

ROBERTSON & MARCHETTI, P.C.

Certified Public Accountants

Accountant's Compilation Report

January 24, 2012

Board of Directors
Singletree Property Owners Association
Edwards, Colorado

I have compiled the accompanying balance sheet of Singletree Property Owners Association as of December 31, 2011 and the related statement of revenues, expenditures and changes in fund balance – historical, budget and forecast – for the twelve month period then ended and the accompanying budget and forecast of revenues, expenditures and changes in fund balance for calendar year 2012, in accordance with standards established by the American Institute of Certified Public Accountants.

I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

As a consulting financial manager, I participate in the financial management of the Association. Management (with my participation) is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements. I have prepared these financial statements in my capacity as consulting financial manager for the Association.

My responsibility includes conducting the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

A compilation of a forecasted financial statement is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. I have not examined the accompanying forecast and, accordingly, do not express an opinion or any other form of assurance on the forecasted statement or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected and those differences may be material. I have no responsibility to update this report for events or circumstances occurring after the date of this report.

I also compiled the accompanying 2010 historical financial statements of the Association and my report thereon dated January 26, 2011 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 from an accounting and auditing perspective with respect to Singletree Property Owners Association because I perform certain accounting services that impair my independence.

ROBERTSON & MARCHETTI, P.C.



Kenneth J. Marchetti, CPA
President

SINGLETREE PROPERTY OWNERS ASSOCIATION
BALANCE SHEET
December 31, 2011
& December 31, 2010

	Rate	12/31/2011 Total	12/31/2010 Total
ASSETS			
Current Assets:			
Alpine Bank Checking - General Operations	0.00%	11	107
Alpine Bank Money Market	0.37%	59,208	57,820
US Bank Checking	0.00%	35	35
US Bank Money Market	0.29%	7,624	1,201
US Bank Money Market (Restricted)	0.29%	45,500	41,500
1st Bank Money Market			100,361
1st Bank Petty Cash		1,000	1,128
Total Cash in Bank		113,378	202,153
Investments			
US Bank CD (Matures 3/23/12)	1.73%	109,361	109,361
US Bank CD (Matures 4/29/13)	1.14%	100,806	
Colorado State Bank & Trust CD (Matures 1/4/12)	0.70%	204,700	200,000
Total Investments		414,866	309,361
Other Current Assets			
Accounts Receivable		5,649	6,490
Accounts Receivable - Berry Creek Metro		0	11,743
Interest Receivable		3,384	2,065
Allowance for Doubtful Accounts		(1,575)	(325)
Prepaid Expenses		2,910	800
Total Current Assets		538,612	532,288
Total Assets		538,612	532,288
		12/31/2011 Total	12/31/2010 Total
LIABILITIES			
Liabilities:			
Accounts Payable		17,830	24,517
DRC Escrow Deposits		45,500	41,500
Total Liabilities		63,330	66,017
Net Assets:			
Reserved for Legal Expense		95,000	95,000
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		105,282	96,272
Ending Net Assets		475,282	466,272
Total Liabilities & Net Assets		538,612	532,288

See accompanying accountant's report.

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Singletree Property Owners Association Statement of Revenues, Expenditures and Changes in Fund Balance Actual, Budget and Forecast for the Periods Indicated					\$150/Dues	
Account		2011 Year-to-Date				2012
		12 Months Ended 12/31/10 Actual	12 Months Ended 12/31/11 Actual	12 Months Ended 12/31/11 Budget	Variance Favorable (Unfavor)	Adopted Budget Cal Yr 2012
	Revenues:					
4100	Assessments	157,268	157,350	157,350	0	157,350
4150	Late Fees	1,584	2,015	200	1,815	1,000
4200	DRC Deposits Forfeited	0	4,500	2,000	2,500	0
4300	Interest Income: Alpine Bank	3,234	254	700	(446)	300
4320	Interest Income: 1st Bank	489	445	800	(355)	0
4350	Interest Income: US Bank	1,665	2,046	1,650	396	2,000
4360	Interest Income: CSBT	613	4,126	1,400	2,726	1,400
4400	DRC Review Fees	2,100	4,000	1,000	3,000	1,000
4450	Covenant Violations	0	500	0	500	750
4550	Title Company Statement Fees	3,000	3,900	2,000	1,900	2,000
4700	Lien Fees		732	0	732	300
	Total Revenues	169,954	179,867	167,100	12,767	166,100
	Expenses:					
5100	Accounting	9,822	12,593	13,000	407	13,000
5200	Admin Support - SPOA	15,930	12,725	11,000	(1,725)	11,000
5250	Admin Support - DRC	2,910	2,370	2,000	(370)	2,000
5300	Annual Function/Homeowner Relations	6,025	8,720	7,000	(1,720)	8,500
5350	Bad Debts Expense		1,250	0	(1,250)	0
5400	Board Meeting Expense	1,352	909	1,500	591	1,500
5750	Covenant Administration	6	154	1,000	846	1,000
5500	Clean Up Day	0	0	500	500	500
	Weed Control			500	500	500
5800	Architectural Consultant / DRC	12,500	12,000	12,000	0	12,000
5900	Income Taxes	2,769	1,515	1,500	(15)	1,000
6100	Insurance	3,560	2,165	3,754	1,589	3,754
6130	Legal - Operations	890	810	1,000	190	1,000
6131	Legal - Covenant Enforcement/DRC	4,136	3,726	5,000	1,274	5,000
5650	Contributions	0	100	500	400	500
6200	Community Publications	1,888	5,870	3,000	(2,870)	6,000
6250	Postage	1,028	1,981	2,000	19	2,500
6300	Office Supplies	4,614	3,248	4,500	1,252	3,500
6400	Payroll Reimbursement to Metro District	18,974	21,345	21,000	(345)	21,000
6430	Travel Reimbursement		41	500	459	500
6450	Telephone	591	665	800	135	800
6700	Community Projects	75,000	77,170	75,000	(2,170)	70,000
6800	Survey	0	1,500	0	(1,500)	
	Unplanned Expenses/Contingency			0	0	
	Total Expenses	161,995	170,857	167,054	(3,802)	165,554
	Revenue over Expenses	7,959	9,010	46	8,965	546
	Beginning Fund Balance	458,313	466,272	455,623	10,649	466,212
	Spending from Reserves	0	0	0	0	
	Ending Fund Balance	466,272	475,282	455,669	19,613	466,757
	Components of Fund Balance:	=	=	=	=	=
3200	Reserved for Legal Expense	95,000	95,000	95,000	0	95,000
3500	Reserved for Open Space	75,000	75,000	75,000	0	75,000
	Reserved for Future Operations	100,000	100,000	100,000	0	100,000
	Reserved for Capital Projects	100,000	100,000	100,000	0	100,000
	Unrestricted	96,272	105,282	85,669	19,613	96,757
	Total Fund Balance	466,272	475,282	455,669	19,613	466,757

See accompanying accountant's report.

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

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

	12 Months Ended <u>12/31/11</u>	12 Months Ended <u>12/31/10</u>
Beginning Cash Balance	202,153	184,590
Cash Flows from Operating Activities		
Regular Assessments and Late Fees	170,631	140,916
Interest Income	6,870	6,002
Design Review Committee Fees	4,000	2,100
Legal Fees From Others	0	0
Title Company Statement Fees	3,900	3,000
Covenant Violations	500	0
Lien Fees	732	
Cash paid to suppliers/vendors	(178,403)	(149,372)
Net Cash Provided (Used) by Operating Activities	<u>8,231</u>	<u>2,646</u>
Cash Flows from Financing Activities		
DRC Compliance Deposits Received	25,000	12,900
DRC Compliance Deposits Returned	(16,500)	(61,000)
Redemption of (Investment in) Certificates of Deposit	(105,506)	63,017
Net Cash Provided (Used) by Financing Activities	<u>(97,006)</u>	<u>14,917</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>(88,775)</u>	<u>17,563</u>
Ending Cash balance	<u><u>113,378</u></u>	<u><u>202,153</u></u>
	=	=
Reconciliation of Revenues over Expenses to to Net Cash Provided by Operating Activities:		
Revenues Over Expenses	9,010	7,959
Adjustments:		
(Increase) Decrease in Accounts Receivable	11,266	(17,936)
(Increase) Decrease in Prepaid Expenses	(2,110)	361
Increase (Decrease) in Allowance for Doubtful Accounts	1,250	0
Increase (Decrease) in Accounts Payable	(6,686)	12,262
Increase (Decrease) Prepaid Assessments	0	0
Forfeited DRC Compliance Deposits	(4,500)	0
Net Cash Provided (Used) by Operating Activities	<u>8,231</u>	<u>2,646</u>
See accompanying accountant's report.	=	=

Singletree Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2011 and 2010

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 1004 residential units located in Edwards, Colorado. In 2009 the Board voted to conform to the requirements of the Colorado Common Interest Ownership Act.

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. Assessment rates for 2010 and 2011 were \$150 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 period ended December 31, 2011. 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 flows, 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, 2011 and 2010
(Continued)

2. Summary of Significant Accounting Policies (continued)

F. Recognition of Assets

For accounting purposes the Association recognizes personal common property and real property to which it has title. Fixed assets are recorded at cost and depreciated over their estimated useful lives using the straight-line method of depreciation. At December 31, 2011 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 collectability becomes doubtful. An allowance of \$325 was established at December 31, 2008, for accounts receivable that may ultimately be uncollectible. That amount was increased to \$1,575 in 2011.

H. Prepaid Assessments

Prepaid assessments consist of assessments received in advance for the following fiscal year. The Association had no prepaid assessments at the end of 2010 or 2011.

I. Design Review Committee Deposits

The Design Review Committee (the "Committee" or DRC) created by the Association consists of five (5) property owners appointed by the Association's Board of Directors. The Committee's objective is that 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 \$12,000 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 of construction 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 DRC deposits forfeited. 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 up to \$1,000 based on the project, 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.

2. Summary of Significant Accounting Policies (continued)

J. Use of Estimates

Singletree Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2011 and 2010
(Continued)

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, 2011 and 2010 the Association Board had reserved funds for future estimated expenses as shown below:

	<u>2011</u>	<u>2010</u>
Reserved		
Legal expense	95,000	95,000
Open Space	75,000	75,000
Future Operations	100,000	100,000
Capital Projects	100,000	100,000
Unreserved		
Unrestricted	105,925	96,272
Total	<u>475,925</u>	<u>466,272</u>

4. Concentration of Credit Risk

The Association has invested certain of its cash balances in money funds held with financial institutions. These funds are insured by the Federal Deposit Insurance Corporation (FDIC) up to the FDIC insurance limit. At December 31, 2011 the Association had no uninsured funds.

5. Subsequent Events

Management has evaluated potential subsequent event disclosures through January 24, 2012 (date of availability of financial statements for issuance).