

**SIMBA RUN CONDOMINIUM ASSOCIATION  
FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION  
YEARS ENDED AUGUST 31, 2016 AND 2015**

Simba Run Condominium Association  
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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, 2016 and 2015, 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.*

November 10, 2016  
Evergreen, Colorado

Simba Run Condominium Association  
Balance Sheets  
August 31, 2016  
(With Comparative Totals for August 31, 2015)

Assets	August 31, 2016			August 31,
	Association	Rental Program	Total	2015 Total
<b>Current assets:</b>				
Cash (Note 2)	\$ 554,046	\$ 381,343	\$ 935,389	\$ 867,351
Accounts receivable (Notes 3 and 11)	34,571	29,350	63,921	11,347
Prepaid expenses	7,347	11,092	18,439	20,414
Total current assets	<u>595,964</u>	<u>421,785</u>	<u>1,017,749</u>	<u>899,112</u>
<b>Property, equipment and other assets:</b>				
Property and equipment, net (Notes 5, 7 and 8)	<u>167,635</u>	<u>                    </u>	<u>167,635</u>	<u>178,286</u>
	<u>\$ 763,599</u>	<u>\$ 421,785</u>	<u>\$ 1,185,384</u>	<u>\$ 1,077,398</u>
<b>Liabilities and Fund Balance</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 158,452	\$ 225,431	\$ 383,883	\$ 209,536
Advance deposits (Note 6)		91,362	91,362	71,265
Prepaid assessments and dues	19,779		19,779	27,000
Other accrued expenses		47,563	47,563	32,471
Current maturities of long-term debt (Note 8)	78,027		78,027	75,448
Total current liabilities	<u>256,258</u>	<u>364,356</u>	<u>620,614</u>	<u>415,720</u>
Long term debt (Note 8)	<u>20,150</u>	<u>                    </u>	<u>20,150</u>	<u>104,487</u>
<b>Fund balance (Notes 2 and 10):</b>				
Operating fund balance	144,977	57,429	202,406	222,097
Repair and replacement fund	342,214		342,214	335,094
	<u>487,191</u>	<u>57,429</u>	<u>544,620</u>	<u>557,191</u>
Commitments and contingencies (Note 12)				
	<u>\$ 763,599</u>	<u>\$ 421,785</u>	<u>\$ 1,185,384</u>	<u>\$ 1,077,398</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, 2016  
(With Comparative Totals for August 31, 2015)

	Year Ended August 31, 2016			Year Ended August 31, 2015
	Association	Rental Program	Total	Total
Assessments and revenues:				
Rental revenue	\$	\$ 1,889,644	\$ 1,889,644	\$ 1,831,778
Common assessments	657,821		657,821	568,100
Resort Fees	159,363		159,363	135,071
Housekeeping revenue		38,549	38,549	28,100
Maintenance revenue	23,413		23,413	6,205
Interest income	1,530	155	1,685	3,237
Other income (Notes 4 and 11)	27,734	18,585	46,319	21,395
	<u>869,861</u>	<u>1,946,933</u>	<u>2,816,794</u>	<u>2,593,886</u>
Cost of rentals		<u>178,397</u>	<u>178,397</u>	<u>141,219</u>
Direct expenses:				
Rooms		299,290	299,290	403,780
Marketing		36,345	36,345	117,361
Repairs and maintenance	265,897	19,545	285,442	170,361
Telephone and utilities	224,019	1,953	225,972	186,105
General and administrative	339,080	185,511	524,591	363,496
	<u>828,996</u>	<u>542,644</u>	<u>1,371,640</u>	<u>1,241,103</u>
Excess of revenue over expenses before fixed charges	<u>40,865</u>	<u>1,225,892</u>	<u>1,266,757</u>	<u>1,211,564</u>
Fixed charges:				
Insurance	49,462		49,462	36,894
Interest expense	5,278	404	5,682	7,421
Depreciation and amortization	10,651		10,651	29,238
	<u>65,391</u>	<u>404</u>	<u>65,795</u>	<u>73,553</u>
Excess (deficit) of revenues over expenses before distributions to rental participants	<u>(24,526)</u>	<u>1,225,488</u>	<u>1,200,962</u>	<u>1,138,011</u>
Distributions to rental participants		<u>1,225,488</u>	<u>1,225,488</u>	<u>1,150,920</u>
Excess (deficit) of revenues over expenses before income taxes	<u>(24,526)</u>		<u>(24,526)</u>	<u>(12,909)</u>
Provision for income taxes (Note 12)				
Excess (deficit) of revenues over expenses	<u>\$ (24,526)</u>	<u>\$</u>	<u>\$ (24,526)</u>	<u>\$ (12,909)</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, 2016 and 2015

	Association		Rental Program Operating Fund	Total
	Operating Fund	Repair and Replacement Fund		
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
Excess (deficit) of operating revenue over expenses	(19,691)	(4,835)		(24,526)
Reserve fund assessments		150,000		150,000
Reserve fund expenditures		(218,395)		(218,395)
Special assessments		80,350		80,350
	144,977	342,214	57,429	544,620
Balance - August 31, 2016	\$ 144,977	\$ 342,214	\$ 57,429	\$ 544,620

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

Simba Run Condominium Association  
Statements of Cash Flows  
Year ended August 31, 2016  
(With Comparative Totals for August 31, 2015)

Increase in Cash and Cash Equivalents

	Year Ended August 31, 2016			Year Ended August 31, 2015
	Association	Rental Program	Total	Total
<b>Cash flows from operating activities:</b>				
Cash received from tenants	\$	\$ 1,889,644	\$ 1,889,644	\$ 1,852,525
Owner dues and assessments	627,376		627,376	877,036
Resort fees	159,363		159,363	135,071
Housekeeping and maintenance revenues	23,413	38,549	61,962	34,305
Interest income	1,530	155	1,685	3,237
Other cash received	27,734	18,585	46,319	21,395
Cash paid to employees, suppliers and others	(734,823)	(702,612)	(1,437,435)	(1,291,698)
Cash paid to rental program participants		(1,225,488)	(1,225,488)	(1,150,920)
Interest expense	(5,278)	(404)	(5,682)	(7,421)
Net cash provided by operating activities	99,315	18,429	117,744	473,530
<b>Cash flows from financing activities:</b>				
Increase (decrease) in advance deposits		20,097	20,097	(28,267)
Retirements of long-term debt	(81,758)		(81,758)	(72,851)
Reserve fund assessments	150,000		150,000	125,000
Reserve fund expenditures	(218,395)		(218,395)	(30,893)
Special assessments	80,350		80,350	80,350
Renovation expenditures				(489,511)
Net cash provided (utilized) by financing activities	(69,803)	20,097	(49,706)	(416,172)
Net increase in cash and cash equivalents	29,512	38,526	68,038	57,358
Cash and cash equivalents - beginning of year	524,534	342,817	867,351	809,993
Cash and cash equivalents - end of year	\$ 554,046	\$ 381,343	\$ 935,389	\$ 867,351

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, 2016  
 (With Comparative Totals for August 31, 2015)

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

	<u>Year Ended August 31, 2016</u>			Year Ended
	<u>Association</u>	<u>Rental Program</u>	<u>Total</u>	August 31, 2015 Total
Excess (deficit) of revenues over expenses	\$ (24,526)	\$ _____	\$ (24,526)	\$ (12,909)
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided by operating activities:				
Depreciation and amortization	10,651		10,651	29,238
Changes in assets and liabilities -				
Decrease (increase) in accounts receivable	(23,224)	(29,350)	(52,574)	318,423
Decrease (increase) in prepaid expenses	2,168	(193)	1,975	8,903
Increase (decrease) in accounts payable	141,467	32,880	174,347	118,079
Increase (decrease) in prepaid dues	(7,221)		(7,221)	11,260
Increase (decrease) in accrued expenses		15,092	15,092	536
Total adjustments	<u>123,841</u>	<u>18,429</u>	<u>142,270</u>	<u>486,439</u>
Net cash provided by operating activities	<u>\$ 99,315</u>	<u>\$ 18,429</u>	<u>\$ 117,744</u>	<u>\$ 473,530</u>

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, 2016 and 2015

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, 2016 and 2015, 48 and 54 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, 2016 and 2015

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, 2016 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, 2016 and 2015 was \$32,108 and \$245,862, respectively. The balance in the renovation account at August 31, 2016 and 2015 was \$220,315 and \$276,246, 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, 2016, 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, 2016 and 2015, advertising costs totaled \$27,456 and \$32,560, 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, 2016 and 2015 represent amounts due from owners for common and special assessments and amounts due from an eminent domain settlement as described in Note 11. 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, 2016 or 2015, as the Association did not have any accounts receivable deemed to be uncollectible. Rental program accounts receivable at August 31, 2016 and 2015, 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, 2016 and 2015

Note 4) Other Assessments and Other Income

Other income to the Association for the year ended August 31, 2016 is made up of nightly fees and parking fees charged to rental by owner guests, and of eminent domain proceeds as more fully discussed in Note 11. 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, 2016 and 2015 follow:

	August 31, 2016			August 31, 2015 Total
	Association	Rental Program	Total	
Manager's unit	\$ 195,000	\$	\$ 195,000	\$ 195,000
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	679,301
Accumulated depreciation	(431,769)	(79,897)	(511,666)	(501,015)
	<u>\$ 167,635</u>	<u>\$</u>	<u>\$ 167,635</u>	<u>\$ 178,286</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 \$50,000, 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, 2016 no funds had been advanced under this agreement.

Simba Run Condominium Association  
Notes to Reviewed Financial Statements  
(Continued)  
Years Ended August 31, 2016 and 2015

Note 8) Long-Term Debt

Details of long-term debt at August 31, 2016 and 2015 are as follows:

	2016	2015
Note payable in monthly installments of \$6,696, including interest at 3.37%, collateralized by accounts receivable, inventory and equipment.	\$ 98,177	\$ 179,935
Less portion due within one year	78,027	75,448
	\$ 20,150	\$ 104,487

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

Year ending August 31, 2017	78,027
Year ending August 31, 2018	20,150
	\$ 98,177

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, 2016 and 2015, the rental program made payments to employees, vendors, and others of approximately \$175,795 and \$145,306, respectively, on behalf of the Association. At August 31, 2016 and 2015, \$32,596 and \$1,658, respectively, was due the rental program by the Association in respect to these expenses.

Note 10) Repair and Replacement Fund

The Association maintains various repair and replacement accounts for the purpose of funding major renovations. At August 31, 2014 the fund balance was \$656,751.

During the year ended August 31, 2015, assessments and income totaled \$206,127 and expenditures totaled \$527,784, \$489,511 of which related to the exterior siding project. During the year ended August 31, 2016, assessments and income totaled \$230,793 and expenditures totaled \$223,673, primarily relating to building renovations, pool ventilation expenses, eminent domain expenses, new garage lighting, and a new trash enclosure. At August 31, 2016 the remaining fund balance was \$342,214.

Simba Run Condominium Association  
Notes to Reviewed Financial Statements  
(Continued)  
Years Ended August 31, 2016 and 2015

Note 11) Eminent Domain Proceedings

During the year ended August 31, 2016 the Association, acting as agent for the common owners of certain property adjoining a proposed underpass proposed by the Colorado Department of Transportation (CDOT), agreed to a final rule and order transferring ownership of the property to CDOT in exchange for a total payment of \$2,575,000. These proceeds, less an amount of \$21,759 retained by the Association for future estimated expenditures relating to the construction of the underpass, were distributed to the owners in September 2016. The Association received \$27,734 of the remaining proceeds as a result of owning one unit in the condominium complex. This amount has been included in accounts receivable and miscellaneous income at August 31, 2016 in the accompanying financial statements.

Note 12) 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 \$33,900 and \$31,969, respectively for the years ended August 31, 2016 and 2015. 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, 2017	\$ 18,100
Year ending August 31, 2018	18,100
Year ending August 31, 2019	<u>3,624</u>
	<u>\$ 39,824</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 2013.

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. The two suits were settled during the year ended August 31, 2016 without monetary penalties.

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 is scheduled to advance to a court hearing in January 2017.

Simba Run Condominium Association  
Notes to Reviewed Financial Statements  
(Continued)  
Years Ended August 31, 2016 and 2015

Note 13) Subsequent events

The Board of Directors has established a policy, subject to annual review, to adjust the owner/management company split of rental revenues to return excess revenues at year end to the owners who participated in the rental program. The adjusted payable to the owners amounted to \$161,529 and \$119,722 at August 31, 2016 and 2015, respectively, and is included in accounts payable in the accompanying financial statements.

The date to which events occurring after August 31, 2016, 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 November 10, 2016, 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, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under) Budget</u>
Assessments and revenues:			
Common assessments	\$ 657,821	\$ 657,820	\$ 1
Resort fees	187,097	157,900	29,197
Maintenance revenue	23,413	14,500	8,913
Interest income	1,530	1,800	(270)
	<u>869,861</u>	<u>832,020</u>	<u>37,841</u>
Direct expenses:			
Repairs and maintenance			
Maintenance labor	138,461	121,000	17,461
Payroll taxes	10,720	9,463	1,257
Landscaping and snowplowing	15,449	18,000	(2,551)
Elevator	23,300	21,000	2,300
Trash removal	15,852	14,500	1,352
Fire alarm monitoring	8,381	8,900	(519)
Building maintenance	53,734	60,900	(7,166)
Total repairs and maintenance	<u>265,897</u>	<u>253,763</u>	<u>12,134</u>
Telephone and utilities			
Electricity	69,073	65,000	4,073
Gas	15,917	18,500	(2,583)
Water and sewer	67,334	62,500	4,834
Cable TV	59,762	59,000	762
Telephone	11,933	12,750	(817)
Total telephone and utilities	<u>224,019</u>	<u>217,750</u>	<u>6,269</u>
General and administrative			
Administrative labor and Benefits	160,553	151,000	9,553
Bus driver labor	44,806	45,000	(194)
Payroll taxes	15,830	14,037	1,793
Manager housing	20,679	11,300	9,379
Bus operating expenses	50,424	53,500	(3,076)
Professional fees	30,058	25,000	5,058
Other general and administrative expenses	16,730	11,520	5,210
Total general and administrative expenses	<u>339,080</u>	<u>311,357</u>	<u>27,723</u>
Total direct expenses	<u>828,996</u>	<u>782,870</u>	<u>46,126</u>



Simba Run Condominium Association  
 Statement of Revenues and Expenses Compared to Budget  
 Condominium Association (Continued)  
 Year ended August 31, 2016

	Actual	Budget	Variance Over (Under) Budget
Fixed charges:			
Insurance	49,462	49,150	312
Interest expense	5,278	5,350	(72)
Depreciation and amortization	10,651		10,651
Total fixed charges	65,391	54,500	10,891
Total expenses	894,387	837,370	57,017
Excess (Deficit) of revenues over expenses	\$ (24,526)	\$ (5,350)	\$ (19,176)
Retirement of long-term debt	\$ 81,758	\$ 75,000	\$ 6,758

Simba Run Condominium Association  
Statement of Revenues and Expenses Compared to Budget  
Rental Management Company  
Year ended August 31, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under) Budget</u>
Assessments and revenues:			
Rental revenue	\$ 1,889,644	\$ 1,664,431	\$ 225,213
Housekeeping revenue	38,549	29,600	8,949
Interest income	155	218	(63)
Other income	<u>18,585</u>	<u>5,301</u>	<u>13,284</u>
Total assessments and revenues	<u>1,946,933</u>	<u>1,699,550</u>	<u>247,383</u>
Cost of rentals:			
Linen expenses	72,339	88,000	(15,661)
Housekeeping supplies	36,166	28,550	7,616
Credit card charges	<u>69,892</u>	<u>62,575</u>	<u>7,317</u>
Total cost of rentals	<u>178,397</u>	<u>179,125</u>	<u>(728)</u>
Direct expenses:			
Rooms			
Housekeeping payroll	262,790	236,208	26,582
Payroll taxes and employee benefits	28,552	23,683	4,869
Workmens' compensation insurance	<u>7,948</u>	<u>7,700</u>	<u>248</u>
Total room expenses	<u>299,290</u>	<u>267,591</u>	<u>31,699</u>
Marketing			
Marketing and advertising	27,456	37,500	(10,044)
Printing	1,289	900	389
Meals and entertainment	512	1,200	(688)
Other marketing	<u>7,088</u>	<u>100</u>	<u>6,988</u>
Total marketing	<u>36,345</u>	<u>39,700</u>	<u>(3,355)</u>
General and administrative			
Management and accounting payroll	142,059	133,967	8,092
Payroll taxes and employee benefits	12,260	10,169	2,091
Equipment leases	6,408	6,700	(292)
Computer and software	10,214	14,250	(4,036)
Professional fees	3,000	2,400	600
Office supplies and expense	4,353	4,850	(497)
Other general and administrative	<u>7,217</u>	<u>6,793</u>	<u>424</u>
Total general and administrative expenses	<u>185,511</u>	<u>179,129</u>	<u>6,382</u>
Repairs and maintenance	<u>19,545</u>	<u>1,000</u>	<u>18,545</u>
Telephone	<u>1,953</u>	<u>1,925</u>	<u>28</u>
Total direct expenses	<u>542,644</u>	<u>489,345</u>	<u>53,299</u>

Simba Run Condominium Association  
 Statement of Revenues and Expenses Compared to Budget  
 Rental Management Company  
 Year ended August 31, 2016

	Actual	Budget	Variance Over (Under) Budget
Fixed charges:			
Interest expense	404		404
Total fixed charges	404		404
Total expenses	721,445	668,470	52,975
Excess of revenues over expenses before distributions to rental participants	1,225,488	1,031,080	194,408
Distributions to rental participants	1,225,488	932,083	293,405
Excess of revenues over expenses	\$	\$ 98,997	\$ (98,997)

Simba Run Condominium Association  
Statement of Condominium Association Capital Reserve Fund  
Receipts and Disbursements  
Years ended August 31, 2016 and 2015

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)	
	(321,657)	(321,657)
Balance - August 31, 2015		335,094
Reserve fund assessments	150,000	
Special assessment revenue	80,350	
Interest earned	443	
Loan Interest	(5,278)	
5th floor project	(72,289)	
Pool expenses	(66,684)	
Underpass expenses	(32,865)	
Garage lighting	(22,740)	
Trash enclosure	(19,004)	
Boiler	(3,700)	
Front Desk	(1,113)	
	7,120	7,120
Balance - August 31, 2016		\$ 342,214

Simba Run Condominium Association  
 Supplementary Information About Future  
 Repairs and Replacements  
 August 31, 2016

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, 2016.

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	2016 - 2017 Funding Requirement	Components Of Fund Balance at August 31, 2016
Buildings and equipment	5-40	\$ 1,967,000	\$ 335,000	\$
Grounds	10-33	72,000	41,000	\$
Unallocated fund balance				342,214
		<u>\$ 2,039,000</u>	<u>\$ 376,000</u>	<u>\$ 342,214</u>

Current projections of funding requirements are as follows:

Year ending August 31, 2017	\$ 376,000
Year ending August 31, 2018	50,000
Year ending August 31, 2019	0
Year ending August 31, 2020	47,000
Year ending August 31, 2021	120,000
Subsequent years in total	<u>1,446,000</u>
	<u>\$ 2,039,000</u>

The Association's Board of Directors currently plans to charge the Association owners capital reserve assessments of \$150,000 per year 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.