

**CRESTED BUTTE SOUTH PROPERTY OWNERS ASSOCIATION, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Crested Butte South Property Owners Association, Inc.  
Crested Butte, Colorado

We have audited the accompanying financial statements of Crested Butte South Property Owners Association, Inc., which comprise the balance sheet as of December 31, 2015, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crested Butte South Property Owners Association, Inc. at December 31, 2015, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*mcn & Associates, P.C.*  
McNurlin & Associates, P.C.  
Lakewood, Colorado  
March 7, 2016

**CRESTED BUTTE SOUTH PROPERTY OWNERS ASSOCIATION, INC.**Balance Sheet  
December 31, 2015

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>(Memo Only) Total</u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 31,667	\$ 52,570	\$ 84,237
Certificates of deposit	-	200,678	200,678
Assessments receivable	6,680	-	6,680
Deposits	60,321	-	60,321
Total Current Assets	<u>98,668</u>	<u>253,248</u>	<u>351,916</u>
Property and Equipment, net	<u>421,742</u>	<u>-</u>	<u>421,742</u>
Total Assets	<u>\$ 520,410</u>	<u>\$ 253,248</u>	<u>\$ 773,658</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	2,917	-	2,917
Note payable, current portion	10,677	-	10,677
Prepaid assessments	1,097	-	1,097
Refundable deposits, other	2,040	-	2,040
Refundable performance deposits	60,319	-	60,319
Total Current Liabilities	<u>77,050</u>	<u>-</u>	<u>77,050</u>
Note Payable, Net of Current Portion	<u>63,188</u>	<u>-</u>	<u>63,188</u>
Total Liabilities	140,238	-	140,238
Fund Balances	<u>380,172</u>	<u>253,248</u>	<u>633,420</u>
Total Liabilities and Fund Balances	<u>\$ 520,410</u>	<u>\$ 253,248</u>	<u>\$ 773,658</u>

See accompanying notes to the financial statements and the independent auditors' report.

**CRESTED BUTTE SOUTH PROPERTY OWNERS ASSOCIATION, INC.**

Statement of Revenues, Expenses and Changes in Fund Balances

For the year ended December 31, 2015

	Operating Fund	Replacement Fund	(Memo Only) Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Member assessments	\$ 251,315	\$ -	\$ 251,315
Architectural and closing statement fees	31,350	-	31,350
Hockey rink revenues	6,260	-	6,260
Interest income	181	2,004	2,185
Donations and grants	780	-	780
Late fees and other charges	4,520	-	4,520
Rental income	11,087	-	11,087
Loss on sale of assets	(2,668)	-	(2,668)
Other income	3,534	-	3,534
Total Revenues	<u>306,359</u>	<u>2,004</u>	<u>308,363</u>
<b>EXPENSES</b>			
General and administrative			
Salaries and wages	93,455	-	93,455
Legal and accounting	2,840	-	2,840
Insurance	10,990	-	10,990
Office supplies	1,444	-	1,444
Payroll taxes	13,819	-	13,819
Electricity	3,711	-	3,711
Newsletter	2,203	-	2,203
Bad debt expense	1,405	-	1,405
Miscellaneous	4,865	-	4,865
Telephone and internet	2,000	-	2,000
Website	2,169	-	2,169
Employee benefits	3,252	-	3,252
Trash, water and sewer	1,240	-	1,240
Postage	744	-	744
Cleaning	528	-	528
Meetings and picnics	3,293	-	3,293
Audit and tax preparation	500	-	500
Maintenance			
Property	49,230	-	49,230
Parks and recreational facilities	30,194	-	30,194
Other			
Depreciation	28,324	-	28,324
Interest expense	4,344	-	4,344
Total Expenses	<u>260,550</u>	<u>-</u>	<u>260,550</u>
Excess of revenues over expenses	45,809	2,004	47,813
Fund balances, beginning of year	356,895	228,712	585,607
Fund transfers	(22,532)	22,532	-
Fund balances, end of year	<u>\$ 380,172</u>	<u>\$ 253,248</u>	<u>\$ 633,420</u>

See accompanying notes to the financial statements and the independent auditors' report.

**CRESTED BUTTE SOUTH PROPERTY OWNERS ASSOCIATION, INC.**

Statement of Cash Flows

For the year ended December 31, 2015

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>(Memo Only) Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Excess of revenues over expenses	\$ 45,809	\$ 2,004	\$ 47,813
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation	28,324	-	28,324
Bad debt expense	1,405	-	1,405
Loss on sale of assets	2,668	-	2,668
Change in:			
Assessments receivable	4,111	-	4,111
Deposits	(31,021)	-	(31,021)
Accrued liabilities	(1,441)	-	(1,441)
Prepaid assessments	71	-	71
Refundable deposits, other	2,040	-	2,040
Refundable performance deposits	30,970	-	30,970
Net cash provided by operating activities	<u>82,936</u>	<u>2,004</u>	<u>84,940</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sale of property and equipment	800	-	800
Purchase of property and equipment	(73,989)	-	(73,989)
Net cash used in investing activities	<u>(73,189)</u>	<u>-</u>	<u>(73,189)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Principal payment on notes payable	(10,032)	-	(10,032)
Redemption of certificate of deposit	-	1,172	1,172
Interest reinvested in certificates of deposit	-	(678)	(678)
Fund transfers	(22,532)	22,532	-
Net cash provided by (used in) financing activities	<u>(32,564)</u>	<u>23,026</u>	<u>(9,538)</u>
Net increase (decrease) in cash and cash equivalents	(22,817)	25,030	2,213
Cash and cash equivalents, beginning of year	<u>54,484</u>	<u>27,540</u>	<u>82,024</u>
Cash and cash equivalents, end of year	<u>\$ 31,667</u>	<u>\$ 52,570</u>	<u>\$ 84,237</u>
<b>SUPPLEMENTAL DISCLOSURE</b>			
Cash paid for income taxes			<u>\$ -</u>
Cash paid for interest			<u>\$ 4,344</u>

See accompanying notes to the financial statements and the independent auditors' report.

**CRESTED BUTTE SOUTH PROPERTY OWNERS ASSOCIATION, INC.**

Notes to the Financial Statements

December 31, 2015

Note 1 NATURE OF ORGANIZATION

Crested Butte South Property Owners Association, Inc. (the "Association") is a statutory property owner association organized as a non-profit corporation incorporated in the State of Colorado in June 1979. The Association is responsible for the operation and maintenance of the common property of Crested Butte South, a 460+ acre residential, commercial and parks space in Crested Butte, Colorado.

Note 2 DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 7, 2016, the date that the financial statements were available to be issued.

Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when the product or service has been received and the liability incurred.

Fund Accounting

In accordance with generally accepted accounting principles (GAAP), the Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the Operating Fund are generally at the discretion of the board of directors and property manager. Disbursements from the Replacement Fund generally may be made for designated purposes. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund – This fund is used to account for financial resources available for the general operation of the Association.

Replacement Fund – This fund is used to accumulate financial resources designated for future major repairs, replacements and acquisitions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

See accompanying independent auditors' report.

**CRESTED BUTTE SOUTH PROPERTY OWNERS ASSOCIATION, INC.**

Notes to the Financial Statements

December 31, 2015

Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Association considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Member Assessments

Association members are subject to annual assessments based on type of unit to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. The Board of Directors determines the annual budget and the assessment of owners. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

Assessments receivable at the balance sheet date represent fees due from unit owners. A late fee and interest may be charged on assessments receivable that are outstanding for more than 60 days, and is recognized as it is charged. The Association has the right to enforce the collection of assessments by placing a lien on the underlying title to the property when assessments are outstanding for 90 or more days. Given this leverage afforded the Association, and the past collection history of the Association, an allowance for uncollectable assessments is not considered necessary.

Prepaid assessments are amounts collected in the current year that relate to periods subsequent to year end.

Recognition of Assets and Depreciation Policy

Real property and common areas acquired from the developer and related improvements to such property are owned by the individual unit owners in common as well as by the Association. Accordingly, these common area assets are recorded on the Association's financial statements. The real property consists of buildings, maintenance barn, landscape, parking, etc. The Association recognizes property at cost. The property and improvements are depreciated over estimated useful lives ranging from 5 to 35 years using the straight-line method.

Compensated absences

The Association recognizes a liability for compensated absences under their policy which allows full time employees to carry forward no more than five days of vacation into the first quarter of the next calendar year. No carry forward is allowed for unused sick time.

Note 4 FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents do not require that funds be accumulated for future major repairs and replacements. Upon assessment collection, monies are deposited in non-restricted operating accounts. During the year ended December 31, 2015, a net amount of \$22,532 was transferred from the Operating Fund to the Replacement Fund. During the year ended December 31, 2015, the Replacement Fund's investment accounts earned \$2,004 in interest income.

See accompanying independent auditors' report.

**CRESTED BUTTE SOUTH PROPERTY OWNERS ASSOCIATION, INC.**

Notes to the Financial Statements

December 31, 2015

Note 4 FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

Funds are being accumulated in the Replacement Fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures and the variations may be material. Therefore, amounts accumulated in the Replacement Fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, borrow funds or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined.

Note 5 INCOME TAXES

Homeowner associations may be taxed as regular corporations, subject to the provisions of Internal Revenue Code Section 277, or as homeowner associations subject to Internal Revenue Code Section 528. The Association elected to be taxed as a regular corporation for the year ended December 31, 2015. According to the Internal Revenue Code Section 277 and Internal Revenue Service regulation, any excess of "common" revenues over "common" expenses can be applied to future assessments. However, any income unrelated to member activities is considered to be taxable income and will be taxed according to Internal Revenue Service regulations. The Association did not report taxable income for the year ended December 31, 2015.

The standards on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Association may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include deciding on an allocation of income and expenses between member and nonmember activities and deciding whether to file Form 1120 or Form 1120-H. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The Association has assessed its tax positions for all open tax years and has concluded that there are currently no significant unrecognized tax benefits or liabilities to be recognized. As of December 31, 2015, the Association's tax years for 2012, 2013 and 2014 are open to examination by taxing authorities.

See accompanying independent auditors' report.

**CRESTED BUTTE SOUTH PROPERTY OWNERS ASSOCIATION, INC.**

Notes to the Financial Statements

December 31, 2015

Note 5 INCOME TAXES (Continued)

As of December 31, 2015, the Association has a federal net operating loss carry forward which expires as follows:

<u>Expiration Date</u>	<u>Amount</u>
12/31/2018	\$ 1,169
12/31/2022	8,685
12/31/2023	16,160
12/31/2024	10,341
12/31/2025	1,839
12/31/2028	352
12/31/2029	772
12/31/2030	1,294
12/31/2031	572
12/31/2032	6,906
12/31/2033	6,439
12/31/2034	7,291
12/31/2035	9,139
TOTAL	<u>\$ 70,959</u>

This carry forward creates a deferred tax asset of approximately \$10,600; however, the Association has established a valuation allowance against the deferred tax assets, resulting in no effect on the accompanying financial statements.

Note 6 CERTIFICATES OF DEPOSIT

The Association has invested in certificates of deposit. Interest earned on these certificates of deposit is compounded monthly and reinvested when paid. The certificates of deposit are carried at fair market value. The certificates of deposit held in the Replacement Fund are as follows at December 31, 2015:

<u>Institution</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>	<u>Cost</u>
Synchrony Bank	1.24%	October 26, 2016	\$ 50,146	\$ 50,000
Synchrony Bank	0.59%	January 29, 2016	50,128	50,000
Synchrony Bank	0.64%	April 29, 2016	50,138	50,000
Synchrony Bank	1.24%	July 26, 2016	50,266	50,000
			<u>\$ 200,678</u>	<u>\$ 200,000</u>

See accompanying independent auditors' report.

**CRESTED BUTTE SOUTH PROPERTY OWNERS ASSOCIATION, INC.**

Notes to the Financial Statements

December 31, 2015

Note 7 PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Land	\$ 108,221
Building	172,058
Maintenance barn	128,460
Parks	156,997
Property improvements	123,898
Furniture and equipment	82,957
Vehicles	22,126
Total property and equipment	<u>794,717</u>
Less: accumulated depreciation	(372,975)
Property and equipment, net	<u><u>\$ 421,742</u></u>

Depreciation expense for the year ended December 31, 2015 was \$28,324.

The Association leased office space to an architectural firm for eleven months for a total of \$1,650 which is included in Rental income on the Statement of Revenues and Expenses and Changes in Fund Balances. The lease is currently renewed through February 1, 2016.

Note 8 NOTE PAYABLE

The Association obtained a promissory note in March 2007 for \$141,900 with an initial interest rate of 7.25%. The note was to be repaid in 180 monthly installments of \$1,304 each. The note was collateralized by the real property located at 61 Teocalli, Crested Butte, Colorado. In October 2010, the terms of the note were amended. The note now matures in December 2021, carries a 5.40% interest rate and has a monthly payment of \$1,198.

Note payable, current portion	\$ 10,677
Note payable, net of current portion	63,188
Total Note payable	<u><u>\$ 73,865</u></u>

The scheduled amortization for the note is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 10,677
2017	11,268
2018	11,892
2019	12,550
2020	13,244
Thereafter through 2021	14,234
Total	<u><u>\$ 73,865</u></u>

See accompanying independent auditors' report.

**CRESTED BUTTE SOUTH PROPERTY OWNERS ASSOCIATION, INC.**

Notes to the Financial Statements

December 31, 2015

Note 9 OPERATING LEASES

The Association leases property from Spann Ranches for use as a Nordic skiing trail system for an annual fee of \$2,500 per year due and payable on December 1 of each year through December 31, 2015. The Nordic skiing trails are free of charge to CB South residents, property owners, and their accompanying guests.

Note 10 PERFORMANCE DEPOSITS

The Association bills and collects performance deposits from owners who are making improvements to their properties. The deposits are retained until the work is completed to the satisfaction of the Architectural Review Committee. At December 31, 2015, the Association held funds totaling \$60,321 from various owners.

Note 11 ARCHITECTURAL AND CLOSING STATEMENT FEE

The Association collects an application fee when an owner requests changes or improvements to their property and a transfer fee upon the transfer of property ownership. For the year ended December 31, 2015, the Association collected \$23,250 and \$8,100, respectively, which is recorded as Architectural and closing statement fees on the Statement of Revenues, Expenses and Changes in Fund Balances.

See accompanying independent auditors' report.

SUPPLEMENTAL INFORMATION

# McNURLIN & ASSOCIATES, P.C.

Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors  
Crested Butte South Property Owners Association, Inc.  
Crested Butte, Colorado

We have audited the financial statements of Crested Butte South Property Owners Association, Inc. as of and for the year ended December 31, 2015, and our report thereon dated March 7, 2016, which expressed an unqualified opinion on those financial statements, appears on page 1. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The statement of revenues and expenses - budget versus actual, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Accounting principles generally accepted in the United States of America require that supplemental information on future major repairs and replacements on page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*McN & Associates P.C.*  
McNurlin & Associates, P.C.  
Lakewood, Colorado  
March 7, 2016

**CRESTED BUTTE SOUTH PROPERTY OWNERS ASSOCIATION, INC.**

Statement of Revenues and Expenses - Budget Versus Actual (non-GAAP)

For the year ended December 31, 2015

	Unaudited <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Member assessments	\$ 251,752	\$ 251,315	\$ (437)
Architectural and closing statement fees	11,000	31,350	20,350
Hockey rink revenues	6,200	6,260	60
Interest income	1,300	2,185	885
Donations and grants	1,500	780	(720)
Late fees and other charges	2,000	4,520	2,520
Rental income	9,300	11,087	1,787
Loss on sale of assets	-	(2,668)	(2,668)
Other income	5,330	3,534	(1,796)
Total Revenues	<u>288,382</u>	<u>308,363</u>	19,981
<b>EXPENSES</b>			
General and administrative			
Salaries and wages	90,650	93,455	(2,805)
Legal and accounting	3,000	2,840	160
Insurance	9,610	10,990	(1,380)
Office supplies	2,200	1,444	756
Payroll taxes	13,375	13,819	(444)
Electricity	4,000	3,711	289
Newsletter	2,100	2,203	(103)
Bad debt expense	1,000	1,405	(405)
Miscellaneous	8,835	4,865	3,970
Telephone and internet	2,000	2,000	-
Website	2,000	2,169	(169)
Employee benefits	3,252	3,252	-
Trash, water and sewer	1,915	1,240	675
Postage	750	744	6
Cleaning	700	528	172
Meetings and picnics	3,500	3,293	207
Audit and tax preparation	500	500	-
Maintenance			
Property	39,050	49,230	(10,180)
Parks and recreational facilities	53,125	30,194	22,931
Other			
Depreciation	27,548	28,324	(776)
Interest expense	4,344	4,344	-
Total Expenses	<u>273,454</u>	<u>260,550</u>	12,904
Excess of revenues over expenses	<u>\$ 14,928</u>	<u>\$ 47,813</u>	<u>\$ 32,885</u>

See accompanying independent auditors' report on supplemental information.

**CRESTED BUTTE SOUTH PROPERTY OWNERS ASSOCIATION, INC.**  
Supplemental Information on Future Major Repairs and Replacements (Compiled)  
December 31, 2015

The Association engaged Aspen Reserve Specialties to conduct a formal study in September 2011 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

The following information is based on the study and presents significant information about the components of common property.

	Estimated Remaining Useful Life in Years	Estimated cost to repair/ replace	2016	2017	2018
Metal roof, replace	11	\$ 39,600	\$ -	\$ -	\$ -
Building exterior	0	9,000	-	-	29,301
Drive material, replenish/resurface	0-7	50,600	-	-	-
Property access, replace	0-7	10,500	-	-	-
Composite deck, replace	8	4,200	-	-	-
Property identification, rebuild/replace	0-5	23,500	-	-	-
Fencing/walls, replace	0-5	109,225	-	-	-
Courts, replace/recoat	0-13	67,550	-	-	-
Recreation equipment, replace/rebuild	0-8	269,100	-	-	-
Interiors, replace/remodel	0-6	52,400	4,055	-	-
Carpeting, replace	0	5,250	3,816	-	-
Irrigation system, rebuild	0	9,000	5,515	-	-
Gravel paths, replenish	0	25,000	-	31,155	-
Maintenance equipment, replace	0-4	130,250	-	28,039	-
Warming hut, renovate	6	4,000	-	-	15,627
		<u>\$809,175</u>	<u>\$ 13,386</u>	<u>\$ 59,194</u>	<u>\$ 44,928</u>

See accompanying independent auditors' report on supplemental information.