

**SIMBA RUN CONDOMINIUM ASSOCIATION  
FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION  
YEARS ENDED AUGUST 31, 2015 AND 2014**

**Cannon & Schleicher, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**Simba Run Condominium Association**  
**Table of Contents**  
**Years Ended August 31, 2015 and 2014**

**Independent Accountant's Review Report**

**Financial Statements**

**Balance Sheets**

**Statements of Operating Revenues and Expenses**

**Statements of Changes in Fund Balance**

**Statements of Cash Flows**

**Notes to Reviewed Financial Statements**

**Supplementary Information**

**Schedules of Operating Revenues and Expenditures with Comparison to Budget**

**Statement of Capital Reserve Fund Receipts and Disbursements**

**Supplementary Information Regarding Future Repairs and Replacements**

STEPHEN M. CANNON  
WILLIAM C. SCHLEICHER

## Independent Accountant's Review Report

Board of Directors  
Simba Run Condominium Association  
Vail, Colorado

We have reviewed the accompanying financial statements of Simba Run Condominium Association, which comprise the balance sheets as of August 31, 2015 and 2014, and the related statements of operating revenues and expenses, changes in fund balance, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the Statement of Revenues and Expenses Compared to Budget is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information (except for the budget information, which was compiled from information that is the representation of management without audit or review, on which we do not express an opinion or provide any assurance) has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to it.

Accounting principles generally accepted in the United States of America require that information about future major repairs and replacements of common property be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The required supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion or provide any assurance on it.

*Cannon & Schleicher, P.C.*

December 4, 2015  
Evergreen, Colorado

Simba Run Condominium Association  
Balance Sheets  
August 31, 2015  
(With Comparative Totals for August 31, 2014)

Assets	August 31, 2015			August 31,
	Association	Rental Program	Total	2014 Total
<b>Current assets:</b>				
Cash (Note 2)	\$ 524,534	\$ 342,817	\$ 867,351	\$ 809,993
Accounts receivable (Note 3)	11,347		11,347	329,770
Prepaid expenses	9,515	10,899	20,414	29,317
Total current assets	<u>545,396</u>	<u>353,716</u>	<u>899,112</u>	<u>1,169,080</u>
<b>Property, equipment and other assets:</b>				
Property and equipment, net (Notes 5, 7 and 8)	<u>178,286</u>		<u>178,286</u>	<u>207,524</u>
	<u>\$ 723,682</u>	<u>\$ 353,716</u>	<u>\$ 1,077,398</u>	<u>\$ 1,376,604</u>
<b>Liabilities and Fund Balance</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 16,985	\$ 192,551	\$ 209,536	\$ 91,457
Advance deposits (Note 6)		71,265	71,265	99,532
Prepaid assessments and dues	27,000		27,000	15,740
Other accrued expenses		32,471	32,471	31,935
Current maturities of long-term debt (Note 8)	75,448		75,448	72,951
Total current liabilities	<u>119,433</u>	<u>296,287</u>	<u>415,720</u>	<u>311,615</u>
Long term debt (Note 8)	<u>104,487</u>		<u>104,487</u>	<u>179,835</u>
<b>Fund balance (Notes 2 and 10):</b>				
Operating fund balance	164,668	57,429	222,097	228,403
Repair and replacement fund	335,094		335,094	656,751
	<u>499,762</u>	<u>57,429</u>	<u>557,191</u>	<u>885,154</u>
<b>Commitments and contingencies (Note 11)</b>				
	<u>\$ 723,682</u>	<u>\$ 353,716</u>	<u>\$ 1,077,398</u>	<u>\$ 1,376,604</u>

See accountant's review report and the accompanying notes to financial statements

Simba Run Condominium Association  
 Statements of Revenues and Expenses  
 Year ended August 31, 2015  
 (With Comparative Totals for August 31, 2014)

	Year Ended August 31, 2015			Year Ended August 31, 2014 Total
	Association	Rental Program	Total	
Assessments and revenues:				
Rental revenue	\$	\$ 1,831,778	\$ 1,831,778	\$ 1,540,695
Common assessments	568,100		568,100	498,900
Other assessments (Note 4)				51,535
Service charge Income		71,042	71,042	61,838
Parking and administrative fees		64,029	64,029	54,820
Housekeeping revenue		28,100	28,100	40,734
Maintenance revenue		6,205	6,205	8,890
Interest income	3,018	219	3,237	1,641
Other income (Note 4)	15,510	5,885	21,395	11,411
	<u>586,628</u>	<u>2,007,258</u>	<u>2,593,886</u>	<u>2,270,464</u>
Cost of rentals		<u>141,219</u>	<u>141,219</u>	<u>114,861</u>
Direct expenses:				
Rooms		403,780	403,780	331,581
Marketing		117,361	117,361	115,767
Repairs and maintenance	160,825	9,536	170,361	172,123
Telephone and utilities	184,290	1,815	186,105	165,548
General and administrative	180,910	182,586	363,496	432,505
	<u>526,025</u>	<u>715,078</u>	<u>1,241,103</u>	<u>1,217,524</u>
Excess of revenue over expenses before fixed charges	<u>60,603</u>	<u>1,150,961</u>	<u>1,211,564</u>	<u>938,079</u>
Fixed charges:				
Insurance	36,894		36,894	46,211
Interest expense	7,380	41	7,421	6,782
Depreciation and amortization	29,238		29,238	48,464
	<u>73,512</u>	<u>41</u>	<u>73,553</u>	<u>101,457</u>
Excess (deficit) of revenues over expenses before distributions to rental participants	<u>(12,909)</u>	<u>1,150,920</u>	<u>1,138,011</u>	<u>836,622</u>
Distributions to rental participants		<u>1,150,920</u>	<u>1,150,920</u>	<u>862,889</u>
Excess (deficit) of revenues over expenses before income taxes	<u>(12,909)</u>		<u>(12,909)</u>	<u>(26,267)</u>
Provision for income taxes (Note 11)				
Excess (deficit) of revenues over expenses	<u>\$ (12,909)</u>	<u>\$</u>	<u>\$ (12,909)</u>	<u>\$ (26,267)</u>

See accountant's review report and the accompanying notes to financial statements

Simba Run Condominium Association  
 Statements of Changes in Fund Balance  
 Years ended August 31, 2015 and 2014

	Association		Rental Program	Total
	Operating Fund	Repair and Replacement Fund	Operating Fund	
Balance - August 31, 2013	\$ 196,299	\$ 2,123,423	\$ 52,034	\$ 2,371,756
Excess (deficit) of operating revenue over expenses	(25,325)	(6,337)	5,395	(26,267)
Reserve fund assessments		93,781		93,781
Reserve fund expenditures		(4,752)		(4,752)
Special Assessments		897,068		897,068
Renovation expenses		(2,446,432)		(2,446,432)
	170,974	656,751	57,429	885,154
Balance - August 31, 2014	170,974	656,751	57,429	885,154
Excess (deficit) of operating revenue over expenses	(6,306)	(6,603)		(12,909)
Reserve fund assessments		125,000		125,000
Reserve fund expenditures		(30,893)		(30,893)
Special assessments		80,350		80,350
Renovation expenses		(489,511)		(489,511)
	164,668	335,094	57,429	557,191
Balance - August 31, 2015	\$ 164,668	\$ 335,094	\$ 57,429	\$ 557,191

See accountant's review report and the accompanying notes to financial statements

Simba Run Condominium Association  
 Statements of Cash Flows  
 Year ended August 31, 2015  
 (With Comparative Totals for August 31, 2014)

Increase in Cash and Cash Equivalents

	<u>Year Ended August 31, 2015</u>			<u>Year Ended</u>
	<u>Association</u>	<u>Rental Program</u>	<u>Total</u>	<u>August 31, 2014 Total</u>
<b>Cash flows from operating activities:</b>				
Cash received from tenants	\$	\$ 1,852,525	\$ 1,852,525	\$ 1,605,754
Owner dues and assessments	877,036		877,036	221,049
Other assessments				51,535
Service charge income		71,042	71,042	61,838
Parking and administrative fees		64,029	64,029	54,820
Housekeeping and maintenance revenues		34,305	34,305	49,624
Interest income	3,018	219	3,237	1,641
Other cash received	15,510	5,885	21,395	11,411
Cash paid to employees, suppliers and others	(584,244)	(707,454)	(1,291,698)	(1,394,485)
Cash paid to rental program participants		(1,150,920)	(1,150,920)	(862,889)
Interest expense	(7,380)	(41)	(7,421)	(6,782)
Net cash provided (utilized) by operating activities	<u>303,940</u>	<u>169,590</u>	<u>473,530</u>	<u>(206,484)</u>
<b>Cash flows from financing activities:</b>				
Increase (decrease) in advance deposits		(28,267)	(28,267)	27,187
Proceeds from issuance of long-term debt				300,000
Retirements of long-term debt	(72,851)		(72,851)	(47,214)
Reserve fund assessments	125,000		125,000	93,781
Reserve fund expenditures	(30,893)		(30,893)	(4,752)
Special assessments	80,350		80,350	897,068
Renovation expenditures	(489,511)		(489,511)	(2,446,432)
Net cash provided (utilized) by financing activities	<u>(387,905)</u>	<u>(28,267)</u>	<u>(416,172)</u>	<u>(1,180,362)</u>
Net increase (decrease) in cash and cash equivalents	(83,965)	141,323	57,358	(1,386,846)
Cash and cash equivalents - beginning of year	<u>608,499</u>	<u>201,494</u>	<u>809,993</u>	<u>2,196,839</u>
Cash and cash equivalents - end of year	<u>\$ 524,534</u>	<u>\$ 342,817</u>	<u>\$ 867,351</u>	<u>\$ 809,993</u>

See accountant's review report and the accompanying notes to financial statements



Simba Run Condominium Association  
 Statements of Cash Flows  
 (Continued)  
 Year ended August 31, 2015  
 (With Comparative Totals for August 31, 2014)

Reconciliation of Excess (Deficit) of Revenues Over Expenses to  
 Net Cash Provided (Utilized) by Operating Activities

	Year Ended August 31, 2015			Year Ended August 31, 2014
	Association	Rental Program	Total	Total
Excess (deficit) of revenues over expenses	\$ (12,909)	\$	\$ (12,909)	\$ (26,267)
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided (utilized) by operating activities:				
Depreciation and amortization	29,238		29,238	48,464
Changes in assets and liabilities -				
Decrease (increase) in accounts receivable	297,676	20,747	318,423	(237,140)
Decrease (increase) in prepaid expenses	3,251	5,652	8,903	(2,463)
Increase (decrease) in accounts payable	(24,576)	142,655	118,079	(3,139)
Increase (decrease) in prepaid dues	11,260		11,260	3,601
Increase (decrease) in accrued expenses		536	536	10,460
Total adjustments	316,849	169,590	486,439	(180,217)
Net cash provided (utilized) by operating activities	\$ 303,940	\$ 169,590	\$ 473,530	\$ (206,484)

See accountant's review report and the accompanying notes to financial statements

Simba Run Condominium Association  
Notes to Reviewed Financial Statements  
Years Ended August 31, 2015 and 2014

Note 1) Organization

Simba Run Condominium Association was incorporated under the provisions of the Colorado Non-Profit Corporation Act on January 14, 1983. The Association is a statutory condominium association formed to maintain, preserve, and operate the common property of the Association. The Association consists of 94 residential units, located in Vail, Colorado.

Simba Run Management Corporation was incorporated in the State of Colorado on May 13, 1994, for the purpose of managing the rental operations of the Association. Effective in September of 1998, Simba Run Management Corporation was merged into Simba Run Condominium Association to form a single entity.

Owners that elect to participate in the rental program enter into individual rental management agreements with the Association. The Association collects rental income, and pays rental expenses on behalf of the owners. Rental income, net of commissions paid to travel agents, is split between the rental program and the owners on a 44%-56% basis. Participating owners also reimburse the rental program for rental expenses incurred on their behalf. Participation in the rental program may fluctuate throughout the year. As of August 31, 2015 and 2014, 54 and 53 residential units, respectively, participated in the rental program. The Board reserves the right to adjust the profit split returned to rental program participants if management company operations require it.

Note 2) Summary of Significant Accounting Policies

- a) 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.
- b) Basis of Accounting - The Association prepares its financial statements on the accrual basis of accounting, which recognizes revenues when earned, or assessed, and expenses when incurred.
- c) Fund Accounting - The Association utilizes fund accounting, which requires that funds, as described below, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the Board of Directors in accordance with the budget they have adopted for the year. Disbursements from the replacement fund are restricted to the fund's designated purposes.
- d) Cash and Cash Equivalents - The Association maintains its available cash in demand checking and savings accounts in various federally insured banks. Holdings of highly liquid investments with maturities of three months or less when purchased are also considered to be cash equivalents.
- e) Operating Fund - The operating fund reports the Association's common assets, liabilities, revenues and expenses. Assessments are charged to owners to provide funds for the common costs of operations. The operating fund balance (deficit) represents the cumulative difference of such transactions.

Simba Run Condominium Association  
Notes to Reviewed Financial Statements  
(Continued)  
Years Ended August 31, 2015 and 2014

Note 2) Summary of Significant Accounting Policies (continued)

- f) Future Repairs and Replacement Fund – The Association’s governing documents allow for the accumulation of funds for future major repairs and replacements. Accumulated funds are held in separate bank accounts and are generally not available for operating expenditures. At August 31, 2015 there were two accounts maintained for repairs and replacements and one for an ongoing renovation project as more fully described in Note 10. The balance in the capital reserve bank accounts at August 31, 2015 and 2014 was \$245,862 and \$59,012, respectively. The balance in the renovation account at August 31, 2015 and 2014 was \$276,246 and \$547,247, respectively.

The Association performs a study periodically, to estimate the remaining useful lives, and the replacement costs, of the components of common property. The estimates are made primarily by the Association’s manager, with assistance from industry professionals. The table included in the supplementary information on Future Major Repairs and Replacements is based on that study. As of August 31, 2015, the Board has elected to not fully fund the Repair and Replacement Fund. The Association is funding for major repairs and replacements over the remaining useful lives of the common components, based on the study’s estimates of current replacement costs and considering amounts previously accumulated in the replacement fund. 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 the Board’s approval, to increase regular assessments, institute special assessments, or delay major repairs and replacements until funds are available.

- g) Recognition of Assets and Depreciation Policy – The Association’s policy is to capitalize common real and personal property to which it has separate title or ownership, and which may be sold individually, or from which significant cash flows can be derived, based on usage by members and non-members. These assets are recorded at cost and are depreciated using various methods over estimated useful lives ranging from five to twenty seven years.
- h) Advertising costs – The Association expenses advertising costs when incurred. For the years ended August 31, 2015 and 2014, advertising costs totaled \$32,560 and \$27,804, respectively.
- i) Concentration Risk – A significant portion of the Association’s revenue is generated during the winter months. If circumstances were to arise which adversely affected skier days in the Vail area, it could have significant impact on the Association’s rental revenue.

Note 3) Accounts Receivable

Association accounts receivable at August 31, 2015 and 2014 represent amounts due from owners for common and special assessments. The Association’s policy is to bill owners for common assessments on a monthly basis. No allowance for bad debts was recorded at August 31, 2015 or 2014, as the Association did not have any accounts receivable deemed to be uncollectible. Rental program accounts receivable at August 31, 2015 and 2014, represent expenses paid on behalf of the Condominium Association and participants in the rental program, not reimbursed until after year-end.

Simba Run Condominium Association  
Notes to Reviewed Financial Statements  
(Continued)  
Years Ended August 31, 2015 and 2014

Note 4) Other Assessments and Other Income

During the year ended August 31, 2008 the Association established a separate assessment for furniture, fixtures and equipment replacement and renovation. This assessment totaled \$51,535 for the year ended August 31, 2014 and ended during that year.

Other income to the Association for the year ended August 31, 2015 is made up of nightly fees and parking fees charged to rental by owner guests. Other income to the rental program is made up of cancellation income, vendor sales tax fees, and other miscellaneous items.

Note 5) Property and Equipment

Details of the Association's property and equipment, and related accumulated depreciation, at August 31, 2015 and 2014 follow:

	August 31, 2015			August 31,
	Association	Rental Program	Total	2014 Total
Manager's unit	\$ 195,000	\$	\$ 195,000	\$ 195,000
Shuttle bus				35,329
Furniture and equipment	402,051	79,897	481,948	481,948
Communication system	2,353		2,353	2,353
	599,404	79,897	679,301	714,630
Accumulated depreciation	<u>(421,118)</u>	<u>(79,897)</u>	<u>(501,015)</u>	<u>(507,106)</u>
	<u>\$ 178,286</u>	<u>\$</u>	<u>\$ 178,286</u>	<u>\$ 207,527</u>

Note 6) Advance Deposits

Advance deposits represent partial pre-payment of rent by guests for periods subsequent to year-end and security deposits made by long-term guests. Guests may forfeit a portion of this deposit in the event of cancellation of their booking or for damages upon move out.

Note 7) Note payable

The Association maintains a line-of-credit agreement with a local bank which provides borrowing capability of \$100,000, carries an adjustable interest rate of the Wall Street Journal prime rate plus 1% and is collateralized by furniture and fixtures of the association. This agreement matures annually on June 1st. At August 31, 2015 no funds had been advanced under this agreement.

Simba Run Condominium Association  
Notes to Reviewed Financial Statements  
(Continued)  
Years Ended August 31, 2015 and 2014

Note 8) Long-Term Debt

Details of long-term debt at August 31, 2015 and 2014 are as follows:

	2015	2014
Note payable in monthly installments of \$6,696, including interest at 3.37%, collateralized by accounts receivable, inventory and equipment.	\$ 179,935	\$ 252,786
Less portion due within one year	75,448	72,951
	\$ 104,487	\$ 179,835

A schedule of maturities by year for the Association's long-term debt follows:

Year ending August 31, 2016	\$ 75,448
Year ending August 31, 2017	78,027
Year ending August 31, 2018	26,460
	\$ 179,935

Note 9) Interfund Transactions

Simba Run Condominium Association reimburses the rental program for payroll and maintenance expenses incurred on their behalf. During the years ended August 31, 2015 and 2014, the rental program made payments to employees, vendors, and others of approximately \$145,306 and \$172,201, respectively, on behalf of the Association. At August 31, 2015 and 2014, \$1,658 and \$26,452, respectively, was due the rental program by the Association in respect to these expenses.

Note 10) Fund balance

The Association billed its owners a special assessment during the year ending August 31, 2013 for the purpose of replacing the siding on the condominium buildings and other required renovations. This assessment was billed in three installments totaling \$4,360,217.

At August 31, 2014, \$4,861,205 had been expended on the siding and window renovation project. Costs in excess of amounts assessed were covered by a combination of borrowing, utilization of capital reserves, and operating capital.

During the year ended August 31, 2014, certain additional renovation projects were identified. These resulted in additional assessments totaling \$897,068. At August 31, 2014, \$300,453 of these assessments were still receivable. All of these remaining assessments were collected during the year ended August 31, 2015. At August 31, 2015, \$521,237 had been expended on the new renovation project.

Simba Run Condominium Association  
Notes to Reviewed Financial Statements  
(Continued)  
Years Ended August 31, 2015 and 2014

Note 11) Commitments and contingencies

The Association has entered into operating lease agreements for telephone and office equipment, various security and fire monitoring equipment, and two shuttle buses. Payments under these agreements were approximately \$31,969 and \$24,690, respectively for the years ended August 31, 2015 and 2014. The Association leases the shuttle buses on a seasonal basis, only for the months during which they are needed. Future minimum lease payments under these agreements are as follows:

Year ending August 31, 2016	\$ 28,895
Year ending August 31, 2017	15,206
Year ending August 31, 2018	<u>15,206</u>
	<u>\$ 59,307</u>

The Association files a corporate income tax return annually utilizing Form 1120. With few exceptions the Association is no longer subject to examinations by major tax jurisdictions for periods prior to 2012.

On January 1, 2015, a condominium owner filed suit in Eagle County District Court against six current and former Board members, alleging noncompliance with the Simba Run governing documents, and for exceeding their authority in enacting rules regulating short term rentals in the community. The Board members dispute the allegations in the complaint, and have argued to the Court that the rules fully comport with Colorado law, and are fair and equitable. The Board members asserted a counterclaim for declaratory relief, requesting the Court to determine that the rules are reasonable and enforceable. Various motions have been filed in the case, which is currently in its discovery phase. Trial has not yet been scheduled.

On March 15, 2015, another condominium owner filed a lawsuit against Simba Run in Eagle County Small Claims Court, asserting that the parking fees being charged to short term renters was in violation of the Simba Run's governing documents, implicitly arguing that the newly enacted rental rules are invalid. Simba Run removed the case to District Court, and filed a counterclaim against the owner for declaratory relief, again seeking a ruling from the Court upholding the rental rules. That case has been stayed pending the outcome of the initial litigation discussed above.

Note 12) Subsequent events

At a meeting of the Board of Directors on December 3, 2015, it was decided to adjust the owner/management company split of rental revenues to return excess revenues at August 31, 2015 to the owners who participated in the rental program. The adjusted payable to the owners amounted to \$119,722 and is included in accounts payable in the accompanying financial statements.

The date to which events occurring after August 31, 2015, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure in the financial statements is December 4, 2015, the date on which the financial statements were available to be issued.

Simba Run Condominium Association  
Statement of Revenues and Expenses Compared to Budget  
Condominium Association  
Year ended August 31, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under) Budget</u>
<b>Assessments and revenues:</b>			
Common assessments	\$ 568,100	\$ 568,100	\$
Interest income	3,018	1,200	
Other Income	15,510		15,510
	<u>586,628</u>	<u>569,300</u>	<u>15,510</u>
<b>Direct expenses:</b>			
<b>Repairs and maintenance</b>			
Maintenance labor	70,813	64,000	6,813
Payroll taxes	5,417	6,077	(660)
Landscaping and snowplowing	14,613	28,000	(13,387)
Elevator	20,637	20,000	637
Trash removal	8,299	7,500	799
Fire alarm monitoring	8,894	11,000	(2,106)
Building maintenance	32,152	37,250	(5,098)
Total repairs and maintenance	<u>160,825</u>	<u>173,827</u>	<u>(13,002)</u>
<b>Telephone and utilities</b>			
Electricity	67,924	63,000	4,924
Gas	10,208	15,000	(4,792)
Water and sewer	35,118	32,000	3,118
Cable TV	58,667	58,000	667
Telephone	12,373	12,500	(127)
Total telephone and utilities	<u>184,290</u>	<u>180,500</u>	<u>3,790</u>
<b>General and administrative</b>			
Manager's salary	32,763	50,000	(17,237)
Bus driver labor	22,553	22,500	53
Payroll taxes	4,232	4,748	(516)
Manager housing and benefits	18,818	16,200	2,618
Bus operating expenses	19,693	29,000	(9,307)
Professional fees	68,639	33,000	35,639
Other general and administrative expenses	14,212	10,525	3,687
Total general and administrative expenses	<u>180,910</u>	<u>165,973</u>	<u>14,937</u>
<b>Total direct expenses</b>	<u>526,025</u>	<u>520,300</u>	<u>5,725</u>

Simba Run Condominium Association  
 Statement of Revenues and Expenses Compared to Budget  
 Condominium Association (Continued)  
 Year ended August 31, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under) Budget</u>
Fixed charges:			
Insurance	36,894	49,000	(12,106)
Interest expense	7,380		7,380
Depreciation and amortization	29,238		29,238
Total fixed charges	<u>73,512</u>	<u>49,000</u>	<u>24,512</u>
Total expenses	<u>599,537</u>	<u>569,300</u>	<u>30,237</u>
Excess of revenues over expenses	<u>\$ (12,909)</u>	<u>\$</u>	<u>\$ (14,727)</u>
Retirement of long-term debt	<u>\$ 72,851</u>	<u>\$ 72,970</u>	<u>\$ (119)</u>



Simba Run Condominium Association  
Statement of Revenues and Expenses Compared to Budget  
Rental Management Company  
Year ended August 31, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under) Budget</u>
<b>Assessments and revenues:</b>			
Rental revenue	\$ 1,831,778	\$ 1,607,760	\$ 224,018
Service charge income	71,042	64,310	6,732
Parking and administrative fees	64,029	50,000	14,029
Housekeeping revenue	28,100	38,000	(9,900)
Maintenance revenue	6,205	13,000	(6,795)
Interest income	219	240	(21)
Other income	5,885	5,891	(6)
	<u>2,007,258</u>	<u>1,779,201</u>	<u>228,057</u>
<b>Cost of rentals:</b>			
Linen expenses	46,953	35,000	11,953
Housekeeping supplies	29,744	22,000	7,744
Credit card charges	64,522	46,000	18,522
	<u>141,219</u>	<u>103,000</u>	<u>38,219</u>
<b>Direct expenses:</b>			
<b>Rooms</b>			
Housekeeping payroll	180,500	126,000	54,500
Front desk payroll	72,450	65,192	7,258
Houseman payroll	20,695	16,000	4,695
Maintenance payroll	71,584	120,700	(49,116)
Payroll taxes and employee benefits	39,284	42,412	(3,128)
Workmens' compensation insurance	10,235	12,800	(2,565)
Other room expenses	9,032	6,486	2,546
	<u>403,780</u>	<u>389,590</u>	<u>14,190</u>
<b>Marketing</b>			
Reservations and sales payroll	60,675	63,862	(3,187)
Payroll taxes and employee benefits	6,904	7,453	(549)
Marketing and advertising	32,560	33,000	(440)
Printing	830	1,500	(670)
Meals and entertainment	1,298	600	698
Other marketing	15,094	15,100	(6)
	<u>117,361</u>	<u>121,515</u>	<u>(4,154)</u>

Simba Run Condominium Association  
Statement of Revenues and Expenses Compared to Budget  
Rental Management Company (Continued)  
Year ended August 31, 2015

	Actual	Budget	Variance Over (Under) Budget
General and administrative			
Management and accounting payroll	59,775	127,165	(67,390)
Bus driver labor	22,553	22,500	53
Payroll taxes and employee benefits	6,037	6,517	(480)
Equipment leases	6,588	7,300	(712)
Computer and software	15,728	7,000	8,728
Bus expense	22,224	29,250	(7,026)
Professional fees	2,246	3,000	(754)
Office supplies and expense	4,516	5,500	(984)
Other general and administrative	42,919	46,276	(3,357)
Total general and administrative expenses	182,586	254,508	(71,922)
Repairs and maintenance	9,536	7,500	2,036
Telephone	1,815	1,762	53
Total direct expenses	715,078	774,875	(59,797)
Fixed charges:			
Insurance		900	(900)
Interest expense	41	80	(39)
Total fixed charges	41	980	(939)
Total expenses	856,338	878,855	(22,517)
Excess of revenues over expenses before distributions to rental participants	1,150,920	900,346	250,574
Distributions to rental participants	1,150,920	900,346	250,574
Excess of revenues over expenses	\$	\$	\$

Simba Run Condominium Association  
 Statement of Condominium Association Capital Reserve Fund  
 Receipts and Disbursements  
 Years ended August 31, 2015 and 2014

Balance - August 31, 2013		\$ 2,123,423
Reserve fund assessments	93,781	
Special assessment revenue	897,068	
Interest earned	394	
Loan Interest	(6,731)	
Ski locker room repairs	(4,752)	
Exterior siding and renovation	(2,398,941)	
2014 renovation project	(47,491)	
	<u>                    </u>	<u>(1,466,672)</u>
Balance - August 31, 2014		656,751
Reserve fund assessments	125,000	
Special assessment revenue	80,350	
Interest earned	777	
Loan Interest	(7,380)	
Exterior siding and renovation	(489,511)	
Pool expenses	(9,468)	
Hot water storage tanks	(14,755)	
Garage door expenses	(6,670)	
	<u>                    </u>	<u>(321,657)</u>
Balance - August 31, 2015		\$ <u><u>335,094</u></u>

Simba Run Condominium Association  
 Supplementary Information About Future  
 Repairs and Replacements  
 August 31, 2015

The Board of Directors and management perform a study annually in order to estimate the remaining useful lives, and the replacement costs, of the components of common property. The estimates are obtained, or derived, by management and have been updated through August 31, 2015.

The following table of projected capital requirements for the next twenty years is based on the study, and presents significant information about the components of common property.

Components	Estimated Useful Lives (Years)	Estimated Replacement Costs	2015 - 2016 Funding Requirement	Components Of Fund Balance at August 31, 2015
Buildings and equipment	5-40	\$ 1,018,000	\$ 235,000	\$
Grounds	10-25	182,000	11,000	\$
Unallocated fund balance				335,094
		<u>\$ 1,200,000</u>	<u>\$ 246,000</u>	<u>\$ 335,094</u>

Current projections of funding requirements are as follows:

Year ending August 31, 2016	\$ 246,000
Year ending August 31, 2017	195,000
Year ending August 31, 2018	25,000
Year ending August 31, 2019	12,000
Year ending August 31, 2020	47,000
Subsequent years in total	675,000
	<u>\$ 1,200,000</u>

The Association's Board of Directors currently plans to charge the Association owners capital reserve assessments of \$150,000 for the year ending August 31, 2016, \$125,000 for the year ending August 31, 2017, \$100,000 for the year ending August 31, 2018, \$85,000 for the year ending August 31, 2019, and \$65,000 per year thereafter to fund the capital reserve. Necessary expenditures in excess of the Capital Reserve balance will be funded through a combination of special assessments, borrowing, or the utilization of operating reserves.