

**Cotton Ranch Homeowners' Association**  
**Balance Sheet**  
**As of 12/31/2016 and 12/31/2017**

|  | <u>12/31/16</u>              | <u>12/31/17</u>              |
|--|------------------------------|------------------------------|
| <b>Assets</b>                                |                              |                              |
| CitiWide Checking                            | 142,550                      | 185,580                      |
| CitiWide Money Market                        | 54,619                       | 80,860                       |
| UMB Bank Brokered CD's 2018-2019 0.45%-1.65% | 178,232                      | 180,369                      |
| Petty Cash                                   | -                            | -                            |
| Total Cash                                   | <u>375,401</u>               | <u>446,809</u>               |
| Accounts Receivable                          | 29,106                       | 31,423                       |
| Other Receivables                            | -                            | -                            |
| <b>Total Current Assets</b>                  | <u><b>404,507</b></u>        | <u><b>478,232</b></u>        |
| <b>Total Assets</b>                          | <u><u><b>404,507</b></u></u> | <u><u><b>478,232</b></u></u> |
| <b>Liabilities &amp; Equity</b>              |                              |                              |
| <b>Liabilities</b>                           |                              |                              |
| Accounts Payable                             | 7,595                        | 24,657                       |
| Landscape Deposits                           | 82,500                       | 110,000                      |
| <b>Total Liabilities</b>                     | <u><b>90,095</b></u>         | <u><b>134,657</b></u>        |
| <b>Equity</b>                                |                              |                              |
| Working Capital                              | 69,050                       | 71,050                       |
| Fund Balance- Outstanding Receivables        | 29,106                       | 31,423                       |
| Fund Balance- Capital Repairs                | 150,000                      | 175,000                      |
| Fund Balance- Future Operations              | 66,257                       | 66,103                       |
| <b>Total Equity</b>                          | <u><b>314,412</b></u>        | <u><b>343,576</b></u>        |
| <b>Total Liabilities &amp; Equity</b>        | <u><u><b>404,508</b></u></u> | <u><u><b>478,232</b></u></u> |
|  | =                            | =                            |

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**Cotton Ranch Homeowners' Association**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Actual, Budget and Forecast for the Periods Indicated**

|  | 2016<br>Unaudited<br>Actual | 12 Months<br>Ended<br>12/31/17<br>Actual | 12 Months<br>Ended<br>12/31/17<br>Budget | Variance<br>Favorable<br>(Unfavor) | 2018<br>Adopted<br>Budget | 2018 Budget Comments         |
|--|-----------------------------|--|--|------------------------------------|---------------------------|------------------------------|
| <b>Units</b>                                 |                             |  |  |                                    |                           |                              |
| Cotton Ranch (Valley) - Beginning of Year    | 241                         | 248                                      |  |                                    | 259                       | 4 Villas Units               |
| Cotton Ranch (Valley) - Brought into Assn    | 7                           | 11                                       |  |                                    | 5                         |                              |
| <b>Cotton Ranch (Valley) - End of Year</b>   | <b>248</b>                  | <b>259</b>                               |  |                                    | <b>264</b>                |                              |
| Sky Legend - Beginning of Year               | 106                         | 106                                      |  |                                    | 107                       | Max Allowed                  |
| Sky Legend - Brought into Association        | -                           | 1  |  |                                    | 2                         |                              |
| <b>Sky Legend - End of Year</b>              | <b>106</b>                  | <b>107</b>                               |  |                                    | <b>109</b>                |                              |
| Annual Dues Per Unit                         | 300                         | 300                                      |  |                                    | 300                       |                              |
| <b>Income</b>                                |                             |  |  |                                    |                           |                              |
| Cotton Ranch Lower Bench Dues                | 74,400                      | 77,700                                   | 75,150                                   | 2,550                              | 78,450                    | Lots Times Annual Dues       |
| Sky Legend Dues                              | 31,800                      | 32,100                                   | 32,250                                   | (150)                              | 32,400                    | No New Homes                 |
| Forfeited Landscape Deposits                 | 20,000                      | -  | -  | -                                  |                           |                              |
| Design Review Fees                           | 24,403                      | 22,725                                   | 9,000                                    | 13,725                             | 20,000                    | Based on Prior Year          |
| Statement Prep Fees                          | 1,550                       | 1,850                                    | 1,250                                    | 600                                | 1,250                     | Based on Prior Year          |
| Lien Filing Charge                           | 416                         | -  | 50                                       | (50)                               | 50                        | Assume one required          |
| Interest Income                              | 1,956                       | 2,224                                    | 2,000                                    | 224                                | 2,000                     | Based on Prior Year          |
| Finance Charges                              | 6,471                       | 3,961                                    | 5,239                                    | (1,278)                            | 5,656                     | At 18% rate                  |
| Compliance Fines                             | 50                          | -  | 300                                      | (300)                              | 300                       | Based on Historic Amounts    |
| Administrative & Legal Fees                  | -                           | -  | 20                                       | (20)                               | 10,000                    | Collection Costs             |
| <b>Total Income</b>                          | <b>161,046</b>              | <b>140,560</b>                           | <b>125,259</b>                           | <b>15,301</b>                      | <b>150,106</b>            |                              |
| <b>Expenses</b>                              |                             |  |  |                                    |                           |                              |
| <b>DRC Expenses</b>                          |                             |  |  |                                    |                           |                              |
| Architectural Fees                           | 11,275                      | 11,750                                   | 12,500                                   | 750                                | 15,000                    | Based on Prior Year          |
| DRC Admin Support                            | 4,462                       | 4,664                                    | 5,000                                    | 336                                | 5,000                     | Based on Prior Year          |
| <b>Total DRC Expenses</b>                    | <b>15,737</b>               | <b>16,414</b>                            | <b>17,500</b>                            | <b>1,086</b>                       | <b>20,000</b>             |                              |
| <b>General and Admin Expenses</b>            |                             |  |  |                                    |                           |                              |
| Accounting, Tax Return, & Administration     | 27,721                      | 30,827                                   | 31,000                                   | 173                                | 31,500                    | Based on Prior Year          |
| Bad Debts- Actual Write-Off's                | 1,896                       | -  | 2,000                                    | 2,000                              | 2,000                     | Hard to estimate             |
| Billing Expense - AMCOBI                     | 1,944                       | 2,280                                    | 2,200                                    | (80)                               | 2,250                     | Based on Prior Year          |
| Office Expenses & Misc.                      | 961                         | 1,093                                    | 1,200                                    | 107                                | 1,200                     | Based on Prior Year          |
| Community Liaison                            | 7,800                       | 4,550                                    | 7,800                                    | 3,250                              | 10,800                    | Weekly Checks & Pet Stations |
| Insurance                                    | 4,669                       | 4,978                                    | 4,902                                    | (76)                               | 5,227                     | 5% increase                  |
| Legal Expense                                | -                           | 1,963                                    | 2,500                                    | 537                                | 12,500                    | Normal & Collections         |
| Social Functions                             | 1,693                       | 2,729                                    | 2,000                                    | (729)                              | 3,000                     | Annual Mtg, Pool, Xmas, Sale |
| <b>Total General &amp; Admin Expenses</b>    | <b>46,684</b>               | <b>48,420</b>                            | <b>53,602</b>                            | <b>5,182</b>                       | <b>68,477</b>             |                              |
| <b>Operating Expenses</b>                    |                             |  |  |                                    |                           |                              |
| Landscape Maint- Contract                    | 20,333                      | 19,000                                   | 21,750                                   | 2,750                              | 21,750                    | Contract + \$4k for SLHOA    |
| Landscape Maint- Additional Work             | 734                         | 1,500                                    | 2,500                                    | 1,000                              | 2,500                     | Contingency                  |
| Landscape Improvements                       | -                           | 6,411                                    | 3,000                                    | (3,411)                            | 10,000                    | Common area Improvements     |
| Other Misc. Maintenance, Dog Stations        | 3,234                       | 2,730                                    | 2,730                                    | -                                  | 1,000                     | Bags & Posts                 |
| Repairs & Maintenance Irrigation - T&M       | 3,947                       | 2,194                                    | 7,000                                    | 4,806                              | 5,000                     | Normal repairs               |
| Irrigation- Start up and Blow out            | 1,962                       | -  | 1,000                                    | 1,000                              | -                         | Included Above               |
| Tree Spraying and Maintenance                | 8,428                       | 8,428                                    | 8,500                                    | 72                                 | 8,500                     | Paying total amount          |
| Valley Road Water                            | 5,760                       | 6,300                                    | 6,300                                    | -                                  | 6,600                     | Paid to Metro                |
| Snowplowing of Sidewalks                     | 5,142                       | 1,368                                    | 4,000                                    | 2,632                              | 4,000                     | Based on normal year         |
| Utilities                                    | 232                         | 632                                      | 250                                      | (382)                              | 650                       | Only Common Area             |
| Website Domain/Hosting                       | -                           | -  | -  | -                                  | 250                       |                              |
| <b>Total Operating Expenses</b>              | <b>49,772</b>               | <b>48,562</b>                            | <b>57,030</b>                            | <b>8,468</b>                       | <b>60,250</b>             |                              |
| <b>Total Expenses</b>                        | <b>112,193</b>              | <b>113,396</b>                           | <b>128,132</b>                           | <b>14,736</b>                      | <b>148,727</b>            |                              |
| <b>Net Income (Loss)</b>                     | <b>48,854</b>               | <b>27,163</b>                            | <b>(2,873)</b>                           | <b>30,037</b>                      | <b>1,379</b>              |                              |
| Beginning Fund Balance                       | 196,509                     | 245,362                                  | 245,362                                  | -                                  | 272,526                   |                              |
| <b>Ending Fund Balance (Budgetary Basis)</b> | <b>245,362</b>              | <b>272,526</b>                           | <b>242,489</b>                           | <b>30,037</b>                      | <b>273,905</b>            |                              |
| <b>Less Allowance For Delinquent A/R</b>     | <b>(29,106)</b>             | <b>(31,423)</b>                          | <b>(40,854)</b>                          | <b>9,431</b>                       | <b>(51,328)</b>           | Assume 25 non-paying lots    |
| <b>Available Fund Balance</b>                | <b>216,257</b>              | <b>241,103</b>                           | <b>201,635</b>                           | <b>39,468</b>                      | <b>222,577</b>            |                              |

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