

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

	12/31/16	12/31/17
Assets		
Cash in Bank	49,202	64,703
CitiWide CD	50,000	50,520
Assessments Receivable - Homeowners	22,968	29,539
Account Receivable - CR-HOA	-	4,000
Prepaid Expenses	2,110	3,043
Total Assets	124,280	151,805
Liabilities & Equity		
Liabilities		
Accounts Payable	3,404	2,488
Prepaid Assessments	1,033	1,776
Total Liabilities	4,437	4,265
Equity		
Working Capital	23,475	23,475
Accounts Receivable	22,968	29,539
General Operations	17,927	22,149
Landscape Operations	2,579	1,224
Lighting Reserves	3,478	5,128
Road Reserves	47,056	53,666
Irrigation System Replacement Reserves	11,267	11,267
Landscape Replacement Reserves	(8,908)	1,092
Total Equity	119,843	147,540
Total Liabilities & Equity	124,280	151,805
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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

	2016 Unaudited Actual	2017 Adopted Budget	Variance Favorable (Unfavor)	2017 Forecast	12 Months Ended 12/31/17 Actual	12 Months Ended 12/31/17 Budget	Variance Favorable (Unfavor)	2018 Adopted Budget	Budget Assumptions
Traditional & Cottage Landscaping									
Beginning of Year	58	58		58	58		58		
Landscaping Installed During Year	0	3		0	2		3	3 Lake Homes	
End of Year	58	61		58	60		61		
All Association Members									
Beginning of Year	106	106		106	106		106		
Brought into Association	0	3		0	2		3	3 Lake Homes	
End of Year	106	109		106	108		109		
Quarterly Dues Per Unit	\$95.00	\$95.00					\$95.00		
Landscape Quarterly Charge	\$185.00	\$185.00					\$185.00		
Combined Funds									
Income									
Base Assessments	40,280	40,850	(570)	40,280	40,353	40,280	73	41,135	Units * Dues * 4 Qtrs
Landscaping Assessments	42,920	44,030	(1,110)	42,920	42,920	42,920	0	44,585	Units * Dues * 4 Qtrs
Finance Charges	1,908	2,650	0	2,650	2,127	2,429	(303)	2,650	Delinquent Accounts
Interest Income	632	675	0	675	585	619	(34)	675	Based off of 2017 Fcst
Lien Filing / Collection Charges	200		0	0	0	0	0	3,000	Collections Work
Statement Prep Fees	400	150	350	500	550	150	400	150	3 at \$50
Total Income	86,339	88,355	(1,330)	87,025	86,535	86,398	137	92,195	
Expenses									
General & Admin Expenses									
Accounting & Administration	17,916	19,750	5,000	14,750	14,411	16,250	1,839	20,000	Based off of 2017 Fcst
Billing Expense	1,732	1,900	0	1,900	1,783	1,900	117	1,900	Based off of 2017 Fcst
Bad Debts	0	2,300	2,300	0	0	2,013	2,013	3,000	10% of 2017 Bal
Office Expenses & Misc.	890	875	(325)	1,200	1,051	850	(201)	1,250	Based off of 2017 Fcst
Insurance	2,537	2,664	(172)	2,836	2,836	2,664	(172)	3,000	Based off of 2017 Fcst
Legal Expense	0	800	300	500	0	733	733	4,000	Based off of 2017 Fcst
Tax Return	300	300	0	300	300	300	0	300	Based off of 2017 Fcst
Misc Other	0	0	0	0	0	0	0	0	
Total G&A Expenses	23,376	28,589	7,103	21,486	20,380	24,710	4,330	33,450	
Operating Expenses									
Landscape Maint. - Front Yards	22,188	23,100	912	22,188	22,188	23,100	912	23,348	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	2,157	2,250	0	2,250	3,102	2,250	(852)	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	2,405	3,000	(1,722)	4,722	4,722	2,500	(2,222)	3,660	Based off of normal yr
Street Light Maintenance	0	500	0	500	0	500	500	500	Based off of normal yr
Utilities	685	840	0	840	704	770	66	850	Based off of 2017 Fcst
Water (pay to CRMD)	5,568	5,891	149	5,742	5,742	5,891	149	5,891	Based off of 2017 Fcst
Reserve Study	0	0	0	0	0	0	0	0	One-time Study
Reserve Fund Capital	29,000	2,500	2,500	0	0	2,500	2,500	2,500	Per Reserve Fund
Other Misc	0	0	0	0	0	0	0	0	
Total Operating Expenses	64,003	40,331	2,089	38,242	38,457	39,761	1,303	41,249	
Total Expenses	87,379	68,920	9,192	59,728	58,838	64,470	5,633	74,699	
Net Income	(1,040)	19,436	7,862	27,297	27,697	21,928	5,769	17,496	
Beginning Fund Balance	97,408	95,165	1,203	96,368	96,368	95,165	1,203	123,665	
Ending Fund Balance	96,368	114,601	9,064	123,665	124,065	117,093	6,972	141,161	
Less Receivables	(23,696)	(30,930)	650	(30,280)	(23,696)			(41,170)	Assuming 10 Not Paying
Net Available Fund Balance	72,672	83,671	9,715	93,385	100,369			99,991	
Breakdown of Fund Balance									
Accounts Receivable	22,968	30,930	(650)	30,280	29,539			41,170	
General Operations	17,927	13,505	8,966	22,471	22,149			14,341	
Landscape Operations	2,579	2,389	(1,643)	745	1,224			177	
Irrigation System Replacement	11,267	11,267	(0)	11,267	11,267			18,492	\$85K needed in 2031
Landscape Replacement	(8,908)	117	(100)	17	1,092			2,017	Slowly rebuild
Road Replacement	47,056	51,265	2,491	53,756	53,666			58,136	\$110K needed in 2029
Lighting Replacement	3,478	5,128	0	5,128	5,128			6,828	\$47K needed in 2032
Total Fund Balances	96,368	114,601	9,064	123,665	124,065			141,161	

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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

General Fund	2016 Unaudited Actual	2017 Adopted Budget	Variance Favorable (Unfavor)	2017 Forecast	12 Months Ended 12/31/17 Actual	12 Months Ended 12/31/17 Budget	Variance Favorable (Unfavor)	2018 Adopted Budget	Budget Assumptions
All Association Members									
Beginning of Year	106	106		106	106		106		
Brought into Association	0	3		0	2		3		3 Lake Homes
End of Year	106	109		106	108		109		
Quarterly Dues	\$95.00	\$95.00		\$95.00	\$95.00		\$95.00		Based on needs
Income									
Base Assessments	40,280	40,850	(570)	40,280	40,353	40,280	73	41,135	Units * Dues * 4 Qtrs
Finance Charges	1,908	2,650	0	2,650	2,127	2,429	(303)	2,650	Delinquent accounts
Lien Filing & Collection Charges	200	0	0	0	0		0	3,000	Collections work
Statement Prep Fees	400	150	350	500	550	150	400	150	3 at \$50 Each
Total Income	42,788	43,650	(220)	43,430	43,030	42,859	170	46,935	
Expenses									
General & Admin Expenses									
Accounting & Admin	17,916	19,750	5,000	14,750	14,411	16,250	1,839	20,000	Based off of 2017 Fcst
Billing Services	1,732	1,900	0	1,900	1,783	1,900	117	1,900	Based off of 2017 Fcst
Bad Debts	0	1,000	1,000	0	0	875	875	1,100	10% of 2017 A/R Bal
Office Expenses & Misc.	890	875	(325)	1,200	1,051	850	(201)	1,250	Based off of 2017 Fcst
Insurance	2,537	2,664	(172)	2,836	2,836	2,664	(172)	3,000	Based off of 2017 Fcst
Legal Expense	0	800	300	500	0	733	733	4,000	Additional for collections
Social Events & Meetings	0	0	0	0	0	0	0	0	Based off of 2017 Fcst
Tax Return	300	300	0	300	300	300	0	300	Based off of 2017 Fcst
Total G&A Expenses	23,376	27,289	5,803	21,486	20,380	23,572	3,192	31,550	
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	2,405	3,000	(1,722)	4,722	4,722	2,500	(2,222)	3,660	Based off normal year
Stormwater Drainage Maintenance	0	250	250	0	0	250	250	250	Minimal needs
Street Light Maintenance	0	500	0	500	0	500	500	500	Based off of normal yr
Utilities	685	840	0	840	704	770	66	850	Based off of 2017 Fcst
Other Misc	0	0	0	0	0	0	0	0	
Total Landscape Expenses	5,090	6,590	(1,472)	8,062	7,426	6,020	(1,406)	7,260	
Total Expenses	28,466	33,879	4,331	29,548	27,806	29,592	1,787	38,810	
Net Income	14,322	9,771	4,111	13,882	15,224	13,267	1,957	8,125	
Replacement Reserve Transfers									
Lighting Reserve	1,600	1,650	0	1,650	1,650	1,650	0	1,700	Annual amount
Road Replacement Reserve	7,850	6,025	0	6,025	6,025	6,025	0	6,205	Annual amount
Total Replacement Reserves	9,450	7,675	0	7,675	7,675	7,675	0	7,905	
Beginning Fund Balance	22,367	26,040	1,199	27,239	27,239	26,040	1,199	33,446	
Ending Fund Balance	27,239	28,136	5,310	33,446	34,788	31,632	3,156	33,666	
Less Accounts Receivable	(9,312)	(14,631)	3,656	(10,975)	(12,639)			(19,325)	Assuming 10 Not Paying
Net Funds Currently Available	17,927	13,505	8,966	22,471	22,149			14,341	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	2016 Unaudited Actual	2017 Adopted Budget	Variance Favorable (Unfavor)	2017 Forecast	12 Months Ended 12/31/17 Actual	12 Months Ended 12/31/17 Budget	Variance Favorable (Unfavor)	2018 Adopted Budget	Budget Assumptions
Traditional & Cottage Units									
Beginning of Year	58	58	0	58	58		58		
Landscaping Installed During Year		3	(3)	0	2		3		3 Lake Homes
End of Year	58	61	(3)	58	60		61		
Quarterly Landscape Charges	\$185.00	\$185.00		\$185.00	\$185.00		\$185.00		
Income									
Landscaping Assessments	42,920	44,030	(1,110)	42,920	42,920	42,920	0	44,585	Units * Dues * 4 Qtrs
Total Income	42,920	44,030	(1,110)	42,920	42,920	42,920	0	44,585	
Expenses									
Operating Expenses									
Landscape Maint. - Front Yard	22,188	23,100	912	22,188	22,188	23,100	912	23,348	Based off Contract
Additional Plantings		0	0	0		0	0	0	In Replacement Fund
Water (Paid to CRMD)	5,568	5,891	149	5,742	5,742	5,891	149	5,891	58 Homes/\$16.50/mo/ 6 mo
Irrigation System Maintenance	2,157	2,250	0	2,250	3,102	2,250	(852)	2,250	Based off of 2017 Fcst
Bad Debts	0	1,300	1,300	0	0	1,138	1,138	1,900	10% of 2017 A/R Bal
Total Landscape Expenses	29,913	32,541	2,361	30,180	31,032	32,378	1,346	33,389	
Total Expenses	29,913	32,541	2,361	30,180	31,032	32,378	1,346	33,389	
Net Income Before Transfers	13,007	11,490	2,361	12,740	11,888	10,542	1,346	11,196	
Replacement Reserve Transfers									
Irrigation System Replacement xfer	0	0	0	0	0	0	0	7,225	Catch up irrig reserves
Landscape Replacement xfer	12,650	8,725	(200)	8,925	10,000	8,725	(1,275)	2,000	Catch up irrig reserves
Total Replacement Reserves	12,650	8,725	(200)	8,925	10,000	8,725	(1,275)	9,225	
Beginning Fund Balance	15,878	15,923	312	16,235	16,235	15,923	312	20,050	
Ending Fund Balance	16,235	18,688	1,363	20,050	18,124	17,740	384	22,022	
Less Accounts Receivable	(13,656)	(16,299)	(3,006)	(19,305)	(16,900)			(21,845)	Assuming 6 Not Paying
Net Funds Available	2,579	2,389	(1,643)	745	1,224			177	Breakeven for cash flow
	=	=	=	=	=	=	=	=	

Reserve Fund	2016 Unaudited Actual	2017 Adopted Budget	Variance Favorable (Unfavor)	2017 Forecast	12 Months Ended 12/31/17 Actual	12 Months Ended 12/31/17 Budget	Variance Favorable (Unfavor)	2018 Adopted Budget	Budget Assumptions
Income									
Irrigation System Transfer In	0	0	0	0	0	0	0	7,225	All put to landscaping
Landscape Replacement Trfr In	12,650	8,725	200	8,925	10,000	8,725	1,275	2,000	All that is available
Road Replacement Transfer In	7,850	6,025	0	6,025	6,025	6,025	0	6,205	Estimated Need
Lighting Reserve Transfer In	1,600	1,650	0	1,650	1,650	1,650	0	1,700	Estimated Need
Interest Income	632	675	0	675	585	619	(34)	675	Reserve CD set up
Total Income	22,732	17,075	200	17,275	18,260	17,019	1,241	17,805	
Expenses									
Irrigation System Replacement		0	0	0	0	0	0	0	No anticipated needs
Landscape Replacement	22,030	0	0	0	0	0	0	0	No anticipated needs
Road Overlay		0	0	0	0	0	0	0	No anticipated needs
Crackfill Roads	1,000	0	0	0	0	0	0	0	Completed in 2017
Curb & Gutter		2,500	2,500	0	0	2,500	2,500	2,500	Median work
Street Light Replacement	5,970	0	0	0	0	0	0	0	Convert to LED in 2017
Total Reserve Fund Expenses	29,000	2,500	2,500	0	0	2,500	2,500	2,500	
Net Income	(6,269)	14,575	(2,300)	17,275	18,260	14,519	(1,259)	15,305	
Beginning Fund Balance	59,162	53,202	(308)	52,894	52,894	53,202	(308)	70,169	
Ending Fund Balance	52,894	67,777	2,392	70,169	71,154	67,721	3,433	85,474	
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Breakdown of Fund Balance									
Irrigation System Replacement	11,267	11,267	(0)	11,267	11,267			18,492	\$85K needed in 2031
Landscape Replacement	(8,908)	117	(100)	17	1,092			2,017	Slowly rebuild
Road Replacement	47,056	51,265	2,491	53,756	53,666			58,136	\$110K needed in 2029
Lighting Replacement	3,478	5,128	0	5,128	5,128			6,828	\$47K needed in 2032
	52,894	67,777	2,392	70,169	71,154			85,474	
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