

**Sky Legend at Cotton Ranch Association
Balance Sheet**

	12/31/17	11/30/18
Assets		
Cash in Bank	64,703	104,428
CitiWide CD- 0.75% 2/9/19 Maturity	50,520	50,899
Assessments Receivable - Homeowners	29,539	15,285
Account Receivable - CR-HOA	4,000	9,524
Prepaid Expenses	3,043	115
Total Assets	151,805	180,251
Liabilities & Equity		
Liabilities		
Accounts Payable	2,488	507
Prepaid Assessments	1,776	398
Total Liabilities	4,265	905
Equity		
Working Capital	23,475	24,075
Accounts Receivable	29,539	15,285
General Operations	22,149	19,431
Landscape Operations	1,224	4,728
Lighting Reserves	5,128	7,828
Road Reserves	53,666	79,045
Irrigation System Replacement Reserves	11,267	17,862
Landscape Replacement Reserves	1,092	11,092
Total Equity	147,540	179,347
Total Liabilities & Equity	151,805	180,251
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No assurance is provided on these financial statements;
substantially all disclosures required by GAAP omitted.

Sky Legend at Cotton Ranch Association
Statement of Revenues, Expenses and Changes in Fund Balance
Actual, Budget and Forecast for the Periods Indicated

	2017 Unaudited Actual	2018 Adopted Budget	Variance Favorable (Unfavor)	2018 Forecast	11 Months Ended 11/30/18 Actual	11 Months Ended 11/30/18 Budget	Variance Favorable (Unfavor)	2019 Adopted Budget	Budget Assumptions
Traditional & Cottage Landscaping									
Beginning of Year	58	58		60	60		61		
Landscaping Installed During Year	2	3		1	1		0		
End of Year	60	61		61	61		61		
All Association Members									
Beginning of Year	106	106		108	108		109		
Brought into Association	2	3		1	1		0		
End of Year	108	109		109	109		109		
Quarterly Dues Per Unit	\$95.00	\$95.00					\$110.00		
Landscape Quarterly Charge	\$185.00	\$185.00					\$190.00		
Combined Funds									
Income									
Base Assessments	40,353	41,135	190	41,325	41,203	41,135	68	47,960	Units * Dues * 4 Qtrs
Landscaping Assessments	42,920	44,585	370	44,955	44,722	44,585	137	46,360	Units * Dues * 4 Qtrs
Finance Charges	2,127	2,650	450	3,100	2,907	2,429	478	1,000	Delinquent Accounts
Interest Income	585	675	0	675	379	0	379	675	Based off of 2018 Fcst
Lien Filing / Collection Charges	0	3,000	1,000	4,000	2,500	2,250	250	3,000	Collections Work
Statement Prep Fees	550	150	700	850	850	150	700	500	10 at \$50 Each
Total Income	86,535	92,195	2,710	94,905	92,561	90,549	2,012	99,495	
Expenses									
General & Admin Expenses									
Accounting & Administration	14,411	20,000	2,000	18,000	12,889	16,200	3,311	20,000	Based off of 2018 Fcst
Billing Expense	1,783	1,900	(100)	2,000	1,905	1,900	(5)	2,000	Based off of 2018 Fcst
Bad Debts	0	3,000	3,000	0	0	2,625	2,625	0	None Expected
Office Expenses & Misc.	1,051	1,250	0	1,250	1,069	1,125	56	1,250	Based off of 2018 Fcst
Insurance	2,836	3,000	137	2,863	2,863	3,000	137	3,000	Based off of 2018 Fcst
Legal Expense	0	4,000	(1,000)	5,000	3,783	3,667	(116)	4,000	Based off of 2018 Fcst
Tax Return	300	300	0	300	300	300	0	300	Based off of 2018 Fcst
Misc Other	0	0	0	0	0	0	0	0	
Total G&A Expenses	20,380	33,450	4,037	29,413	22,809	28,817	6,008	30,550	
Operating Expenses									
Landscape Maint. - Front Yards	22,188	23,348	778	22,570	22,188	23,348	1,160	22,866	Add 3 homes
Common Area Maintenance	2,000	2,000	0	2,000	2,000	2,000	0	2,000	Cost, less CRHOA reimb
Irrigation Maintenance	3,102	2,250	0	2,250	600	2,250	1,650	2,250	Normal repairs
Road Maintenance	0	0	0	0	0	0	0	0	No anticipated needs
Entry Monument	0	0	0	0	0	0	0	0	No anticipated needs
Stormwater Drainage Maint.	0	250	250	0	0	250	250	250	Cleanout
Snow Plowing	4,722	3,660	0	3,660	2,928	2,928	0	3,660	Based off of normal yr
Street Light Maintenance	0	500	(500)	1,000	525	500	(25)	600	Based off of normal yr
Utilities	704	850	100	750	679	779	100	850	Based off of 2018 Fcst
Water (pay to CRMD)	5,742	5,891	(332)	6,222	6,222	5,891	(332)	6,405	Based off of 2018 Fcst
Reserve Study	0	0	0	0	0	0	0	0	One-time Study
Reserve Fund Capital	0	2,500	(904)	3,404	3,404	2,500	(904)	20,447	Per Reserve Fund
Other Misc	0	0	0	0	0	0	0	0	
Total Operating Expenses	38,457	41,249	(607)	41,856	38,546	40,446	1,900	59,328	
Total Expenses	58,838	74,699	3,430	71,269	61,355	69,263	7,908	89,878	
Net Income	27,697	17,496	6,140	23,636	31,206	21,287	9,920	9,617	
Beginning Fund Balance	96,368	123,665	400	124,065	124,065	123,665	400	147,701	
Ending Fund Balance	124,065	141,161	6,540	147,701	155,272	144,952	10,320	157,318	
Less Receivables	(29,539)	(40,430)	24,953	(15,477)	(23,696)		(25,477)		Assuming 5 Not Paying
Net Available Fund Balance	94,526	100,731	31,493	132,224	131,576		131,841		
Breakdown of Fund Balance									
Accounts Receivable	29,539	40,430	(24,953)	15,477	15,285		25,477		
General Operations	22,149	14,341	(1,171)	13,170	19,431		6,820		
Landscape Operations	1,224	916	2,013	2,929	4,728		2,968		
Irrigation System Replacement	11,267	18,492	(629)	17,863	17,862		22,863	\$85K needed in 2031	
Landscape Replacement	1,092	2,017	9,075	11,092	11,092		5,092	Slowly rebuild	
Road Replacement	53,666	58,136	21,205	79,341	79,045		83,569	\$137K needed in 2024	
Lighting Replacement	5,128	6,828	1,000	7,828	7,828		10,528	\$47K needed in 2032	
Total Fund Balances	124,065	141,161	6,540	147,701	155,272		157,318		

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Sky Legend at Cotton Ranch Association
Statement of Revenues, Expenses and Changes in Fund Balance
Actual, Budget and Forecast for the Periods Indicated

General Fund	2017	2018	Variance		11 Months	11 Months	Variance	2019	
	Unaudited Actual	Adopted Budget	Favorable (Unfavor)	2018 Forecast	Ended 11/30/18 Actual	Ended 11/30/18 Budget	Favorable (Unfavor)	Adopted Budget	Budget Assumptions
All Association Members									
Beginning of Year	106	106		108	108			109	
Brought into Association	2	3		1	1				
End of Year	108	109		109	109			109	
Quarterly Dues	\$95.00	\$95.00		\$95.00				\$110.00	Increase to fund reserves
Income									
Base Assessments	40,353	41,135	190	41,325	41,203	41,135	68	47,960	Units * Dues * 4 Qtrs
Finance Charges	2,127	2,650	450	3,100	2,907	2,429	478	1,000	Fewer late accounts
Lien Filing & Collection Charges	0	3,000	1,000	4,000	2,500	2,250	250	3,000	Collections work
Statement Prep Fees	550	150	700	850	850	150	700	500	10 at \$50 Each
Total Income	43,030	46,935	2,340	49,275	47,461	45,964	1,497	52,460	
Expenses									
General & Admin Expenses									
Accounting & Admin	14,411	20,000	2,000	18,000	12,889	16,200	3,311	20,000	Based off of 2018 Fcst
Billing Services	1,783	1,900	(100)	2,000	1,905	1,900	(5)	2,000	Based off of 2018 Fcst
Bad Debts	0	1,100	1,100	0	0	963	963	0	None expected
Office Expenses & Misc.	1,051	1,250	0	1,250	1,069	1,125	56	1,250	Based off of 2018 Fcst
Insurance	2,836	3,000	137	2,863	2,863	3,000	137	3,000	Based off of 2018 Fcst
Legal Expense	0	4,000	(1,000)	5,000	3,783	3,667	(116)	4,000	Additional for collections
Social Events & Meetings	0	0	0	0	0	0	0	0	Based off of 2018 Fcst
Tax Return	300	300	0	300	300	300	0	300	Based off of 2018 Fcst
Total G&A Expenses	20,380	31,550	2,137	29,413	22,809	27,154	4,345	30,550	
Operating Expenses									
Common Area Maintenance	2,000	2,000	0	2,000	2,000	2,000	0	2,000	Cost, less CRHOA reimb
Road Maintenance	0	0	0	0	0	0	0	0	Now in Replcmnt Fund
Entry Monument	0	0	0	0	0	0	0	0	Median in Reserve Fund
Snow Plowing	4,722	3,660	0	3,660	2,928	2,928	0	3,660	\$305 per plow, 12 minimum
Stormwater Drainage Maintenance	0	250	250	0	0	250	250	250	Minimal needs
Street Light Maintenance	0	500	(500)	1,000	525	500	(25)	600	Based off of normal yr
Utilities	704	850	100	750	679	779	100	850	Based off of 2018 Fcst
Other Misc	0	0	0	0	0	0	0	0	
Total Landscape Expenses	7,426	7,260	(150)	7,410	6,132	6,457	325	7,360	
Total Expenses	27,806	38,810	1,987	36,823	28,941	33,611	4,671	37,910	
Net Income Before Transfers	15,224	8,125	4,327	12,452	18,520	12,353	6,167	14,550	
Replacement Reserve Transfers									
Lighting Reserve	1,650	1,700	(1,000)	2,700	2,700	1,700	(1,000)	2,700	Annual amount
Road Replacement Reserve	6,025	6,205	(18,795)	25,000	25,000	6,205	(18,795)	12,000	Annual amount
Total Replacement Reserves	7,675	7,905	(19,795)	27,700	27,700	7,905	(19,795)	14,700	
Beginning Fund Balance	27,239	33,446	1,342	34,788	34,788	33,446	1,342	19,540	
Ending Fund Balance	34,788	33,666	(14,126)	19,540	25,608	37,894	(12,286)	19,390	
Less Accounts Receivable	(12,639)	(19,325)	12,955	(6,370)	(6,177)			(12,570)	Assuming 5 Not Paying
Net Funds Currently Available	22,149	14,341	(1,171)	13,170	19,431			6,820	Drop for collections work
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Sky Legend at Cotton Ranch Association
 Statement of Revenues, Expenses and Changes in Fund Balance
 Actual, Budget and Forecast for the Periods Indicated

Landscaping Fund	2017 Unaudited Actual	2018 Adopted Budget	Variance Favorable (Unfavor)	2018 Forecast	11 Months Ended 11/30/18 Actual	11 Months Ended 11/30/18 Budget	Variance Favorable (Unfavor)	2019 Adopted Budget	Budget Assumptions
Traditional & Cottage Units									
Beginning of Year	58	58	0	60	60		61		
Landscaping Installed During Year	2	3	(2)	1	1		0		
End of Year	60	61	(2)	61	61		61		
Quarterly Landscape Charges	\$185.00	\$185.00		\$185.00	\$185.00		\$190.00		
Income									
Landscaping Assessments	42,920	44,585	370	44,955	44,722	44,585	137	46,360	Units * Dues * 4 Qtrs
Total Income	42,920	44,585	370	44,955	44,722	44,585	137	46,360	
Expenses									
Operating Expenses									
Landscape Maint. - Front Yard	22,188	23,348	778	22,570	22,188	23,348	1,160	22,866	Based off Contract
Additional Plantings		0	0	0		0	0	0	In Replacement Fund
Water (Paid to CRMD)	5,742	5,891	(332)	6,222	6,222	5,891	(332)	6,405	61 Homes/\$17.50/mo/ 6 mo
Irrigation System Maintenance	3,102	2,250	0	2,250	600	2,250	1,650	2,250	Based off of 2018 Fcst
Bad Debts	0	1,900	1,900	0	0	1,663	1,663	0	None expected
Total Landscape Expenses	31,032	33,389	2,347	31,042	29,010	33,151	4,141	31,521	
Total Expenses	31,032	33,389	2,347	31,042	29,010	33,151	4,141	31,521	
Net Income Before Transfers	11,888	11,196	2,347	13,913	15,712	11,434	4,278	14,839	
Replacement Reserve Transfers									
Irrigation System Replacement xfer	0	7,225	(2,775)	10,000	10,000	7,225	(2,775)	5,000	Catch up on reserves
Landscape Replacement xfer	10,000	2,000	(8,000)	10,000	10,000	2,000	(8,000)	6,000	Catch up on reserves
Total Replacement Reserves	10,000	9,225	(10,775)	20,000	20,000	9,225	(10,775)	11,000	
Beginning Fund Balance	16,235	20,050	(1,926)	18,124	18,124	20,050	(1,926)	12,037	
Ending Fund Balance	18,124	22,021	(9,985)	12,037	13,835	22,259	(8,424)	15,876	
Less Accounts Receivable	(16,900)	(21,105)	11,998	(9,107)	(9,107)			(12,907)	Assuming 5 Not Paying
Net Funds Available	1,224	916	2,013	2,929	4,728			2,968	Breakeven for cash flow
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Reserve Fund	2017 Unaudited Actual	2018 Adopted Budget	Variance Favorable (Unfavor)	2018 Forecast	11 Months Ended 11/30/18 Actual	11 Months Ended 11/30/18 Budget	Variance Favorable (Unfavor)	2019 Adopted Budget	Budget Assumptions
Income									
Irrigation System Transfer In	0	7,225	2,775	10,000	10,000	7,225	2,775	5,000	All put to landscaping
Landscape Replacement Trfr In	10,000	2,000	8,000	10,000	10,000	2,000	8,000	6,000	All that is available
Road Replacement Transfer In	6,025	6,205	18,795	25,000	25,000	6,205	18,795	12,000	Estimated Need
Lighting Reserve Transfer In	1,650	1,700	1,000	2,700	2,700	1,700	1,000	2,700	Estimated Need
Interest Income	585	675	0	675	379	0	379	675	Reserve CD set up
Total Income	18,260	17,805	30,570	48,375	48,079	17,130	30,949	26,375	
Expenses									
Irrigation System Replacement	0	0	(3,404)	3,404	3,404	0	(3,404)	0	No anticipated needs
Landscape Replacement	0	0	0	0	0	0	0	12,000	Complete Rockwork
Road Overlay	0	0	0	0	0	0	0	0	No anticipated needs
Crackfill Roads	0	0	0	0	0	0	0	5,947	Every 3 Years
Curb & Gutter / Medians	0	2,500	2,500	0	0	2,500	2,500	2,500	Median work
Street Light Replacement	0	0	0	0	0	0	0	0	Convert to LED in 2016
Total Reserve Fund Expenses	0	2,500	(904)	3,404	3,404	2,500	(904)	20,447	
Net Income	18,260	15,305	31,474	44,971	44,675	14,630	31,853	5,928	
Beginning Fund Balance	52,894	70,169	985	71,154	71,154	70,169	985	116,125	
Ending Fund Balance	71,154	85,474	30,651	116,125	115,828	84,799	31,029	122,053	
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Breakdown of Fund Balance									
Irrigation System Replacement	11,267	18,492	(629)	17,863	17,862			22,863	\$85K needed in 2031
Landscape Replacement	1,092	2,017	9,075	11,092	11,092			5,092	Slowly rebuild
Road Replacement	53,666	58,136	21,205	79,341	79,045			83,569	\$137K needed in 2024
Lighting Replacement	5,128	6,828	1,000	7,828	7,828			10,528	\$47K needed in 2032
	71,154	85,474	30,651	116,125	115,828			122,053	
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