

**SIMBA RUN CONDOMINIUM ASSOCIATION  
FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION  
YEARS ENDED AUGUST 31, 2011 AND 2010**

**Cannon & Schleicher, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

**SIMBA RUN CONDOMINIUM ASSOCIATION  
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# Cannon & Schleicher, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
COLORADO SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

STEPHEN M. CANNON  
WILLIAM C. SCHLEICHER

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, 2011 and 2010, 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, 2011 and 2010, 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 24, 2011  
Evergreen, Colorado

Simba Run Condominium Association  
Balance Sheets  
August 31, 2011  
(With Comparative Totals for August 31, 2010)

Assets	August 31, 2011			August 31, 2010
	Association	Rental Program	Total	Total
<b>Current assets:</b>				
Cash (Note 2)	\$ 152,831	\$ 237,779	\$ 390,610	\$ 421,037
Accounts receivable (Note 3)	2,645	3,338	5,983	25,370
Prepaid expenses	10,005	12,300	22,305	20,128
Total current assets	<u>165,481</u>	<u>253,417</u>	<u>418,898</u>	<u>466,535</u>
<b>Property, equipment and other assets:</b>				
Property and equipment, net (Notes 5, 7 and 8)	<u>356,783</u>	<u>1,167</u>	<u>357,950</u>	<u>419,406</u>
	<u>\$ 522,264</u>	<u>\$ 254,584</u>	<u>\$ 776,848</u>	<u>\$ 885,941</u>
<b>Liabilities and Fund Balance</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 13,786	\$ 54,638	\$ 68,424	\$ 48,416
Advance deposits (Note 6)		65,879	65,879	72,241
Prepaid assessments and dues	27,426		27,426	32,854
Other accrued expenses		20,571	20,571	20,632
Current maturities of long-term debt (Note 8)	110,779		110,779	106,487
Total current liabilities	<u>151,991</u>	<u>141,088</u>	<u>293,079</u>	<u>280,630</u>
Long-term debt (Note 8)	<u>95,490</u>		<u>95,490</u>	<u>206,203</u>
<b>Fund balance (Notes 2 and 10):</b>				
Operating fund balance	122,541	113,496	236,037	197,839
Repair and replacement fund	152,242		152,242	201,269
	<u>274,783</u>	<u>113,496</u>	<u>388,279</u>	<u>399,108</u>
Commitments and contingencies (Note 11)				
	<u>\$ 522,264</u>	<u>\$ 254,584</u>	<u>\$ 776,848</u>	<u>\$ 885,941</u>

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

Simba Run Condominium Association  
Statement of Revenues and Expenses  
Year ended August 31, 2011  
(With Comparative Totals for August 31, 2010)

	Year Ended August 31, 2011			Year Ended August 31, 2010
	Association	Rental Program	Total	Total
Assessments and revenues:				
Rental revenue	\$	\$ 1,552,997	\$ 1,552,997	\$ 1,287,899
Common assessments	483,900		483,900	483,900
Other assessments (Note 4)	95,274		95,274	95,296
Service charge Income		63,206	63,206	59,258
Parking and administrative fees		55,263	55,263	38,730
Housekeeping revenue		39,120	39,120	43,290
Maintenance revenue		23,247	23,247	18,758
Interest income	4,072	469	4,541	4,268
Other income	50	9,447	9,497	7,468
	<u>583,296</u>	<u>1,743,749</u>	<u>2,327,045</u>	<u>2,038,867</u>
Cost of rentals		<u>109,165</u>	<u>109,165</u>	<u>95,923</u>
Direct expenses:				
Rooms		334,558	334,558	313,136
Marketing		109,623	109,623	101,939
Repairs and maintenance	160,755	7,548	168,303	147,713
Telephone and utilities	147,598	1,179	148,777	149,510
General and administrative	133,514	264,920	398,434	340,531
	<u>441,867</u>	<u>717,828</u>	<u>1,159,695</u>	<u>1,052,829</u>
Excess of revenue over expenses before fixed charges	<u>141,429</u>	<u>916,756</u>	<u>1,058,185</u>	<u>890,115</u>
Fixed charges:				
Insurance	40,760		40,760	47,483
Interest expense	10,394	116	10,510	24,151
Depreciation and amortization	51,350	10,106	61,456	72,796
	<u>102,504</u>	<u>10,222</u>	<u>112,726</u>	<u>144,430</u>
Excess of revenues over expenses before distributions to rental participants	<u>38,925</u>	<u>906,534</u>	<u>945,459</u>	<u>745,685</u>
Distributions to rental participants		<u>906,534</u>	<u>906,534</u>	<u>720,542</u>
Excess of revenues over expenses before income taxes	<u>38,925</u>		<u>38,925</u>	<u>25,143</u>
Provision for income taxes (Note 11)				
Excess of revenues over expenses	<u>\$ 38,925</u>	<u>\$</u>	<u>\$ 38,925</u>	<u>\$ 25,143</u>

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

Simba Run Condominium Association  
Statement of Changes in Fund Balance  
Years ended August 31, 2011 and 2010

	Association		Rental Program Operating Fund	Total
	Operating Fund	Repair and Replacement Fund		
Balance - August 31, 2009	\$ 55,826	\$ 148,606	\$ 124,711	\$ 329,143
Excess (deficit) of operating revenue over expenses	28,517	1,016	(4,390)	25,143
Decrease in working capital			(6,825)	(6,825)
Reserve fund assessments		64,997		64,997
Reserve fund expenditures		(13,350)		(13,350)
Balance - August 31, 2010	84,343	201,269	113,496	399,108
Excess of operating revenue over expenses	38,198	727		38,925
Decrease in working capital				
Reserve fund assessments		64,997		64,997
Reserve fund expenditures		(114,751)		(114,751)
Balance - August 31, 2011	<u>\$ 122,541</u>	<u>\$ 152,242</u>	<u>\$ 113,496</u>	<u>\$ 388,279</u>

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

Simba Run Condominium Association  
Statement of Cash Flows  
Year ended August 31, 2011  
(With Comparative Totals for August 31, 2010)

Increase in Cash and Cash Equivalents

	<u>Year Ended August 31, 2011</u>			<u>Year Ended</u>
	<u>Association</u>	<u>Rental Program</u>	<u>Total</u>	<u>August 31, 2010</u>
				<u>Total</u>
Cash flows from operating activities:				
Cash received from tenants	\$	\$ 1,575,203	\$ 1,575,203	\$ 1,303,775
Owner dues and assessments	478,991		478,991	499,390
Other assessments	95,274		95,274	95,296
Service charge income		63,206	63,206	59,258
Parking and administrative fees		55,263	55,263	38,730
Housekeeping and maintenance revenues		62,367	62,367	62,048
Interest income	4,072	469	4,541	4,268
Other cash received	50	9,447	9,497	7,468
Cash paid to employees, suppliers and others	(496,702)	(798,486)	(1,295,188)	(1,193,316)
Cash paid to rental program participants		(906,534)	(906,534)	(720,542)
Interest expense	(10,394)	(116)	(10,510)	(24,151)
Net cash provided by operating activities	<u>71,291</u>	<u>60,819</u>	<u>132,110</u>	<u>132,224</u>
Cash flows from investing activities:				
Increase (decrease) in working capital				(6,825)
Net cash provided (utilized) by investing activities				<u>(6,825)</u>
Cash flows from financing activities:				
Increase (decrease) in advance deposits		(6,362)	(6,362)	24,354
Retirements of long-term debt	(106,421)		(106,421)	(112,309)
Reserve fund assessments	64,997		64,997	64,997
Reserve fund expenditures	(114,751)		(114,751)	(13,350)
Net cash provided (utilized) by financing activities	<u>(156,175)</u>	<u>(6,362)</u>	<u>(162,537)</u>	<u>(36,308)</u>
Net increase (decrease) in cash and cash equivalents	(84,884)	54,457	(30,427)	89,091
Cash and cash equivalents - beginning of year	<u>237,715</u>	<u>183,322</u>	<u>421,037</u>	<u>331,946</u>
Cash and cash equivalents - end of year	<u>\$ 152,831</u>	<u>\$ 237,779</u>	<u>\$ 390,610</u>	<u>\$ 421,037</u>

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



Simba Run Condominium Association  
Statement of Cash Flows  
(Continued)  
Year ended August 31, 2011  
(With Comparative Totals for August 31, 2010)

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

	<u>Year Ended August 31, 2011</u>			Year Ended
	<u>Association</u>	<u>Rental Program</u>	<u>Total</u>	August 31, 2010 <u>Total</u>
Excess of revenues over expenses	\$ 38,925	\$	\$ 38,925	\$ 25,143
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:				
Depreciation and amortization	51,350	10,106	61,456	72,796
Changes in assets and liabilities -				
Decrease (increase) in accounts receivable	519	18,868	19,387	(5,381)
Decrease (increase) in prepaid expenses	(2,513)	336	(2,177)	8,830
Increase (decrease) in accounts payable	(11,562)	31,570	20,008	14,805
Increase (decrease) in prepaid dues	(5,428)		(5,428)	14,541
Increase (decrease) in accrued expenses		(61)	(61)	1,490
Total adjustments	<u>32,366</u>	<u>60,819</u>	<u>93,185</u>	<u>107,081</u>
Net cash provided by operating activities	<u>\$ 71,291</u>	<u>\$ 60,819</u>	<u>\$ 132,110</u>	<u>\$ 132,224</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, 2011 and 2010

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, 2011 and 2010, 57 residential units 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. At August 31, 2011, rental program profit for the year then ended, in the amount of \$36,855, was reallocated to the owners as additional profit split. No adjustment of the split occurred during the year ended August 31, 2010.

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, 2011 and 2010

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. The balance in the capital reserve savings accounts at August 31, 2011 and 2010 was \$148,571 and \$197,235, respectively. During the year ended August 31, 2010, the reserve fund advanced the operating fund \$23,000, to retire long-term debt as part of a consolidating refinance transaction. At August 31, 2011, \$3,671 of this advance remained outstanding.

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, 2011, 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, 2011 and 2010, advertising costs totaled \$28,006 and \$31,020, 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, 2011 and 2010 represent amounts due from owners for common 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, 2011 or 2010, since the Association did not have any accounts receivable deemed to be uncollectible. Rental program accounts receivable at August 31, 2011 and 2010, 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, 2011 and 2010

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 \$95,274 and \$95,296 for the years ended August 31, 2011 and 2010. At August 31, 2011 and 2010, 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, 2011 and 2010 follow:

	August 31, 2011			August 31,
	Association	Rental Program	Total	2010 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
	634,733	79,897	714,630	714,630
Accumulated depreciation	<u>(277,950)</u>	<u>(78,730)</u>	<u>(356,680)</u>	<u>(295,224)</u>
	<u>\$ 356,783</u>	<u>\$ 1,167</u>	<u>\$ 357,950</u>	<u>\$ 419,406</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 interest rate of 5.25%, and is collateralized by furniture and fixtures of the association. This agreement matures annually on June 1st. At August 31, 2011 no funds had been advanced under this agreement.

Simba Run Condominium Association  
Notes to Reviewed Financial Statements  
(Continued)  
Years Ended August 31, 2011 and 2010

Note 8) Long-Term Debt

Details of long-term debt at August 31, 2011 and 2010 are as follows:

	2011	2010
Mortgage note payable in monthly installments of \$9,746, including interest at 3.96%, collateralized by a condominium unit. Due June 16, 2013.	\$ 206,269	\$ 312,690
Less portion due within one year	110,779	106,487
	\$ 95,490	\$ 206,203

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

Year ending August 31, 2012	\$ 110,779
Year ending August 31, 2013	95,490
	\$ 206,269

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, 2011 and 2010, the rental program made payments to employees, vendors, and others of approximately \$144,145 and \$129,884, respectively, on behalf of the Association. At August 31, 2011 and 2010, \$5,944 and \$14,008, respectively, was due the rental program by the Association in respect to these expenses.

Note 10) Owners' Working Capital

Included in the rental program fund balance at August 31, 2011 and 2010, is \$57,000 of owner working capital deposits. Owners participating in the rental program are required to maintain a \$1,000 working capital deposit.

Simba Run Condominium Association  
Notes to Reviewed Financial Statements  
(Continued)  
Years Ended August 31, 2011 and 2010

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 \$39,479 and \$45,328, respectively for the years ended August 31, 2011 and 2010. 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, 2012	\$ 35,547
Year ending August 31, 2013	35,547
Year ending August 31, 2014	<u>35,547</u>
	<u>\$ 106,641</u>

The Association files a corporate income tax return annually utilizing Form 1120. The Association has a net operating loss carryover of approximately \$125,768 available to offset future taxable income. This net operating loss carryover expires in 2028:

No deferred tax asset has been recorded in the accompanying financial statements relating to the above net operating loss carryover as the realization of the benefit is questionable.

SUPPLEMENTARY INFORMATION

Simba Run Condominium Association  
Statement of Revenues and Expenses Compared to Budget  
Condominium Association  
Year ended August 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under) Budget</u>
<b>Assessments and revenues:</b>			
Common assessments	\$ 483,900	\$ 483,900	\$
Other assessments	95,274	95,300	(26)
Interest income	4,072	2,775	
Other income	50		50
	<u>583,296</u>	<u>581,975</u>	<u>24</u>
<b>Direct expenses:</b>			
<b>Repairs and maintenance</b>			
Maintenance labor	54,512	55,000	(488)
Payroll taxes	4,170	4,061	109
Employee benefits	2,400	2,400	
Landscaping and snowplowing	18,206	18,500	(294)
Elevator	17,295	20,000	(2,705)
Trash removal	6,681	5,000	1,681
Fire alarm monitoring	7,764	8,200	(436)
Building maintenance	49,727	38,050	11,677
Total repairs and maintenance	<u>160,755</u>	<u>151,211</u>	<u>9,544</u>
<b>Telephone and utilities</b>			
Electricity	60,570	53,000	7,570
Gas	13,436	15,000	(1,564)
Water and sewer	27,533	26,000	1,533
Cable TV	34,509	33,000	1,509
Telephone	11,550	10,700	850
Total telephone and utilities	<u>147,598</u>	<u>137,700</u>	<u>9,898</u>
<b>General and administrative</b>			
Manager's salary	45,000	45,000	
Bus driver labor	20,596	16,000	4,596
Payroll taxes	5,018	4,889	129
Manager housing and benefits	14,781	13,600	1,181
Bus operating expenses	13,357	10,500	2,857
Professional fees	28,216	27,000	1,216
Other general and administrative expenses	6,546	14,525	(7,979)
Total general and administrative expenses	<u>133,514</u>	<u>131,514</u>	<u>2,000</u>
<b>Total direct expenses</b>	<u>441,867</u>	<u>420,425</u>	<u>21,442</u>



Simba Run Condominium Association  
 Statement of Revenues and Expenses Compared to Budget  
 Condominium Association (Continued)  
 Year ended August 31, 2011

	Actual	Budget	Variance Over (Under) Budget
Fixed charges:			
Insurance	40,760	44,600	(3,840)
Interest expense	10,394	10,463	(69)
Depreciation and amortization	51,350		51,350
Total fixed charges	102,504	55,063	47,441
Total expenses	544,371	475,488	68,883
Excess of revenues over expenses	\$ 38,925	\$ 106,487	\$ (68,859)
Retirement of long-term debt	\$ 106,421	\$ 106,487	\$ (66)

Simba Run Condominium Association  
Statement of Revenues and Expenses Compared to Budget  
Rental Management Company  
Year ended August 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under) Budget</u>
<b>Assessments and revenues:</b>			
Rental revenue	\$ 1,552,997	\$ 1,283,905	\$ 269,092
Service charge income	63,206	59,262	3,944
Parking and administrative fees	55,263	38,730	16,533
Housekeeping revenue	39,120	43,290	(4,170)
Maintenance revenue	23,247	18,758	4,489
Interest income	469	710	(241)
Other income	9,447	6,396	3,051
Total assessments and revenues	<u>1,743,749</u>	<u>1,451,051</u>	<u>292,698</u>
<b>Cost of rentals:</b>			
Travel agent commissions	436	51	385
Linen expenses	33,006	39,438	(6,432)
Housekeeping supplies	22,313	18,186	4,127
Credit card charges	53,410	38,657	14,753
Total cost of rentals	<u>109,165</u>	<u>96,332</u>	<u>12,833</u>
<b>Direct expenses:</b>			
Rooms			
Housekeeping payroll	120,509	112,726	7,783
Front desk payroll	52,746	51,927	819
Houseman payroll	16,047	15,281	766
Maintenance payroll	75,973	63,839	12,134
Payroll taxes and employee benefits	30,260	25,255	5,005
Workmens' compensation insurance	11,326	16,552	(5,226)
Other room expenses	27,697	27,260	437
Total room expenses	<u>334,558</u>	<u>312,840</u>	<u>21,718</u>
Marketing			
Reservations and sales payroll	56,896	55,015	1,881
Payroll taxes and employee benefits	6,494	5,418	1,076
Marketing and advertising	28,006	31,020	(3,014)
Printing	1,529	352	1,177
Meals and entertainment	1,534	1,172	362
Other marketing	15,164	9,178	5,986
Total marketing	<u>109,623</u>	<u>102,155</u>	<u>7,468</u>

Simba Run Condominium Association  
Statement of Revenues and Expenses Compared to Budget  
Rental Management Company (Continued)  
Year ended August 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under) Budget</u>
General and administrative			
Management and accounting payroll	126,753	100,700	26,053
Bus driver labor	23,404	20,106	3,298
Payroll taxes and employee benefits	17,138	14,298	2,840
Equipment leases	13,810	14,826	(1,016)
Computer and software	10,437	3,294	7,143
Bus expense	27,066	22,463	4,603
Professional fees	2,255	2,500	(245)
Office supplies and expense	4,553	3,984	569
Other general and administrative	39,504	35,560	3,944
Total general and administrative expenses	<u>264,920</u>	<u>217,731</u>	<u>47,189</u>
Repairs and maintenance	<u>7,548</u>	<u>3,605</u>	<u>3,943</u>
Telephone	<u>1,179</u>	<u>2,706</u>	<u>(1,527)</u>
Total direct expenses	<u>717,828</u>	<u>639,037</u>	<u>78,791</u>
Fixed charges:			
Insurance		54	(54)
Interest expense	116	275	(159)
Depreciation and amortization	10,106	12,000	(1,894)
Total fixed charges	<u>10,222</u>	<u>12,329</u>	<u>(2,107)</u>
Total expenses	<u>837,215</u>	<u>747,698</u>	<u>89,517</u>
Excess of revenues over expenses before distributions to rental participants	906,534	703,353	203,181
Distributions to rental participants	<u>906,534</u>	<u>703,353</u>	<u>203,181</u>
Excess of revenues over expenses	<u>\$</u>	<u>\$</u>	<u>\$</u>

Simba Run Condominium Association  
Statement of Condominium Association Capital Reserve Fund  
Receipts and Disbursements  
Years ended August 31, 2011 and 2010

Balance - August 31, 2009		\$ 167,569
Reserve fund assessments	64,997	
Interest earned	1,016	
Boiler/Water heater expenditures	(13,350)	
Retirement of long-term debt	(23,000)	
Transfer from operating fund	3	
		29,666
Balance - August 31, 2010		197,235
Reserve fund assessments	64,997	
Interest earned	727	
Exterior paint and repair	(25,000)	
Pool and hot tub renovations	(78,376)	
Exterior remodel design work	(11,375)	
Transfer from operating fund	363	
		(48,664)
Balance - August 31, 2011		\$ 148,571

Simba Run Condominium Association  
 Supplementary Information About Future  
 Repairs and Replacements  
 August 31, 2011

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, 2011.

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	2011 - 2012 Funding Requirement	Components Of Fund Balance at August 31, 2011
Buildings	10-45	\$ 2,329,000	\$ 50,000	\$
Grounds	10	33,000		
Shuttle bus	5	40,000		
Unallocated fund balance				152,242
		<u>\$ 2,402,000</u>	<u>\$ 50,000</u>	<u>\$ 152,242</u>

Current projections of funding requirements are as follows:

Year ending August 31, 2012	\$ 50,000
Year ending August 31, 2013	95,000
Year ending August 31, 2014	2,028,000
Year ending August 31, 2015	131,000
Year ending August 31, 2016	98,000
	<u>\$ 2,402,000</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.

