

**Ranch at Roaring Fork
Homeowners Association
Financial Statements
December 31, 2005 and 2004**

Prepared by:

Weiss & Associates, P.C.
Certified Public Accountants



Weiss & Associates, P.C.

Certified Public Accountants

February 20, 2006

Board of Directors.
Ranch at Roaring Fork Homeowners Association
Carbondale, Colorado

We have reviewed the accompanying statements of financial position of Ranch at Roaring Fork Homeowners Association, a nonprofit corporation, as of December 31, 2005 and 2004, the related statements of revenue and expense for the years then ended, respectively, and the statement of cash flows for the year ended December 31, 2005, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Ranch at Roaring Fork Homeowners Association.

A review consists principally of inquires of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Weiss & Associates, P.C.

Weiss & Associates, P.C.

RANCH AT ROARING FORK HOMEOWNERS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2005 AND 2004

SEE ACCOUNTANTS' REVIEW REPORT

	<u>December 31,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
<u>ASSETS</u>		
<u>Current Assets: (Note 1)</u>		
Cash in Bank - Operating	\$ 640,829	\$ 320,985
Cash in Bank - Bailey	677,386	824,479
Assessments Receivable	9,879	23,762
Less: Allowance for Uncollectible Accounts (Note 4)	0	(11,300)
Employee Advances	<u>130</u>	<u>68</u>
 Total Current Assets	 1,328,224	 1,157,994
<u>Other Assets:</u>		
Loans Receivable (Note 6)	130,361	160,965
Loan from Bailey Fund to Operating Account (Note 9)	<u>268,155</u>	<u>0</u>
 Total Other Assets	 <u>398,516</u>	 <u>160,965</u>
 Total Assets	 <u>\$ 1,726,740</u>	 <u>\$ 1,318,959</u>
 <u>LIABILITIES & FUND BALANCE</u>		
<u>LIABILITIES</u>		
<u>Current Liabilities: (Note 1)</u>		
Accounts Payable	\$ 8,259	9,334
Accrued Payroll Taxes	974	475
Prepaid Assessments	9,332	14,244
Key Deposit	<u>10</u>	<u>\$ 10</u>
 Total Current Liabilities	 18,575	 24,063
<u>Long-term Liabilities:</u>		
Loan Payable From Operating Fund to Bailey Fund (Note 9)	<u>268,155</u>	<u>0</u>
 Total Long term Liabilities	 <u>268,155</u>	 <u>0</u>
 Total Liabilities	 286,730	 24,063
 <u>FUND BALANCE</u>		
<u>Fund Balance:</u>		
Fund Balance - Beginning of Year	1,294,896	1,212,013
Current Year Increase in Fund Balance	<u>145,114</u>	<u>82,883</u>
Fund Balance - End of Year	<u>1,440,010</u>	<u>1,294,896</u>
 Total Liabilities & Fund Balance	 <u>\$ 1,726,740</u>	 <u>\$ 1,318,959</u>

**THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS.**

RANCH AT ROARING FORK HOMEOWNERS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

SEE ACCOUNTANTS' REVIEW REPORT

Cash flows from operating activities:	
Net Increase in fund Balance - Current Year	\$ 145,114
Adjustments to reconcile net income to net cash provided by operating activities:	
(Increase) Decrease in:	
Assessments Receivable	2,583
Employee Advances	(62)
Loans Receivable	30,604
Increase (Decrease) in:	
Accounts Payable	(1,075)
Accrued Payroll Taxes	499
Prepaid Assessments	(4,912)
Key Deposit	<u>0</u>
Net Cash Provided by Operating Activities	\$ 172,751
 Cash flows from investing activities	
None	
Net cash flows from investing activities	0
 Cash flows from financing activities	
None	
Net cash flows from financing activities	<u>0</u>
 Total increase (decrease) in cash flows	\$ 172,751
 Cash Balance @ December 31, 2004	<u>1,145,464</u>
 Cash Balance @ December 31, 2005	<u><u>\$ 1,318,215</u></u>

**THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS.**

RANCH AT ROARING FORK HOMEOWNERS ASSOCIATION
STATEMENT OF INCOME AND EXPENSE
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

SEE ACCOUNTANTS' REVIEW REPORT

	2005	2004
<u>Revenue:</u>		
Dues From Members	\$ 560,678	\$ 493,991
Golf Course Fees	122,418	120,471
Tap Fees	388,000	120,000
Fishing Fees	52,655	44,526
AEE Assessment	11,094	15,836
Waterways Assessments	0	26,712
Hay Payments	4,275	3,378
Club House Sales	6,349	7,454
Less: Cost of Club House Sales	(5,303)	(5,200)
Other Fees and Fines	19,479	12,890
 Total Revenue	 1,159,645	 840,058
 <u>Operating Expenses:</u>		
Salaries & Wages	220,372	187,812
Payroll Taxes	18,378	16,020
Workmans Compensation	6,656	7,411
Employee Benefits	14,287	6,405
Repairs & Maintenance	221,669	82,003
Supplies	54,020	51,431
Utilities	63,199	43,598
Capital Expenses	12,795	68,066
Insurance	45,669	46,959
Office	12,566	10,340
Telephone	7,447	5,625
Accounting	13,144	14,090
Legal	5,495	7,375
Contracted Services	296,596	158,278
Waterway Improvements	10,106	30,693
Domestic Water Well Improvements	24,154	44,354
Other	3,192	7,341
Income Taxes	4,219	8,562
 Total Operating Expenses	 1,033,964	 796,363
 Net Increase Before Other Income	 125,681	 43,695
 <u>Other Income & Expenses:</u>		
Interest and Dividends Earned	52,864	41,110
Loss on Sale of Investment Securities	(31,774)	0
Trustee Fees	(1,657)	(1,922)
Other Income & Expenses	19,433	39,188
 Net Increase (Decrease) in Fund Balance	 \$ 145,114	 82,883

**THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATMENTS.**

RANCH AT ROARING FORK HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

1. Organization

The Ranch at Roaring Fork Homeowners Association (the "Association") is a statutory homeowners association organized as a not-for-profit corporation for the purpose of maintaining and preserving common property of the Association. The Association consists of 60 condominiums and 99 single family homes. The Association began its operations in July 1973.

2. Summary of Significant Accounting Policies

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 only for designated purposes.

3. Accounting Method

The Association uses the accrual method of accounting to recognize revenue and expenses. Revenues and expenses are for the period January 1 through December 31, 2005 and 2004, respectively.

4. Owner's Assessments

An allowance for uncollected owner's assessments was made at December 31, 2004 for a disputed account with a homeowner. Normally, Colorado law allows the Association to place a lien upon properties on which dues become delinquent. There were no delinquent accounts at December 31, 2005 that were determined to be uncollectible.

5. Cash Equivalents

The Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

6. Notes Receivable

The Association has notes due from homeowners from the installation of an upgrade to the sewer plant in 1999. The Association receives monthly payments. The projected maturity of the notes is September 2017.

7. Future Major Repairs and Replacements

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, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements, or delay major repairs and replacements until funds are available.

RANCH AT ROARING FORK HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

8. Federal and State Taxes

In February, 2005, the Association filed its income tax return as a regular corporation. The Association has elected to file as a homeowners' association in accordance with Internal Revenue Service Code section 528. Under that section, the Association excludes from taxation exempt function income, which generally consists of revenue from uniform assessments to owners. The Association's nonexempt income, in excess of associated expenses, is subject to tax.

9. Inter-Association Receivable/Payable (Bailey Fund)

In 2002, the Association sold a parcel of real estate to an unrelated party. The funds derived from this transaction, although not required, have been accounted for separately at the request of the members of the Association. A portion of these funds from this account have been transferred to the Association's operating account and will be repaid in the future.