

**SIMBA RUN CONDOMINIUM ASSOCIATION
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
YEARS ENDED AUGUST 31, 2013 AND 2012**

Cannon & Schleicher, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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STEPHEN M. CANNON
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Independent Accountant's Review Report

Board of Directors
Simba Run Condominium Association
Vail, Colorado

We have reviewed the accompanying balance sheets of Simba Run Condominium Association as of August 31, 2013 and 2012, and the related statements of operating revenues and expenses, changes in fund balance, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements for the years ended August 31, 2013 and 2012, in order for them to be in conformity 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.

October 23, 2013
Evergreen, Colorado

Simba Run Condominium Association
Balance Sheets
August 31, 2013
(With Comparative Totals for August 31, 2012)

Assets	August 31, 2013			August 31,
	Association	Rental Program	Total	2012 Total
Current assets:				
Cash (Note 2)	\$ 2,115,783	\$ 81,056	\$ 2,196,839	\$ 435,987
Accounts receivable (Note 3)	27,571	65,059	92,630	7,327
Prepaid expenses	11,240	15,614	26,854	21,435
Total current assets	<u>2,154,594</u>	<u>161,729</u>	<u>2,316,323</u>	<u>464,749</u>
Property, equipment and other assets:				
Property and equipment, net (Notes 5, 7 and 8)	255,755	233	255,988	306,970
	<u>\$ 2,410,349</u>	<u>\$ 161,962</u>	<u>\$ 2,572,311</u>	<u>\$ 771,719</u>
Liabilities and Fund Balance				
Current liabilities:				
Accounts payable	\$ 78,488	\$ 16,108	\$ 94,596	\$ 45,477
Advance deposits (Note 6)		72,345	72,345	91,147
Prepaid assessments and dues	12,139		12,139	17,937
Other accrued expenses		21,475	21,475	29,974
Current maturities of long-term debt (Note 8)				95,560
Total current liabilities	<u>90,627</u>	<u>109,928</u>	<u>200,555</u>	<u>280,095</u>
Fund balance (Notes 2 and 10):				
Operating fund balance	196,299	52,034	248,333	307,760
Repair and replacement fund	2,123,423		2,123,423	183,864
	<u>2,319,722</u>	<u>52,034</u>	<u>2,371,756</u>	<u>491,624</u>
Commitments and contingencies (Note 11)				
	<u>\$ 2,410,349</u>	<u>\$ 161,962</u>	<u>\$ 2,572,311</u>	<u>\$ 771,719</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, 2013
 (With Comparative Totals for August 31, 2012)

	Year Ended August 31, 2013			Year Ended August 31, 2012
	Association	Rental Program	Total	Total
Assessments and revenues:				
Rental revenue	\$	\$ 1,413,212	\$ 1,413,212	\$ 1,493,823
Common assessments	498,900		498,900	498,850
Other assessments (Note 4)	43,413		43,413	95,341
Service charge Income		56,695	56,695	61,636
Parking and administrative fees		44,750	44,750	48,370
Housekeeping revenue		21,160	21,160	37,241
Maintenance revenue		11,754	11,754	25,813
Interest income	5,857	240	6,097	2,934
Other income		9,291	9,291	7,307
	<u>548,170</u>	<u>1,557,102</u>	<u>2,105,272</u>	<u>2,271,315</u>
Cost of rentals		<u>87,774</u>	<u>87,774</u>	<u>103,134</u>
Direct expenses:				
Rooms		312,249	312,249	350,721
Marketing		113,026	113,026	124,437
Repairs and maintenance	159,381	4,659	164,040	152,765
Telephone and utilities	147,657	1,418	149,075	147,911
General and administrative	137,870	251,437	389,307	383,344
	<u>444,908</u>	<u>682,789</u>	<u>1,127,697</u>	<u>1,159,178</u>
Excess of revenue over expenses before fixed charges	<u>103,262</u>	<u>786,539</u>	<u>889,801</u>	<u>1,009,003</u>
Fixed charges:				
Insurance	46,888		46,888	43,432
Interest expense	1,588	80	1,668	6,104
Depreciation and amortization	50,515	467	50,982	50,980
	<u>98,991</u>	<u>547</u>	<u>99,538</u>	<u>100,516</u>
Excess of revenues over expenses before distributions to rental participants	<u>4,271</u>	<u>785,992</u>	<u>790,263</u>	<u>908,487</u>
Distributions to rental participants		<u>791,300</u>	<u>791,300</u>	<u>836,541</u>
Excess (deficit) of revenues over expenses before income taxes	<u>4,271</u>	<u>(5,308)</u>	<u>(1,037)</u>	<u>71,946</u>
Provision for income taxes (Note 11)				
Excess of revenues over expenses	<u>\$ 4,271</u>	<u>\$ (5,308)</u>	<u>\$ (1,037)</u>	<u>\$ 71,946</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, 2013 and 2012

	Association		Rental Program Operating Fund	Total
	Operating Fund	Repair and Replacement Fund		
Balance - August 31, 2011	\$ 122,541	\$ 152,242	\$ 113,496	\$ 388,279
Excess of operating revenue over expenses	70,877	223	846	71,946
Reserve fund assessments		50,000		50,000
Reserve fund expenditures		28,000		28,000
Special Assessments		(46,601)		(46,601)
Balance - August 31, 2012	193,418	183,864	114,342	491,624
Excess (deficit) of operating revenue over expenses	2,881	1,390	(5,308)	(1,037)
Decrease in working capital			(57,000)	(57,000)
Reserve fund assessments		101,880		101,880
Reserve fund expenditures		(33,663)		(33,663)
Special assessments		4,332,217		4,332,217
Renovation expenses		(2,462,265)		(2,462,265)
Balance - August 31, 2013	<u>\$ 196,299</u>	<u>\$ 2,123,423</u>	<u>\$ 52,034</u>	<u>\$ 2,371,756</u>

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

Simba Run Condominium Association
 Statements of Cash Flows
 Year ended August 31, 2013
 (With Comparative Totals for August 31, 2012)

Increase in Cash and Cash Equivalents

	<u>Year Ended August 31, 2013</u>			<u>Year Ended</u>
	<u>Association</u>	<u>Rental Program</u>	<u>Total</u>	<u>August 31, 2012 Total</u>
Cash flows from operating activities:				
Cash received from tenants	\$	\$ 1,417,159	\$ 1,417,159	\$ 1,497,161
Owner dues and assessments	494,154		494,154	488,626
Other assessments	43,413		43,413	95,341
Service charge income		56,695	56,695	61,636
Parking and administrative fees		44,750	44,750	48,370
Housekeeping and maintenance revenues		32,914	32,914	63,054
Interest income	5,857	240	6,097	2,934
Other cash received		9,291	9,291	7,307
Cash paid to employees, suppliers and others	(434,676)	(857,540)	(1,292,216)	(1,322,366)
Cash paid to rental program participants		(791,300)	(791,300)	(836,541)
Interest expense	(1,588)	(80)	(1,668)	(6,104)
Net cash provided (utilized) by operating activities	<u>107,160</u>	<u>(87,871)</u>	<u>19,289</u>	<u>99,418</u>
Cash flows from financing activities:				
Increase (decrease) in advance deposits		(18,802)	(18,802)	25,268
Retirements of long-term debt	(95,560)		(95,560)	(110,709)
Return of working capital		(57,000)	(57,000)	
Reserve fund assessments	101,880		101,880	50,000
Reserve fund expenditures	(33,663)		(33,663)	(46,601)
Special assessments	4,306,974		4,306,974	28,000
Renovation expenditures	(2,462,265)		(2,462,265)	
Net cash provided (utilized) by financing activities	<u>1,817,366</u>	<u>(75,802)</u>	<u>1,741,564</u>	<u>(54,042)</u>
Net increase (decrease) in cash and cash equivalents	1,924,526	(163,673)	1,760,853	45,376
Cash and cash equivalents - beginning of year	<u>191,257</u>	<u>244,729</u>	<u>435,986</u>	<u>390,610</u>
Cash and cash equivalents - end of year	<u>\$ 2,115,783</u>	<u>\$ 81,056</u>	<u>\$ 2,196,839</u>	<u>\$ 435,986</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, 2013

(With Comparative Totals for August 31, 2012)

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

	Year Ended August 31, 2013			Year Ended August 31, 2012 Total
	Association	Rental Program	Total	
Excess (deficit) of revenues over expenses	\$ 4,271	\$ (5,308)	\$ (1,037)	\$ 71,946
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided by operating activities:				
Depreciation and amortization	50,515	467	50,982	50,980
Changes in assets and liabilities -				
Decrease (increase) in accounts receivable	1,052	(61,112)	(60,060)	(1,344)
Decrease (increase) in prepaid expenses	(825)	(4,593)	(5,418)	869
Increase (decrease) in accounts payable	57,945	(8,826)	49,119	(22,947)
Increase (decrease) in prepaid dues	(5,798)		(5,798)	(9,489)
Increase (decrease) in accrued expenses		(8,499)	(8,499)	9,403
Total adjustments	102,889	(82,563)	20,326	27,472
Net cash provided (utilized) by operating activities	\$ 107,160	\$ (87,871)	\$ 19,289	\$ 99,418

Simba Run Condominium Association
Notes to Reviewed Financial Statements
Years Ended August 31, 2013 and 2012

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, 2013 and 2012, 55 and 57 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, 2013 and 2012

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 savings accounts and are generally not available for operating expenditures. At August 31, 2013 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 savings accounts at August 31, 2013 and 2012 was \$148,571 and \$73,133, respectively. The balance in the renovation account at August 31, 2013 was \$2,006,839.

The Association performs a study annually, 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, 2013, 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, 2013 and 2012, advertising costs totaled \$32,284 and \$32,216, 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, 2013 and 2012 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, 2013 or 2012, as the Association did not have any accounts receivable deemed to be uncollectible. Rental program accounts receivable at August 31, 2013 and 2012, 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, 2013 and 2012

Note 4) Other Assessments

During the year ended August 31, 2008 the Association established a separate assessment for furniture, fixtures and equipment replacement and renovation. This assessment totaled \$43,413 and \$95,341 for the years ended August 31, 2013 and 2012. At August 31, 2013 and 2012, all of the current year assessments had been collected.

Note 5) Property and Equipment

Details of the Association's property and equipment, and related accumulated depreciation, at August 31, 2013 and 2012 follow:

	August 31, 2013			August 31,
	Association	Rental Program	Total	2012 Total
Manager's Unit	\$ 195,000	\$	\$ 195,000	\$ 195,000
Shuttle buses	35,329		35,329	35,329
Furniture and equipment	402,051	79,897	481,948	481,948
Communication system	2,353		2,353	2,353
	<u>634,733</u>	<u>79,897</u>	<u>714,630</u>	<u>714,630</u>
Accumulated depreciation	<u>(378,978)</u>	<u>(79,664)</u>	<u>(458,642)</u>	<u>(407,660)</u>
	<u>\$ 255,755</u>	<u>\$ 233</u>	<u>\$ 255,988</u>	<u>\$ 306,970</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, 2013 no funds had been advanced under this agreement.

Simba Run Condominium Association
Notes to Reviewed Financial Statements
(Continued)
Years Ended August 31, 2013 and 2012

Note 8) Long-Term Debt

Details of long-term debt at August 31, 2013 and 2012 are as follows:

	2013	2012
Mortgage note payable in monthly installments of \$9,746, including interest at 3.96%, collateralized by a condominium unit. Due June 16, 2013.	\$	\$ 95,560
Less portion due within one year		95,560
		\$

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, 2013 and 2012, the rental program made payments to employees, vendors, and others of approximately \$173,564 and \$141,648, respectively, on behalf of the Association. At August 31, 2013 and 2012, \$62,596 and \$7,454, respectively, was due the rental program by the Association in respect to these expenses.

Note 10) Fund balance

Included in the rental program fund balance at August 31, 2012, was \$57,000 of owner working capital deposits. Owners participating in the rental program were required to maintain a \$1,000 working capital deposit. During the year ended August 31, 2013 these working capital deposits were refunded to the participants.

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. Of that amount, \$28,000 was received during the year ended August 31, 2012. At August 31, 2013, \$25,243 of this assessment remained uncollected.

At August 31, 2013, \$2,484,091 had been expended on the renovation project. Remaining costs to be incurred were estimated to be \$2,200,494. Management currently plans on funding any remaining construction costs in excess of available funds, through borrowing by the Association, collateralized by the Association's condominium unit.

Simba Run Condominium Association
Notes to Reviewed Financial Statements
(Continued)
Years Ended August 31, 2013 and 2012

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 a shuttle bus. Payments under these agreements were approximately \$37,548 and \$39,591, respectively for the years ended August 31, 2013 and 2012. The Association leases the shuttle bus on a seasonal basis, only for the months during which it is needed. While there is no future commitment to continue leasing the shuttle, it is management's intent to do so. Future minimum lease payments under these agreements, including management's best estimate of the cost of the shuttle lease, are as follows:

Year ending August 31, 2014	\$ 38,111
Year ending August 31, 2015	38,682
Year ending August 31, 2016	39,263
Year ending August 31, 2017	39,852
Year ending August 31, 2018	<u>40,449</u>
	<u>\$ 196,357</u>

Simba Run Condominium Association
Statement of Revenues and Expenses Compared to Budget
Condominium Association
Year ended August 31, 2013

	Actual	Budget	Variance Over (Under) Budget
Assessments and revenues:			
Common assessments	\$ 498,900	\$ 504,900	\$ (6,000)
Other assessments	43,413	79,415	(36,002)
Interest income	5,857	2,200	3,657
	<u>548,170</u>	<u>586,515</u>	<u>(38,345)</u>
Direct expenses:			
Repairs and maintenance			
Maintenance labor	60,031	60,000	31
Payroll taxes	4,357	4,716	(359)
Employee benefits	1,800	2,400	(600)
Landscaping and snowplowing	8,064	16,000	(7,936)
Elevator	19,150	18,100	1,050
Trash removal	6,049	6,300	(251)
Fire alarm monitoring	12,110	12,500	(390)
Building maintenance	47,820	34,000	13,820
Total repairs and maintenance	<u>159,381</u>	<u>154,016</u>	<u>5,365</u>
Telephone and utilities			
Electricity	58,351	61,500	(3,149)
Gas	11,188	13,500	(2,312)
Water and sewer	30,486	33,000	(2,514)
Cable TV	37,492	37,000	492
Telephone	10,140	9,900	240
Total telephone and utilities	<u>147,657</u>	<u>154,900</u>	<u>(7,243)</u>
General and administrative			
Manager's salary	46,350	46,350	
Bus driver labor	20,264	22,000	(1,736)
Payroll taxes	4,834	5,234	(400)
Manager housing and benefits	14,746	14,900	(154)
Bus operating expenses	12,212	11,630	582
Professional fees	27,551	27,000	551
Other general and administrative expenses	11,913	8,525	3,388
Total general and administrative expenses	<u>137,870</u>	<u>135,639</u>	<u>2,231</u>
Total direct expenses	<u>444,908</u>	<u>444,555</u>	<u>353</u>

Simba Run Condominium Association
 Statement of Revenues and Expenses Compared to Budget
 Condominium Association (Continued)
 Year ended August 31, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under) Budget</u>
Fixed charges:			
Insurance	46,888	44,500	2,388
Interest expense	1,588	1,900	(312)
Depreciation and amortization	50,515		50,515
Total fixed charges	<u>98,991</u>	<u>46,400</u>	<u>52,591</u>
Total expenses	<u>543,899</u>	<u>490,955</u>	<u>52,944</u>
Excess of revenues over expenses	<u>\$ 4,271</u>	<u>\$ 95,560</u>	<u>\$ (91,289)</u>
Retirement of long-term debt	<u>\$ 95,560</u>	<u>\$ 95,560</u>	<u>\$</u>

Simba Run Condominium Association
Statement of Revenues and Expenses Compared to Budget
Rental Management Company
Year ended August 31, 2013

	Actual	Budget	Variance Over (Under) Budget
Assessments and revenues:			
Rental revenue	\$ 1,413,212	\$ 1,307,421	\$ 105,791
Service charge income	56,695	52,559	4,136
Parking and administrative fees	44,750	38,170	6,580
Housekeeping revenue	21,160	32,950	(11,790)
Maintenance revenue	11,754	16,084	(4,330)
Interest income	240	710	(470)
Other income	9,291	6,235	3,056
Total assessments and revenues	<u>1,557,102</u>	<u>1,454,129</u>	<u>102,973</u>
Cost of rentals:			
Travel agent commissions	430	51	379
Linen expenses	26,909	26,645	264
Housekeeping supplies	16,721	16,652	69
Credit card charges	43,714	34,764	8,950
Total cost of rentals	<u>87,774</u>	<u>78,112</u>	<u>9,662</u>
Direct expenses:			
Rooms			
Housekeeping payroll	101,375	100,282	1,093
Front desk payroll	62,985	63,641	(656)
Houseman payroll	14,870	16,150	(1,280)
Maintenance payroll	65,043	65,525	(482)
Payroll taxes and employee benefits	27,247	24,803	2,444
Workmens' compensation insurance	11,698	16,552	(4,854)
Other room expenses	29,031	27,260	1,771
Total room expenses	<u>312,249</u>	<u>314,213</u>	<u>(1,964)</u>
Marketing			
Reservations and sales payroll	61,705	61,392	313
Payroll taxes and employee benefits	6,882	6,266	616
Marketing and advertising	32,284	28,980	3,304
Printing	1,789	352	1,437
Meals and entertainment	2,737	1,525	1,212
Other marketing	7,629	12,594	(4,965)
Total marketing	<u>113,026</u>	<u>111,109</u>	<u>1,917</u>

Simba Run Condominium Association
Statement of Revenues and Expenses Compared to Budget
Rental Management Company (Continued)
Year ended August 31, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under) Budget</u>
General and administrative			
Management and accounting payroll	121,176	100,700	20,476
Bus driver labor	21,555	20,106	1,449
Payroll taxes and employee benefits	15,921	14,495	1,426
Equipment leases	7,173	14,826	(7,653)
Computer and software	7,842	11,867	(4,025)
Bus expense	26,948	24,748	2,200
Professional fees	2,299	2,500	(201)
Office supplies and expense	5,757	3,980	1,777
Other general and administrative	42,766	39,264	3,502
Total general and administrative expenses	<u>251,437</u>	<u>232,486</u>	<u>18,951</u>
Repairs and maintenance	<u>4,659</u>	<u>2,486</u>	<u>2,173</u>
Telephone	<u>1,418</u>	<u>2,706</u>	<u>(1,288)</u>
Total direct expenses	<u>682,789</u>	<u>663,000</u>	<u>19,789</u>
Fixed charges:			
Insurance		54	(54)
Interest expense	80	275	(195)
Depreciation and amortization	467		467
Total fixed charges	<u>547</u>	<u>329</u>	<u>218</u>
Total expenses	<u>771,110</u>	<u>741,441</u>	<u>29,669</u>
Excess of revenues over expenses before distributions to rental participants	785,992	712,688	73,304
Distributions to rental participants	<u>791,300</u>	<u>712,688</u>	<u>78,612</u>
Excess of revenues over expenses	<u>\$ (5,308)</u>	<u>\$</u>	<u>\$ (5,308)</u>

Simba Run Condominium Association
 Statement of Condominium Association Capital Reserve Fund
 Receipts and Disbursements
 Years ended August 31, 2013 and 2012

Balance - August 31, 2011		\$	152,242
Reserve fund assessments	50,000		
Special assessment revenue	28,000		
Interest earned	223		
Hot water storage tank	(36,150)		
Exterior remodel design work	(10,451)		
			31,622
Balance - August 31, 2012			183,864
Reserve fund assessments	101,880		
Special assessment revenue	4,332,217		
Interest earned	1,390		
Outdoor hot tub overhaul	(13,410)		
Elevator repairs	(20,253)		
Exterior siding and renovation	(2,462,265)		
			1,939,559
Balance - August 31, 2013		\$	2,123,423

Simba Run Condominium Association
 Supplementary Information About Future
 Repairs and Replacements
 August 31, 2013

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, 2013.

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

Components	Estimated Useful Lives (Years)	Estimated Replacement Costs	2013 - 2014 Funding Requirement	Components Of Fund Balance at August 31, 2013
Buildings and equipment	10-45	\$ 2,773,500	\$ 2,203,500	\$
Grounds	10	32,000		.
Unallocated fund balance				2,123,423
		<u>\$ 2,805,500</u>	<u>\$ 2,203,500</u>	<u>\$ 2,123,423</u>

Current projections of funding requirements are as follows:

Year ending August 31, 2014	\$ 2,203,500
Year ending August 31, 2015	255,000
Year ending August 31, 2016	186,000
Year ending August 31, 2017	62,000
Year ending August 31, 2018	99,000
	<u>\$ 2,805,500</u>

The Association's Board of Directors currently plans to charge the Association owners a total of \$50,000 annually to fund the capital reserve. Necessary expenditures in excess of the Capital Reserve balance will be funded through a combination of special assessments and borrowing.