

ROBERTSON & MARCHETTI, P.C.

Certified Public Accountants

February 5, 2009

Board of Directors
Singletree Property Owners Association

I have compiled the accompanying balance sheet of Singletree Property Owners Association as of December 31, 2008, the related statements of revenues, expenditures and changes in fund balance – historical actual and budget – and cash flows for the six month period ended December 31, 2008, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The budgeted revenues, expenditures and changes in fund balance information is presented for supplementary analysis information purposes only.

A compilation of historical financial statements is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

I also compiled the accompanying historical financial statements of the Association for the fiscal year ended June 30, 2008 and my report thereon stated that I did not audit or review those financial statements and, accordingly, expressed no opinion or other form of assurance on them.

I am not independent with respect to Singletree Property Owners Association.

ROBERTSON & MARCHETTI, P.C.



Kenneth J. Marchetti, CPA
President

SINGLETREE PROPERTY OWNERS ASSOCIATION
BALANCE SHEET
December 31, 2008
& June 30, 2008

	Rate	12/31/2008 Total	6/30/2008 Total
ASSETS			
Current Assets:			
Alpine Bank Checking	0.23%	150	776
US Bank Money Market	0.00%	277	61,234
Alpine Bank Money Market	0.26%	50,768	26,824
* Alpine Bank CDARS	3.15%	215,438	95,013
* Alpine Bank CDARS - Restricted	3.15%	184,562	304,987
US Bank CD	3.44%	206,449	202,929
1st Bank Petty Cash		1,000	1,000
Total Cash in Bank		658,644	692,764
Accounts Receivable		30,038	2,036
Interest Receivable		0	413
Allowance for Doubtful Assessments		(325)	(325)
Prepaid Expenses		1,699	
Total Current Assets		690,055	694,887
Total Property & Equipment		0	0
Total Assets		690,055	694,887
LIABILITIES			
Liabilities:			
Accounts Payable		6,812	1,617
Income Tax Payable		0	0
Prepaid Assessments		102,400	0
DRC Escrow Deposits		184,562	304,987
Total Liabilities		293,775	306,604
Net Assets:			
Reserved for Legal Expense		100,000	100,000
Reserved for Open Space		75,000	75,000
Reserved for Future Operations		100,000	100,000
Reserved for Capital Projects		100,000	100,000
Unrestricted		21,281	13,283
Ending Net Assets		396,281	388,283
Total Liabilities & Net Assets		690,055	694,887

See accompanying accountant's report.

* Alpine Bank funds are distributed to banks through the CDARS program to insure the funds are fully insured.

Singletree Property Owners Association Statement of Revenues, Expenditures and Changes in Fund Balance Actual, Budget and Forecast for the Periods Indicated						
		Short Period 2008 Year-to-Date				2009
		12 Months Ended 06/30/08 Actual	6 Months Ended 12/31/08 Actual	6 Months Ended 12/31/08 Budget	Variance Favorable (Unfavor)	Prelim Budget Cal Yr 2009
	Revenues:					
410010	Assessments	104,145	52,200	52,100	100	104,400
415010	Late Fees	775	0	250	(250)	500
420010	DRC Deposits Forfeited	5,750	0	0	0	2,900
430010	Interest Income: Alpine Bank	744	6,340	6,050	290	12,400
435010	Interest Income: US Bank	27,105	3,713	3,400	313	6,000
440010	DRC Review Fees	3,650	2,750	1,000	1,750	1,000
455010	Title Company Statement Fees	4,150	1,600	2,000	(400)	2,000
460000	Xfer Funds fr Reserves for Open Space	0	0	0	0	
	Total Revenues	146,319	66,603	64,800	1,803	129,200
	Expenses:					
510010	Accounting	17,690	7,908	8,000	92	14,000
511010	Accounting - Title Requests	995	0	0	0	0
520010	Admin Support - SPOA	9,118	7,950	7,000	(950)	12,000
525010	Admin Support - DRC	2,115	1,515	2,000	485	3,000
530010	Annual Function/Homeowner Relations	5,928	6,668	7,500	832	7,000
540010	Board Meeting Expense	3,279	894	2,500	1,606	3,000
553010	Equipment Purchase	1,297	0	500	500	0
570010	Covenant Administration	16,223	0	500	500	1,000
560010	Community Landscaping	750	0	0	0	0
550010	Clean Up Day	107	0	0	0	500
	Weed Control Events			0	0	2,000
580010	Architectural Consultant / DRC	18,545	9,000	9,000	0	18,000
585010	Income Taxes	7,046	0	3,500	3,500	3,500
590010	Insurance	2,912	1,213	1,500	287	3,200
610010	Legal - Operations	1,100	3,047	3,000	(47)	1,000
613010	Legal - Covenant Enforcement	0	904	2,500	1,596	5,000
615010	Contributions	853	0	500	500	1,000
620010	Community Publications	7,039	4,965	3,500	(1,465)	6,000
625010	Postage		1,899	1,500	(399)	4,000
630010	Office Supplies	4,282	1,539	2,000	461	4,500
656010	Payroll Reimbursement to Metro District		10,591	10,500	(91)	21,000
	Travel Reimbursement			500	500	1,000
640010	Telephone	1,278	513	900	387	1,200
680010	Website Design & Maintenance	0	0	250	250	500
	Capital Projects	0	0	0	0	0
635010	Open Space, Trails, Etc.	2,025	0	0	0	2,500
	Beautification			0	0	0
	Unplanned Expenses/Contingency			0	0	10,000
	Total Expenses	102,582	58,606	67,150	8,544	124,900
	Revenue over Expenses	43,737	7,998	(2,350)	10,348	4,300
	Beginning Fund Balance	344,546	388,283	377,127	11,156	382,818
	Spending from Reserves			(25,000)	25,000	(15,000)
	Ending Fund Balance	388,283	396,281	349,777	46,504	372,118
	Components of Fund Balance:	=	=	=	=	
320010	Reserved for Legal Expense	100,000	100,000	100,000	0	95,000
	2008 Legal Reserve Spending					
350010	Reserved for Open Space	75,000	75,000	60,000	15,000	75,000
	2008-09 Open Space Reserve Spending					(15,000)
	Reserved for Future Operations	100,000	100,000	100,000	0	100,000
	Reserved for Capital Projects	100,000	100,000	100,000	0	95,000
	2008-09 Capital Project Reserve Spending					
	Unrestricted	13,283	21,281	(10,223)	31,504	22,118
	Total Fund Balance	388,283	396,281	349,777	46,504	372,118

Please note: SPOA and DRC Board members are volunteers and not paid for their time.

See accompanying accountant's report.

**Singletree Property Owners Association
Statement of Cash Flows
For the Periods Indicated**

	12 Months Ended <u>06/30/08</u>	6 Months Ended <u>12/31/08</u>
Beginning Cash Balance	768,812	692,764
Cash Flows from Operating Activities		
Regular Assessments	104,632	127,011
Late Fees	775	0
Interest Income	27,849	10,053
Design Review Committee Fees	3,650	2,750
Title Company Statement Fees	4,150	1,600
Cash paid to suppliers/vendors	(139,992)	(55,109)
Net Cash Provided (Used) by Operating Activities	<u>1,064</u>	<u>86,305</u>
Cash Flows from Financing Activities		
DRC Compliance Deposits Received	66,950	19,500
DRC Compliance Deposits Returned	(144,063)	(139,925)
Net Cash Provided (Used) by Financing Activities	<u>(77,113)</u>	<u>(120,425)</u>
Cash Flows from Capital Activities		
Capital Asset Additions	0	0
Net Cash Provided (Used) by Capital Activities	<u>0</u>	<u>0</u>
Net Increase (Decrease) in Cash	<u>(76,048)</u>	<u>(34,120)</u>
Ending Cash balance	<u><u>692,764</u></u>	<u><u>658,644</u></u>
	=	=
Reconciliation of Revenues over Expenses to to Net Cash Provided by Operating Activities:		
Revenues Over Expenses	43,737	7,998
(Increase) Decrease in Accounts Receivable	487	(27,589)
(Increase) Decrease in Prepaid Expenses		(1,699)
Increase (Decrease) in Accounts Payable	(37,410)	5,195
Increase (Decrease) Prepaid Assessments		102,400
Forfeited DRC Compliance Deposits	(5,750)	
Net Cash Provided by Operating Activities	<u>1,064</u>	<u>86,305</u>
See accompanying accountant's report.	=	=

Singletree Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2008 and June 30, 2008

1. Organization

Singletree Property Owners Association (the "Association") was incorporated in the State of Colorado on February 22, 1995 as a nonprofit corporation. The Association administers the provisions of an Amended and Restated Declaration of Covenants, Conditions and Restrictions filed on May 23, 2005 covering Berry Creek Ranch Filings 1 through 4. The Association is governed by a nine (9) member Board of Directors (the "Board") elected at large. The Board is responsible for administration of the affairs of the Association as detailed in the Articles of Incorporation, the Bylaws, and the Declaration. The Association consists of 1003 residential units located in Edwards, Colorado.

2. Summary of Significant Accounting Policies

A. Fund Accounting

The Association's uses the fund method of accounting, which requires funds to be classified separately for accounting and reporting purposes. Fund accounting is helpful in segregating funds having restrictions on their use.

The Association has one Operating Fund and has not had any need to establish any other funds. Disbursements from the operating fund are at the discretion of the Board.

B. Basis of Accounting

The Association uses the accrual basis of accounting. Revenues are recognized when earned. Expenses are recognized when incurred.

C. Assessments

Assessments are billed annually at a rate set by the Board. Assessments rates for the period from July 1, 2007 to June 30, 2008 were \$100 per property. The Board elected to change the Association's fiscal year end to a calendar year effective December 31, 2008. The Assessments from July 1, 2008 to December 31, 2008 were \$50 per property

D. Income Taxes

The Association may elect each year to be taxed as a regular corporation or as a homeowners' association. The Association elected to be taxed as a homeowners' association for the tax periods ended December 31, 2008 and June 30, 2008. Under that election, the Association is generally taxed on nonexempt income such as interest income at a federal rate of 30% and at the state statutory rates.

E. Cash and Cash Equivalents

For purposes of the Statements of Cash Flow, the Association defines cash equivalents as all short term, highly liquid investments with an original maturity of three months or less.

Singletree Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2008 and June 30, 2008
(Continued)

2. Summary of Significant Accounting Policies (continued)

F. Recognition of Assets

The Association recognizes personal common property and real property to which it has title. Fixed assets are recorded at cost and depreciated over their useful lives using the straight-line method of depreciation. At December 31, 2008 and June 30, 2008 the Association did not recognize any property or equipment.

G. Bad Debts

Bad debts are recognized by the allowance method. An allowance for possible uncollectibility of accounts receivable is established when collectibility becomes doubtful. An allowance of \$325 was established at December 31, 2008 and June 30, 2008, respectively, for accounts receivable that may ultimately be uncollectible.

H. Prepaid Assessments

Prepaid assessments consist of assessments received in advance for the following fiscal year.

I. Design Review Committee Deposits

The Design Review Committee (the "Committee") created by the Association consists of five (5) property owners appointed by the Association's Board of Directors. The Committee ensures that any and all new construction and uses of property are compatible with the intent to preserve the residential character of the properties, suitable and harmonious in architectural design with existing styles, and complementary to the natural environment of Singletree.

The Committee requires a \$2,500 landscape deposit and a \$10,000 compliance deposit at the start of new construction. Small projects, such as additions to existing structures, pay a lesser deposit at the discretion of the Committee. Deposits are refunded upon satisfactory completion in accordance with the approved project plans, including landscaping growth sufficient to ensure its longevity. If the builder is not entitled to a return of deposited amounts, the deposit is income to the Association, recorded as Design Review Committee fees. The Committee is not required to pay interest on deposits held by the Association. The Association Board has restricted a portion of the cash balances to be used to repay the DRC escrow deposits when the deposits become refundable.

Additionally, the Committee is authorized to levy and collect a reasonable fee to cover costs of plan and specifications review. The Committee levies \$250, to be paid to the Association, per compliance review. Additionally, the Committee requires a fee to be paid directly to the Association's outside architectural consultant, based on the square footage of the project.

The Association Board has restricted a portion of the Association's cash balances to be used to repay the DRC escrow deposits

Singletree Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2008 and June 30, 2008
(Continued)

2. Summary of Significant Accounting Policies (continued)

J. Use of 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.

3. Reserved Fund Balances

At December 31, 2008 and June 30, 2008, the Association Board had reserved funds for future estimated expenses as shown below:

	<u>December 2008</u>	<u>June 2008</u>
Reserved for:		
Legal expense	\$100,000	\$100,000
Open Space	\$ 75,000	\$ 75,000
Future Operations	\$100,000	\$100,000
Capital Projects	\$100,000	\$100,000
Unreserved	<u>\$ 21,281</u>	<u>\$ 13,283</u>
Total Fund Balance	<u>\$396,281</u>	<u>\$388,283</u>

4. Concentration of Credit Risk

The Association has invested certain of its cash balances in money funds held with financial institutions. Certain of these funds are insured by the Federal Deposit Insurance Corporation (FDIC) up to the FDIC insurance limit. At December 31, 2008 and June 30, 2008 the Association had uninsured funds. To assist in mitigating this risk the Association has entered into Sweep and Repurchase Agreement with US Bank, under which funds in excess of specified thresholds are invested by US Bank in obligations issued or guaranteed by the U.S. government or its agencies, with all such invested amounts available to the Association upon demand. US Bank has granted the Association a security interest in the securities underlying the Sweep and Repurchase Agreements, but the underlying securities are not the property of the Association. Amounts invested under the terms of the Sweep and Repurchase Agreements are not insured by the Federal Deposit Insurance Corporation and are not guaranteed by the U.S. government or its agencies.

In June 2008, the Association transferred certain cash balances from US Bank to Alpine Bank and invested those funds in certificates of deposit through the CDARS program. All funds invested in the CDARS program are insured by the FDIC.