

Lake Front HOA, Inc.

Lowell Blvd & W 136th Ave
Broomfield, CO 80023

Financial Statement Overview
September 30, 2011

Stillwater Community Management
Arvada, CO 80007

For period ended September 30, 2011 Financials show Association budgeted items tracking to under budget for year end. One unexpected irrigation system break described below will likely cause grounds maintenance accounts to be over budget by year end. Highlighted budget to actual items:

1. Total current YTD expenses are over budget \$6,595.76 down from \$9,388.16 over budget in August. 5300 – Building Repairs – Structural is over budget \$3,588.50 attributable to the insurance deductible for roof repair done in 2010 and 2011 from hail damage. Insurance paid \$218,041.80 for 7 new building roofs with a \$5,000 deductible coming from operating. The HOA Board should review and determine if deductible should be paid from reserves since 7 new roofs will have a positive impact on the reserve schedule. 6120 – Insurance is over budget \$4,737.95 due to when premium invoices were paid vs. when premiums were shown in the budget. Insurance is now paid for the year with \$5,196.00 left in the budget so insurance will be under budget \$458.05 at year end.
2. For future budgeting, scheduled reserve items should show on operating budget with income for item coming out of reserves. Transfer to Reserve budget line item should also reflect any scheduled reserve items. Without these budget items, Expenses paid for by reserves will show as over budget and contribution to reserves will show as under budget by the amount of the expense item. For Lake Front 2011 Budget will have an unbudgeted expense of \$2,179.48 for 5120 Ground Improvement and 8000 - Transfer from Operating will have \$2,179.48 less contribution than budgeted because this item was shown on the operating budget. \$2,179.48 is for scheduled reserve item landscape replacement completed in August 2011.
3. 5140 – Ground Repair Sprinkles is currently over budget \$314.50 YTD due mainly to a main power line break in August.
4. Delinquent account Sullen Teal has been in arrears for two years. In July the Association's attorney was able to collect \$3,547.17 from Ms. Teal. Since January 2011, Ms. Teal has been on ACH and has paid dues regularly but has not addressed the past due balance. The \$3,547.17 has paid all of the outstanding assessments balance and some of the late fees and interest leaving a balance of \$860.28 in interest and late fees. Currently the Association pays the attorney \$45 per month to continue collections on this account. The Association Board should review this account and determine if continuing collection is in the best interest of the Association.

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Lake Front HOA
Balance Sheet as of
September 30, 2011

Stillwater Community Management
Arvada, CO 80007

| Assets | 9/30/2011 | 9/30/2010 |
|--|-------------------|------------------|
| Current Assets | | |
| 1000 · Cash - Operating | 19,359.77 | 7,633.87 |
| 1010 · Cash - Reserve | 76,329.42 | 53,905.28 |
| Total Cash | <u>95,689.19</u> | <u>61,539.15</u> |
| Other Current Assets | | |
| 1100 · A/R Homeowners | 1,287.28 | 10,278.28 |
| 1110 · A/R Declarant | (3,000.00) | (3,000.00) |
| 1150 · Allowance for Doubtful Accounts | (988.19) | (5,000.00) |
| Total Other Current Assets | <u>(2,700.91)</u> | <u>2,278.28</u> |
| Total Assets | <u>92,988.28</u> | <u>63,817.43</u> |
| Liabilities and Equity | | |
| Liabilities | | |
| 2000 · Accounts Payable | 12,315.68 | 3,053.74 |
| 2100 · Prepaid Assessments | 7,263.50 | 2,449.92 |
| Total Liabilities | <u>19,579.18</u> | <u>5,503.66</u> |
| Association Equity | | |
| 3110 · Equity - Operating Fund | (14,321.12) | 1,546.54 |
| 3130 · Equity - Reserve Fund | 55,545.28 | 30,405.42 |
| 3150 · Equity - Working Capital | 18,960.00 | 14,190.00 |
| Net Income | 13,276.98 | 12,171.81 |
| Total Equity | <u>73,461.14</u> | <u>58,313.77</u> |
| Total Liabilities and Equity | <u>93,040.32</u> | <u>63,817.43</u> |

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Lake Front HOA
Income Statement
September 30, 2011

Stillwater Community Management
Arvada, CO 80007

| | Current Month | Prior Year Month | Current YTD | Prior YTD | Budget YTD |
|-------------------------------------|-------------------------|--------------------------|--------------------------|---------------------------|-------------------------|
| Income | | | | | |
| 4000 · Assessments - Homeowners | 10,017.00 | 8,692.00 | 91,112.14 | 72,812.54 | 92,459.00 |
| 4050 · Working Capital | - | 1,272.00 | 1,590.00 | 3,816.00 | 2,226.00 |
| 4200 · Late Fees | - | - | 421.46 | 461.70 | 45.00 |
| Total Income | <u>10,017.00</u> | <u>9,964.00</u> | <u>93,123.60</u> | <u>77,090.24</u> | <u>94,730.00</u> |
| Expense | | | | | |
| 5020 · Electric Power | 34.09 | 34.56 | 297.94 | 278.22 | 324.00 |
| 5060 · Fertilization/Weed/Insect | 66.97 | - | 416.97 | 232.87 | - |
| 5080 · General Maintenance | - | 75.00 | 65.00 | 75.00 | - |
| 5100 · Grounds Improvements | - | - | 2,179.48 | - | - |
| 5120 · Grounds Maintenance | 2,643.75 | 5,711.95 | 13,106.80 | 12,856.95 | 11,400.00 |
| 5140 · Grounds Repair Sprinklers | 321.00 | 45.00 | 1,814.50 | 45.00 | 1,500.00 |
| 5180 · Snow Removal | - | - | 3,841.95 | 4,172.75 | 4,254.00 |
| 5200 · Trash Removal | 682.80 | 563.75 | 5,951.07 | 4,750.38 | 6,636.00 |
| 5220 · Water/Sewer | 3,133.07 | 2,874.89 | 24,480.79 | 19,688.43 | 24,365.00 |
| 5260 · Back Flow Testing | - | - | - | - | 150.00 |
| 5280 · Building Repairs - Plumbing | - | 110.00 | - | 150.27 | - |
| 5300 · Building Repairs - Structure | - | 3,260.00 | 5,252.50 | 3,668.00 | 1,872.00 |
| 6020 · Administrative | 0.12 | 3.12 | 181.85 | 74.81 | 99.00 |
| 6040 · Audit Tax | - | - | 150.00 | 150.00 | 150.00 |
| 6120 · Insurance | - | - | 15,127.95 | 14,548.50 | 12,122.00 |
| 6160 · Late Fee Processing | - | 10.00 | - | 10.00 | 180.00 |
| 6180 · Legal Fees | - | - | 120.00 | 35.00 | 90.00 |
| 6240 · Miscellaneous | - | - | - | - | 750.00 |
| 6280 · Postage and Delivery | 3.08 | 2.20 | 24.64 | 20.68 | 23.00 |
| 6300 · Property Management | 1,500.00 | 450.00 | 6,750.00 | 4,050.00 | 6,750.00 |
| 6390 · Bank Fees | 46.20 | 8.40 | 208.80 | 173.43 | 150.00 |
| 6420 · Transfer to Reserve | 460.52 | 2,838.00 | 20,660.52 | 23,438.00 | 23,220.00 |
| Total Expense | <u>8,891.60</u> | <u>15,986.87</u> | <u>100,630.76</u> | <u>88,418.29</u> | <u>94,035.00</u> |
| Operating Profit/(Loss) | <u>1,125.40</u> | <u>(6,022.87)</u> | <u>(7,507.16)</u> | <u>(11,328.05)</u> | <u>695.00</u> |
| 8000 · Transfer from Operating | 3,100.52 | 2,838.00 | 20,660.52 | 23,438.00 | 23,220.00 |
| 8420 · Interest Reserve Fund | 12.13 | 8.53 | 123.62 | 61.86 | 157.00 |
| Reserve Income | <u>3,112.65</u> | <u>2,846.53</u> | <u>20,784.14</u> | <u>23,499.86</u> | <u>23,377.00</u> |
| Net Income | <u>4,238.05</u> | <u>(3,176.34)</u> | <u>13,276.98</u> | <u>12,171.81</u> | <u>24,072.00</u> |