	
	Net Surplus (Deficit)	(21,916.97)	(20,497.75)	3,298.17	13,231.50	(9,933.33)	2,232.62	1,065.55	