

# ROBERTSON & MARCHETTI, P.C.

*Certified Public Accountants*

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## Accountant's Compilation Report

March 4, 2014

Board of Directors  
Cotton Ranch Homeowners' Association  
Gypsum, Colorado

I have compiled the accompanying balance sheet of Cotton Ranch Homeowners' Association as of December 31, 2013 and the related statement of revenues, expenditures and changes in fund balance – historical, budget and forecast – budgets for the twelve month period then ended. I also compiled the accompanying budget and forecast of revenues, expenditures and changes in fund balance for the year ending December 31, 2013 and the adopted 2014 budget, in accordance with standards established by the American Institute of Certified Public Accountants.

I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

As a consulting financial manager, I participate in the financial management of the Association. Management (with my participation) is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements. I have prepared these financial statements in my capacity as consulting financial managers for the Association.

My responsibilities include conducting the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management (with my participation) 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 were included in the financial statements, they might influence the user's conclusions about the Association'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.

A compilation of a forecasted financial statement is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast.

I have not examined the accompanying forecast and, accordingly, do not express an opinion or any other form of assurance on the forecasted statement or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected and those differences may be material. I have no responsibility to update this report for events or circumstances occurring after the date of this report.

I also compiled the accompanying 2012 historical financial statements of the Association and my report thereon stated that I did not audit or review those financial statements and, accordingly, expressed no opinion or any other form of assurance on them. The report noted that management had elected to omit substantially all disclosures and the statement of cash flows and if these omissions had been included, they might influence the user's conclusions about the Association's 2012 financial position, results of operations, and cash flows. Accordingly, the 2012 financial statements are not designed for those who are not informed about such matters.

I am not independent from an accounting and auditing perspective with respect to Cotton Ranch Homeowners' Association because I perform certain accounting services that impair my independence.

ROBERTSON & MARCHETTI, P.C.



Eric Weaver, CPA  
Vice-President

**Cotton Ranch Homeowners' Association**  
**Balance Sheet**  
**As of 12/31/2012 and 12/31/2013**

	<u>12/31/12</u>	<u>12/31/13</u>
<b>Assets</b>		
Centennial Checking	57,184	96,278
Centennial Money Market	81,707	107,978
Centennial CD	52,186	52,656
Centennial CD	50,021	50,267
Petty Cash	-	-
Total Cash	<u>241,098</u>	<u>307,179</u>
Accounts Receivable	33,534	32,980
Other Receivables	-	-
<b>Total Current Assets</b>	<u><b>274,632</b></u>	<u><b>340,159</b></u>
<b>Total Assets</b>	<u><b>274,632</b></u>	<u><b>340,159</b></u>
<b>Liabilities &amp; Equity</b>		
<b>Liabilities</b>		
Accounts Payable	2,634	9,312
Landscape Deposits	79,000	105,000
<b>Total Liabilities</b>	<u><b>81,634</b></u>	<u><b>114,312</b></u>
<b>Equity</b>		
Working Capital	65,400	66,600
Fund Balance- Outstanding Receivables	33,534	32,980
Fund Balance- Capital Repairs	-	25,000
Fund Balance- Future Operations	94,064	101,268
<b>Total Equity</b>	<u><b>192,998</b></u>	<u><b>225,848</b></u>
<b>Total Liabilities &amp; Equity</b>	<u><b>274,632</b></u>	<u><b>340,159</b></u>
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See Accompanying Accountant's Report

**Cotton Ranch Homeowners' Association**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Actual, Budget and Forecast for the Periods Indicated**

	Unaudited 2012 Actual	2013 Annual			12 Months	12 Months	Variance Favorable (Unfavor)	2014 Adopted Budget	2014 Budget Comments
		Adopted Budget	Variance Favorable (Unfavor)	Forecast	Ended 12/31/13 Actual	Ended 12/31/13 Budget			
<b>Units</b>									
Cotton Ranch (Valley) - Beginning of Year	241	241		241	241		241		
Cotton Ranch (Valley) - Brought into Assn	-	-		-	-		-		
<b>Cotton Ranch (Valley) - End of Year</b>	<b>241</b>	<b>241</b>		<b>241</b>	<b>241</b>		<b>241</b>		
Sky Legend - Beginning of Year	92	95		95	95		100		
Sky Legend - Brought into Association	3	11		5	2		6	6 Remaining Platted Lots	
<b>Sky Legend - End of Year</b>	<b>95</b>	<b>106</b>		<b>100</b>	<b>97</b>		<b>106</b>	106 Platted To Date	
Annual Dues Per Unit	300	300		300	300		300	Max Allowed	
<b>Income</b>									
Cotton Ranch Non-Sky Legend Dues	72,505	72,300	-	72,300	72,300	72,300	-	72,300	Lots Times Annual Dues
Sky Legend Dues	28,200	30,150	(150)	30,000	30,000	30,150	(150)	30,900	New Pauls Corp homes
Design Review Fees	17,397	6,800	3,285	10,085	10,085	6,800	3,285	2,000	1 Pauls Corp Remaining
Statement Prep Fees	1,500	1,500	400	1,900	2,150	1,500	650	1,500	Fewes Pauls Corp sales
Lien Filing Charge	550	550	-	550	50	550	(500)	50	Based on 2013 Forecast
Interest Income	604	800	100	900	988	800	188	1,000	Based on 2013 Forecast
Finance Charges	10,503	6,036	(1,036)	5,000	3,887	6,036	(2,149)	6,936	At 18% rate
Compliance Fines	-	120	80	200	200	120	80	500	Hired Compliance officer
Sale of Equipment	1,350	-	-	-	-	-	-	-	
<b>Total Income</b>	<b>132,608</b>	<b>118,256</b>	<b>2,679</b>	<b>120,935</b>	<b>119,660</b>	<b>118,256</b>	<b>1,404</b>	<b>115,206</b>	
<b>Expenses</b>									
<b>DRC Expenses</b>									
Architectural Fees	7,750	3,800	-	3,800	3,350	3,800	450	4,200	Estimate for activity level
DRC Admin Support	4,230	4,500	-	4,500	4,555	4,500	(55)	2,040	Estimate for activity level
<b>Total DRC Expenses</b>	<b>11,980</b>	<b>8,300</b>	<b>-</b>	<b>8,300</b>	<b>7,905</b>	<b>8,300</b>	<b>395</b>	<b>6,240</b>	
<b>General and Admin Expenses</b>									
Accounting, Tax Return, & Administration	24,891	28,000	-	28,000	25,811	28,000	2,189	30,000	No longer in multiple accts
Billing Expense - AMCOBI	2,095	2,000	-	2,000	2,096	2,000	(96)	2,100	Based on 2013 Forecast
Bad Debts- Actual Write-Off's	8,600	5,000	-	5,000	2,156	5,000	2,844	5,000	Hard to estimate
Collection Expense	5,873	3,000	3,000	-	-	3,000	3,000	3,000	1/3 of collected amount
Office Expenses & Misc.	1,527	1,500	-	1,500	1,459	1,500	41	1,500	Based on 2013 Forecast
Covenant Enforcement	835	5,000	-	5,000	5,835	5,000	(835)	5,400	Hired Compliance Officer
Insurance	3,073	3,196	(132)	3,328	3,328	3,196	(132)	3,461	4% increase from PY
Legal Expense	-	2,500	-	2,500	430	2,500	2,070	2,500	Normal & unforeseen needs
Social Functions	493	1,500	-	1,500	353	1,500	1,147	1,500	Based on 2013 Forecast
<b>Total General &amp; Admin Expenses</b>	<b>47,386</b>	<b>51,696</b>	<b>2,868</b>	<b>48,828</b>	<b>41,468</b>	<b>51,696</b>	<b>10,228</b>	<b>54,461</b>	
<b>Operating Expenses</b>									
Landscape Maintenance - Contract	21,306	21,306	-	21,306	21,306	21,306	-	21,482	Contract + \$4k for SLHOA
Landscape Maintenance - Additional Work	-	2,500	-	2,500	525	2,500	1,975	2,500	Contingency
Landscape Improvements	1,130	2,750	202	2,548	2,118	2,750	632	2,750	Based on 2013 Forecast
Other Misc. Maintenance, Dog Stations	2,639	2,730	-	2,730	2,724	2,730	6	2,730	Weekly Maintenance
Repairs & Maintenance Irrigation - T&M	3,902	4,000	(48)	4,048	4,048	4,000	(48)	4,000	Normal repairs
Irrigation- Start up and Blow out	660	1,000	-	1,000	820	1,000	180	1,000	Regular + Contingency
Irrigation System Replacement	-	-	-	-	-	-	-	1,000	System Design
Tree Spraying and Maintenance	-	4,000	(214)	4,214	4,214	4,000	(214)	8,500	Paying total amount
Snowplowing of Sidewalks	1,400	2,000	(600)	2,600	2,200	2,000	(200)	4,000	Per contract
Utilities	638	660	-	660	226	660	434	600	Only Common Area
Website Maintenance	503	750	-	750	457	750	293	350	Hosting fee only
<b>Total Operating Expenses</b>	<b>32,177</b>	<b>41,696</b>	<b>(660)</b>	<b>42,356</b>	<b>38,638</b>	<b>41,696</b>	<b>3,058</b>	<b>48,912</b>	
<b>Total Expenses</b>	<b>91,543</b>	<b>101,692</b>	<b>2,208</b>	<b>99,484</b>	<b>88,011</b>	<b>101,692</b>	<b>13,681</b>	<b>109,613</b>	
<b>Net Income (Loss)</b>	<b>41,066</b>	<b>16,564</b>	<b>4,887</b>	<b>21,451</b>	<b>31,649</b>	<b>16,564</b>	<b>15,085</b>	<b>5,593</b>	
Beginning Fund Balance	86,533	127,598	(0)	127,598	127,598	127,598	-	159,248	
<b>Ending Fund Balance (Budgetary Basis)</b>	<b>127,598</b>	<b>144,163</b>	<b>4,886</b>	<b>149,049</b>	<b>159,248</b>	<b>144,163</b>	<b>15,085</b>	<b>164,841</b>	
<b>Less Allowance For Delinquent A/R</b>	<b>(33,534)</b>	<b>(45,069)</b>	<b>7,521</b>	<b>(37,549)</b>	<b>(32,980)</b>	<b>(45,069)</b>	<b>12,090</b>	<b>(43,135)</b>	Assume 28 non-paying lots
<b>Available Fund Balance</b>	<b>94,064</b>	<b>99,093</b>	<b>12,407</b>	<b>111,500</b>	<b>126,268</b>	<b>99,093</b>	<b>27,175</b>	<b>121,705</b>	

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