

Elk Stream Ranch Property Owners Association
Association Year 2015-2016 Annual Financial Summary
Association annual budget year was August 1, 2015 - July 31, 2016

CASH ASSETS		Notes
Dolores State Bank Accounts - 8/1/2016	\$97,381.98	1
Mancos Valley Bank Accounts - 8/1/2015	<u>\$70,456.20</u>	
Net change in cash assets	\$26,925.78	

SUMMARY OF INCOME AND EXPENSES		
Beginning of year balance	\$70,456.20	
+ Income	\$87,208.45	
- Expenditures	<u>\$60,282.67</u>	
End of year balance	\$97,381.98	

INCOME AND EXPENSE DETAIL				
Operating Income	2015-2016 Budget	Actual	%	
Member Dues	\$52,500	\$52,500.00	100%	2
Interest Income	\$100	\$33.48	33%	
Design Review Committee Fees	\$60	\$800.00	1333%	3
Grazing Income	\$200	\$252.98	126%	4
Weed Program	\$500	\$500.00	100%	5
Road license and fees	\$2,189	\$3,076.00	141%	6
Other Income	\$200	\$289.00	145%	7
Total Income	<u>\$55,749.00</u>	<u>\$57,451.46</u>	<u>103%</u>	
Operating Expenses	2015-2016 Budget	Actual	%	
Bank Fees	\$20	\$48.28	241%	
Corporate and HOA Fees	\$20	\$45.00	225%	
Electricity	\$350	\$481.81	138%	8
Income Tax	\$500	\$951.00	190%	9
Tax Preparation	\$750	\$745.78	99%	
Insurance	\$1,700	\$1,753.00	103%	
Annual Meeting Expenses	\$200	\$400.08	200%	
Telephone	\$40	\$0.00	0%	
Photocopy and office supplies	\$200	\$17.25	9%	
Postage and PO Box	\$100	\$85.00	85%	
Legal Expenses	\$1,500	\$1,000.00	67%	
Website Fees	\$145	\$144.00	99%	
Other Administrative Expenses	\$50	\$0.00	0%	
Property Management Expenses				
Fire Mitigation	\$7,000	\$0.00	0%	
Road Repair and Maintenance	\$25,700	\$23,911.15	93%	10
Snow Removal	\$18,000	\$16,910.19	94%	11
Weed Control	\$9,500	\$13,790.13	145%	12
Other PMC Expenses	\$1,000	\$0.00	0%	
Total Expenses	<u>\$66,775.00</u>	<u>\$60,282.67</u>	<u>90%</u>	
Road Improvement Reserve Account				
Road Improvement Reserve Initial Balance	\$30,574.05	\$30,574.05	100%	
Annual Assessment	\$28,580.00	\$29,732.00	104%	13
Interest Income to Capital Account	\$20.00	\$24.99	125%	
Capital Expenditures	\$0.00	\$0.00	NA	
Repairs to capital improvements	\$27,700.00	\$0.00	0%	
Capital Improvement Account Balance:	<u>\$31,474.05</u>	<u>\$60,331.04</u>	<u>192%</u>	

NOTES

1. The Association maintains accounts for checking, savings, and Reserve savings at Dolores State Bank. Dolores State Bank acquired Mancos Valley Bank this year.
2. Member dues for 2015-2016 were \$1500 per property - all 35 properties are paid in full.
3. DRC fees were received for lots 9, 17, 24 and 25
4. Grazing income from Mr. Wayne Robb for 2015.
5. Montezuma County Weed Program reimbursement - normal amount for Homeowner Associations.
6. Road License Fees are received from the Daultons, who use roads 46 and G.3
7. Purchases of highway mailbox and gate openers.
8. Electrical expense includes Association gate and heaters to warm engines of snow removal equipment.
9. Association had increased income in 2015, for which we paid taxes in 2016.
10. Elk Stream Ranch = \$16,956.30; Elk Springs Ranch = \$6954.85
11. Elk Stream Ranch = \$15,477.50; Elk Springs Ranch = \$1432.69
12. Increased effort to control cheat grass and mustard infestation, in part a consequence of fire and flood damage
13. Annual assessment of \$800 for 35 lots, plus 2 Daulton properties.

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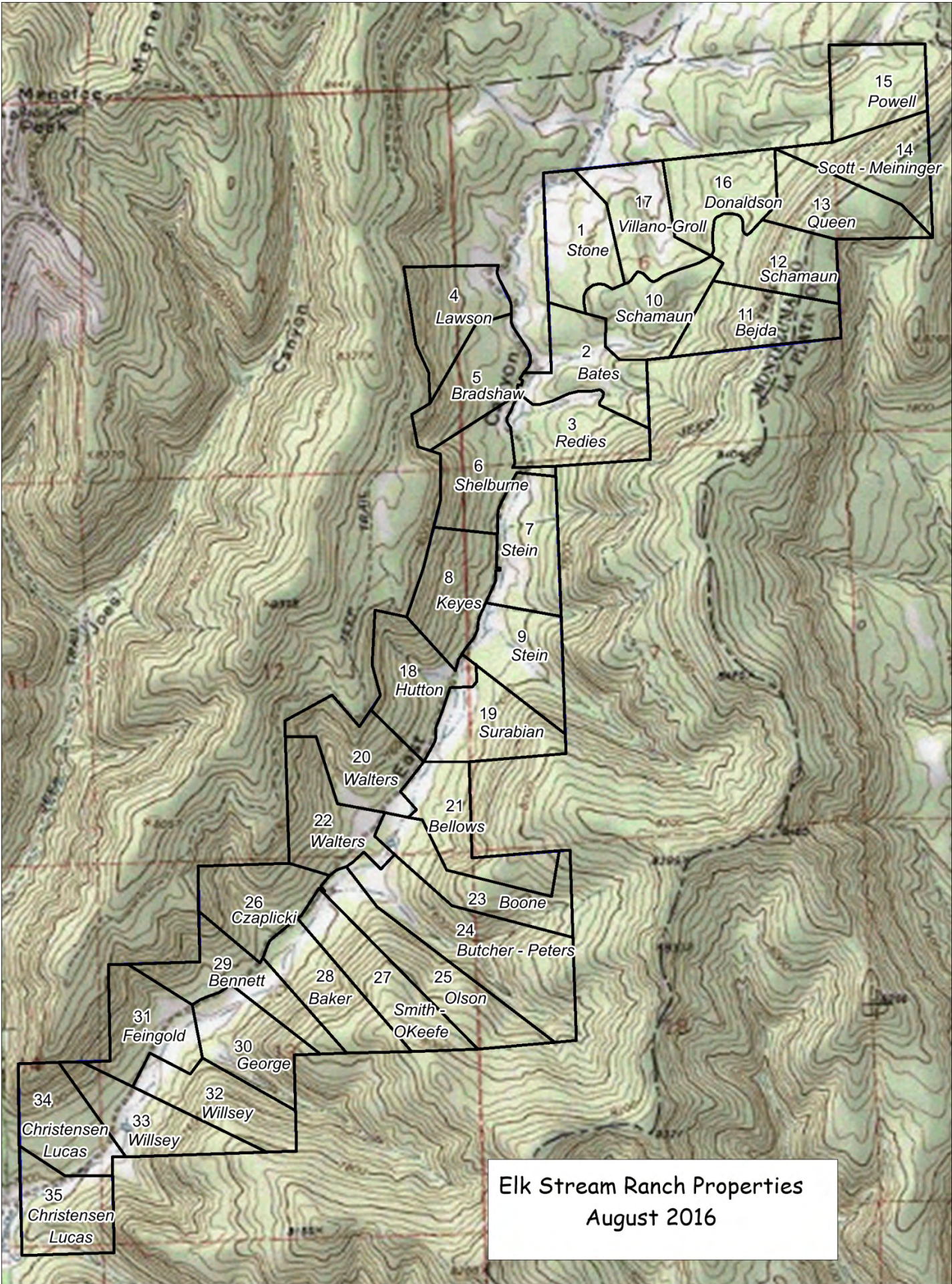
These notes are supplemental to the Elk Stream Ranch Annual Financial Summary table. These are a few highlights of the Association financial year from August 1, 2015 through July 31, 2016.

The Association had cash assets of \$70,456.20 at the beginning of the year and \$97,381.98 at the end of the year. The Association realized a **budget surplus of \$26,925.78** for the year.

The principal source of Association income is member dues and assessments. In the year 2015-2016, these were annual dues of \$1500 per lot, plus a Reserve Assessment of \$800 per lot. There were no Special Assessments this year. Dues and Reserve assessments were paid in full for all 35 lots. Design Review Fees exceeded budget, with improvement projects approved for four lots. Other sources of income were, in aggregate, as budgeted.

The major Association expenditures are related to property management expenses. Road maintenance costs of \$23,911.15 were within budget. Snow removal expenses of \$16,910.19 were within budget also. Weed control expenses were over budget, due to an increased effort to control cheat grass and weed infestations, these in part a consequence of fire and flood damage. In total, property management expenditures were 90% of budget.

The Association maintains a Reserve Savings Account to fund capital expenditures and repair to the community infrastructure, primarily as defined by the Association Road Reserve Plan. There were no capital improvement or repair projects completed during the 2015-2016 budget year, even though the budget contemplated expenditures of \$27,700 pursuant to the Property Management Committee's assessment of needed road improvements. These improvements did not occur due to the Association's road contractor having equipment out-of-service for major repair during the summer of 2016. The deferral of these road improvements into the next budget year was the primary reason for the surplus described above.



Elk Stream Ranch Properties
August 2016