

**SIMBA RUN CONDOMINIUM ASSOCIATION  
FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION  
YEARS ENDED AUGUST 31, 2014 AND 2013**

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

**Simba Run Condominium Association**  
**Table of Contents**  
**Years Ended August 31, 2014 and 2013**

**Independent Accountant's Review Report**

**Financial Statements**

**Balance Sheets**

**Statements of Operating Revenues and Expenses**

**Statements of Changes in Fund Balance**

**Statements of Cash Flows**

**Notes to Reviewed Financial Statements**

**Supplementary Information**

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

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

**Supplementary Information Regarding Future Repairs and Replacements**

STEPHEN M. CANNON  
WILLIAM C. SCHLEICHER

Independent Accountant's Review Report

Board of Directors  
Simba Run Condominium Association  
Vail, Colorado

We have reviewed the accompanying balance sheets of Simba Run Condominium Association as of August 31, 2014 and 2013, 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, 2014 and 2013, 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 20, 2014  
Evergreen, Colorado

Simba Run Condominium Association

Balance Sheets

August 31, 2014

(With Comparative Totals for August 31, 2013)

Assets	August 31, 2014			August 31,
	Association	Rental Program	Total	2013 Total
<b>Current assets:</b>				
Cash (Note 2)	\$ 608,499	\$ 201,494	\$ 809,993	\$ 2,196,839
Accounts receivable (Note 3)	309,023	20,747	329,770	92,630
Prepaid expenses	12,766	16,551	29,317	26,854
Total current assets	<u>930,288</u>	<u>238,792</u>	<u>1,169,080</u>	<u>2,316,323</u>
<b>Property, equipment and other assets:</b>				
Property and equipment, net (Notes 5, 7 and 8)	<u>207,524</u>		<u>207,524</u>	<u>255,988</u>
	<u>\$ 1,137,812</u>	<u>\$ 238,792</u>	<u>\$ 1,376,604</u>	<u>\$ 2,572,311</u>
<b>Liabilities and Fund Balance</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 41,561	\$ 49,896	\$ 91,457	\$ 94,596
Advance deposits (Note 6)		99,532	99,532	72,345
Prepaid assessments and dues	15,740		15,740	12,139
Other accrued expenses		31,935	31,935	21,475
Current maturities of long-term debt (Note 8)	<u>72,951</u>		<u>72,951</u>	
Total current liabilities	<u>130,252</u>	<u>181,363</u>	<u>311,615</u>	<u>200,555</u>
Long term debt (Note 8)	<u>179,835</u>		<u>179,835</u>	
<b>Fund balance (Notes 2 and 10):</b>				
Operating fund balance	164,243	57,429	221,672	248,333
Repair and replacement fund	<u>663,482</u>		<u>663,482</u>	<u>2,123,423</u>
	<u>827,725</u>	<u>57,429</u>	<u>885,154</u>	<u>2,371,756</u>
Commitments and contingencies (Note 11)				
	<u>\$ 1,137,812</u>	<u>\$ 238,792</u>	<u>\$ 1,376,604</u>	<u>\$ 2,572,311</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, 2014  
 (With Comparative Totals for August 31, 2013)

	Year Ended August 31, 2014			Year Ended August 31, 2013
	Association	Rental Program	Total	Total
<b>Assessments and revenues:</b>				
Rental revenue	\$	\$ 1,540,695	\$ 1,540,695	\$ 1,413,212
Common assessments	498,900		498,900	498,900
Other assessments (Note 4)	51,535		51,535	43,413
Service charge Income		61,838	61,838	56,695
Parking and administrative fees		54,820	54,820	44,750
Housekeeping revenue		40,734	40,734	21,160
Maintenance revenue		8,890	8,890	11,754
Interest income	1,485	156	1,641	6,097
Other income		11,411	11,411	9,291
	<u>551,920</u>	<u>1,718,544</u>	<u>2,270,464</u>	<u>2,105,272</u>
<b>Cost of rentals</b>		<u>114,861</u>	<u>114,861</u>	<u>87,774</u>
<b>Direct expenses:</b>				
Rooms		355,273	355,273	312,249
Marketing		115,767	115,767	113,026
Repairs and maintenance	164,401	7,722	172,123	164,040
Telephone and utilities	163,770	1,778	165,548	149,075
General and administrative	154,238	254,575	408,813	389,307
	<u>482,409</u>	<u>735,115</u>	<u>1,217,524</u>	<u>1,127,697</u>
<b>Excess of revenue over expenses before fixed charges</b>	<u>69,511</u>	<u>868,568</u>	<u>938,079</u>	<u>889,801</u>
<b>Fixed charges:</b>				
Insurance	46,211		46,211	46,888
Interest expense	6,731	51	6,782	1,668
Depreciation and amortization	48,231	233	48,464	50,982
	<u>101,173</u>	<u>284</u>	<u>101,457</u>	<u>99,538</u>
<b>Excess (deficit) of revenues over expenses before distributions to rental participants</b>	<u>(31,662)</u>	<u>868,284</u>	<u>836,622</u>	<u>790,263</u>
<b>Distributions to rental participants</b>		<u>862,889</u>	<u>862,889</u>	<u>791,300</u>
<b>Excess (deficit) of revenues over expenses before income taxes</b>	<u>(31,662)</u>	<u>5,395</u>	<u>(26,267)</u>	<u>(1,037)</u>
<b>Provision for income taxes (Note 11)</b>				
<b>Excess (deficit) of revenues over expenses</b>	<u>\$ (31,662)</u>	<u>\$ 5,395</u>	<u>\$ (26,267)</u>	<u>\$ (1,037)</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, 2014 and 2013

	Association		Rental Program	
	Operating Fund	Repair and Replacement Fund	Operating Fund	Total
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)
	196,299	2,123,423	52,034	2,371,756
Balance - August 31, 2013	196,299	2,123,423	52,034	2,371,756
Excess (deficit) of operating revenue over expenses	(32,056)	394	5,395	(26,267)
Reserve fund assessments		93,781		93,781
Reserve fund expenditures		(4,752)		(4,752)
Special assessments		897,068		897,068
Renovation expenses		(2,446,432)		(2,446,432)
	164,243	663,482	57,429	885,154
Balance - August 31, 2014	\$ 164,243	\$ 663,482	\$ 57,429	\$ 885,154

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

Simba Run Condominium Association  
Statements of Cash Flows  
Year ended August 31, 2014  
(With Comparative Totals for August 31, 2013)

Increase in Cash and Cash Equivalents

	<u>Year Ended August 31, 2014</u>			<u>Year Ended</u> <u>August 31,</u> <u>2013</u>
	<u>Association</u>	<u>Rental</u> <u>Program</u>	<u>Total</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>				
Cash received from tenants	\$	\$ 1,605,754	\$ 1,605,754	\$ 1,417,159
Owner dues and assessments	221,049		221,049	494,154
Other assessments	51,535		51,535	43,413
Service charge income		61,838	61,838	56,695
Parking and administrative fees		54,820	54,820	44,750
Housekeeping and maintenance revenues		49,624	49,624	32,914
Interest income	1,485	156	1,641	6,097
Other cash received		11,411	11,411	9,291
Cash paid to employees, suppliers and others	(567,073)	(827,412)	(1,394,485)	(1,292,216)
Cash paid to rental program participants		(862,889)	(862,889)	(791,300)
Interest expense	(6,731)	(51)	(6,782)	(1,668)
Net cash provided (utilized) by operating activities	<u>(299,735)</u>	<u>93,251</u>	<u>(206,484)</u>	<u>19,289</u>
<b>Cash flows from financing activities:</b>				
Increase (decrease) in advance deposits		27,187	27,187	(18,802)
Proceeds from issuance of long-term debt	300,000		300,000	
Retirements of long-term debt	(47,214)		(47,214)	(95,560)
Return of working capital				(57,000)
Reserve fund assessments	93,781		93,781	101,880
Reserve fund expenditures	(4,752)		(4,752)	(33,663)
Special assessments	897,068		897,068	4,306,974
Renovation expenditures	(2,446,432)		(2,446,432)	(2,462,265)
Net cash provided (utilized) by financing activities	<u>(1,207,549)</u>	<u>27,187</u>	<u>(1,180,362)</u>	<u>1,741,564</u>
Net increase (decrease) in cash and cash equivalents	(1,507,284)	120,438	(1,386,846)	1,760,853
Cash and cash equivalents - beginning of year	<u>2,115,783</u>	<u>81,056</u>	<u>2,196,839</u>	<u>435,986</u>
Cash and cash equivalents - end of year	<u>\$ 608,499</u>	<u>\$ 201,494</u>	<u>\$ 809,993</u>	<u>\$ 2,196,839</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, 2014

(With Comparative Totals for August 31, 2013)

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

	Year Ended August 31, 2014			Year Ended
	Association	Rental Program	Total	August 31, 2013 Total
Excess (deficit) of revenues over expenses	\$ (31,662)	\$ 5,395	\$ (26,267)	\$ (1,037)
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided (utilized) by operating activities:				
Depreciation and amortization	48,231	233	48,464	50,982
Changes in assets and liabilities -				
Decrease (increase) in accounts receivable	(281,452)	44,312	(237,140)	(60,060)
Decrease (increase) in prepaid expenses	(1,526)	(937)	(2,463)	(5,418)
Increase (decrease) in accounts payable	(36,927)	33,788	(3,139)	49,119
Increase (decrease) in prepaid dues	3,601		3,601	(5,798)
Increase (decrease) in accrued expenses		10,460	10,460	(8,499)
Total adjustments	(268,073)	87,856	(180,217)	20,326
Net cash provided (utilized) by operating activities	\$ (299,735)	\$ 93,251	\$ (206,484)	\$ 19,289



Simba Run Condominium Association  
Notes to Reviewed Financial Statements  
Years Ended August 31, 2014 and 2013

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, 2014 and 2013, 53 and 55 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, 2014 and 2013

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, 2014 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, 2014 and 2013 was \$59,012 and \$73,133, respectively. The balance in the renovation account at August 31, 2014 and 2013 was \$547,247 and \$2,006,839, respectively.

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, 2014, 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, 2014 and 2013, advertising costs totaled \$27,804 and \$32,284, 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, 2014 and 2013 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, 2014 or 2013, as the Association did not have any accounts receivable deemed to be uncollectible. Rental program accounts receivable at August 31, 2014 and 2013, 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, 2014 and 2013

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 \$95,296 and \$43,413 for the years ended August 31, 2014 and 2013. Current year assessments totaling \$43,761 were subsequently transferred to capital reserves. At August 31, 2014 and 2013, 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, 2014 and 2013 follow:

	August 31, 2014			August 31,
	Association	Rental Program	Total	2013 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	(427,209)	(79,897)	(507,106)	(458,642)
	\$ 207,524	\$	\$ 207,527	\$ 255,988

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, 2014 no funds had been advanced under this agreement.

Simba Run Condominium Association  
Notes to Reviewed Financial Statements  
(Continued)  
Years Ended August 31, 2014 and 2013

Note 8) Long-Term Debt

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

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

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

Year ending August 31, 2015	\$ 72,951
Year ending August 31, 2016	75,448
Year ending August 31, 2017	78,030
Year ending August 31, 2018	26,357
	\$ 252,786

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, 2014 and 2013, the rental program made payments to employees, vendors, and others of approximately \$172,201 and \$173,564, respectively, on behalf of the Association. At August 31, 2014 and 2013, \$26,452 and \$62,597, respectively, was due the rental program by the Association in respect to these expenses.

Note 10) Fund balance

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

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

During the year ended August 31, 2014, certain additional renovation projects were identified. These resulted in additional assessments totaling \$897,068. At August 31, 2014, \$300,453 of these assessments were still receivable. At August 31, 2014, \$47,491 had been expended on the new renovation project.

Simba Run Condominium Association  
Notes to Reviewed Financial Statements  
(Continued)  
Years Ended August 31, 2014 and 2013

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 \$24,690 and \$37,548, respectively for the years ended August 31, 2014 and 2013. The Association leases the shuttle bus on a seasonal basis, only for the months during which it is needed. Management's plan is to lease two shuttle busses on a seasonal basis beginning with the year ending 2015. 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, 2015	\$ 37,153
Year ending August 31, 2016	38,267
Year ending August 31, 2017	39,033
Year ending August 31, 2018	40,984
Year ending August 31, 2019	<u>42,214</u>
	<u>\$ 197,651</u>

The Association files a corporate income tax return annually utilizing Form 1120. No tax benefit has been recognized in the accompanying financial statements relating to the current net operating loss as future recognition is questionable.

Simba Run Condominium Association  
Statement of Revenues and Expenses Compared to Budget  
Condominium Association  
Year ended August 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under) Budget</u>
<b>Assessments and revenues:</b>			
Common assessments	\$ 498,900	\$ 497,500	\$ 1,400
Other assessments	51,535		51,535
Interest income	1,485	2,200	(715)
	<u>551,920</u>	<u>499,700</u>	<u>52,220</u>
<b>Direct expenses:</b>			
<b>Repairs and maintenance</b>			
Maintenance labor	63,401	58,000	5,401
Payroll taxes	4,758	4,641	117
Landscaping and snowplowing	12,666	18,500	(5,834)
Elevator	19,196	20,000	(804)
Trash removal	7,832	6,200	1,632
Fire alarm monitoring	8,642	10,000	(1,358)
Building maintenance	47,906	37,700	10,206
	<u>164,401</u>	<u>155,041</u>	<u>9,360</u>
<b>Telephone and utilities</b>			
Electricity	59,933	60,000	(67)
Gas	13,841	12,000	1,841
Water and sewer	32,209	32,000	209
Cable TV	45,515	38,000	7,515
Telephone	12,272	10,300	1,972
	<u>163,770</u>	<u>152,300</u>	<u>11,470</u>
<b>General and administrative</b>			
Manager's salary	54,495	54,635	(140)
Bus driver labor	21,987	22,000	(13)
Payroll taxes	5,739	5,599	140
Manager housing and benefits	17,306	15,600	1,706
Bus operating expenses	15,747	13,500	2,247
Professional fees	29,829	27,000	2,829
Other general and administrative expenses	9,135	6,025	3,110
	<u>154,238</u>	<u>144,359</u>	<u>9,879</u>
<b>Total direct expenses</b>	<u>482,409</u>	<u>451,700</u>	<u>30,709</u>

Simba Run Condominium Association  
 Statement of Revenues and Expenses Compared to Budget  
 Condominium Association (Continued)  
 Year ended August 31, 2014

	Actual	Budget	Variance Over (Under) Budget
Fixed charges:			
Insurance	46,211	48,000	(1,789)
Interest expense	6,731		6,731
Depreciation and amortization	48,231		48,231
Total fixed charges	101,173	48,000	53,173
Total expenses	583,582	499,700	83,882
Excess of revenues over expenses	\$ (31,662)	\$	\$ (31,662)
Retirement of long-term debt	\$ 47,214	\$	\$ 47,214

Simba Run Condominium Association  
Statement of Revenues and Expenses Compared to Budget  
Rental Management Company  
Year ended August 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under) Budget</u>
<b>Assessments and revenues:</b>			
Rental revenue	\$ 1,540,695	\$ 1,561,162	\$ (20,467)
Service charge income	61,838	37,372	24,466
Parking and administrative fees	54,820	49,570	5,250
Housekeeping revenue	40,734	35,500	5,234
Maintenance revenue	8,890	12,487	(3,597)
Interest income	156	240	(84)
Other income	11,411	9,692	1,719
Total assessments and revenues	<u>1,718,544</u>	<u>1,706,023</u>	<u>12,521</u>
<b>Cost of rentals:</b>			
Travel agent commissions		430	(430)
Linen expenses	38,744	32,953	5,791
Housekeeping supplies	22,028	19,456	2,572
Credit card charges	54,089	43,714	10,375
Total cost of rentals	<u>114,861</u>	<u>96,553</u>	<u>18,308</u>
<b>Direct expenses:</b>			
<b>Rooms</b>			
Housekeeping payroll	139,363	129,534	9,829
Front desk payroll	67,417	62,810	4,607
Houseman payroll	15,271	16,354	(1,083)
Maintenance payroll	60,932	74,913	(13,981)
Payroll taxes and employee benefits	29,875	30,305	(430)
Workmens' compensation insurance	10,436	15,935	(5,499)
Other room expenses	31,979	29,031	2,948
Total room expenses	<u>355,273</u>	<u>358,882</u>	<u>(3,609)</u>
<b>Marketing</b>			
Reservations and sales payroll	61,485	64,551	(3,066)
Payroll taxes and employee benefits	6,493	6,586	(93)
Marketing and advertising	27,804	32,284	(4,480)
Printing	1,792	1,789	3
Meals and entertainment	1,573	2,737	(1,164)
Other marketing	16,620	12,365	4,255
Total marketing	<u>115,767</u>	<u>120,312</u>	<u>(4,545)</u>



Simba Run Condominium Association  
Statement of Revenues and Expenses Compared to Budget  
Rental Management Company (Continued)  
Year ended August 31, 2014

	Actual	Budget	Variance Over (Under) Budget
General and administrative			
Management and accounting payroll	121,233	115,092	6,141
Bus driver labor	21,986	21,555	431
Payroll taxes and employee benefits	15,123	15,340	(217)
Equipment leases	6,730	7,173	(443)
Computer and software	13,414	7,842	5,572
Bus expense	27,467	28,011	(544)
Professional fees	2,750	2,299	451
Office supplies and expense	4,859	5,401	(542)
Other general and administrative	41,013	43,827	(2,814)
Total general and administrative expenses	254,575	246,540	8,035
Repairs and maintenance	7,722	7,987	(265)
Telephone	1,778	1,418	360
Total direct expenses	735,115	735,139	(24)
Fixed charges:			
Insurance			
Interest expense	51	80	(29)
Depreciation and amortization	233		233
Total fixed charges	284	80	204
Total expenses	850,260	831,772	18,488
Excess of revenues over expenses before distributions to rental participants	868,284	874,251	(5,967)
Distributions to rental participants	862,889	874,251	(11,362)
Excess of revenues over expenses	\$ 5,395	\$	\$ 5,395

**Simba Run Condominium Association**  
**Statement of Condominium Association Capital Reserve Fund**  
**Receipts and Disbursements**  
**Years ended August 31, 2014 and 2013**

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)		
	<u>                    </u>		<u>1,939,559</u>
Balance - August 31, 2013			2,123,423
Reserve fund assessments	93,781		
Special assessment revenue	897,068		
Interest earned	394		
Ski locker room repairs	(4,752)		
Exterior siding and renovation	(2,398,941)		
2014 renovation project	(47,491)		
	<u>                    </u>		<u>(1,459,941)</u>
Balance - August 31, 2014		\$	<u><u>663,482</u></u>

Simba Run Condominium Association  
 Supplementary Information About Future  
 Repairs and Replacements  
 August 31, 2014

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, 2014.

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	2014 - 2015 Funding Requirement	Components Of Fund Balance at August 31, 2014
Buildings and equipment	5-40	\$ 1,605,000	\$ 831,000	\$
Grounds	10-25	296,000	135,000	\$
Unallocated fund balance				663,482
		<u>\$ 1,901,000</u>	<u>\$ 966,000</u>	<u>\$ 663,482</u>

Current projections of funding requirements are as follows:

Year ending August 31, 2015	\$ 966,000
Year ending August 31, 2016	186,000
Year ending August 31, 2017	85,000
Year ending August 31, 2018	
Year ending August 31, 2019	
Subsequent years in total	<u>664,000</u>
	<u>\$ 1,901,000</u>

The Association's Board of Directors currently plans to charge the Association owners capital reserve assessments of \$125,000 for the year ending August 31, 2015, \$150,000 for the year ending August 31, 2016, \$100,000 for the year ending August 31, 2017, and \$65,000 per year thereafter to fund the capital reserve. Necessary expenditures in excess of the Capital Reserve balance will be funded through a combination of special assessments, borrowing, or the utilization of operating reserves.