

SPRING CREEK HOMEOWNERS' ASSOCIATION

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
WITH SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2012  
WITH COMPARATIVE TOTALS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**Thompson, Palmer & Associates, PC**

CERTIFIED PUBLIC ACCOUNTANTS

PO BOX 4158  
JACKSON, WY 83001

FAX (307) 739-1415

(307)733-5160  
275 E BROADWAY

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

June 21, 2013

To the Board of Directors  
Spring Creek Homeowners' Association  
Jackson, Wyoming

We have reviewed the accompanying balance sheet of Spring Creek Homeowners' Association (a corporation) as of December 31, 2012 and the related statement of revenues expenses and changes in fund balance and statement of cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management 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 review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made 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 supplemental information including future major repairs and replacements is presented only for purposes of additional analysis. Such information, except for this information on future major repairs has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

*Thompson, Palmer & Associates, PC*

Thompson, Palmer and Associates, PC  
Certified Public Accountants

SPRING CREEK HOMEOWNERS' ASSOCIATION  
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION  
DECEMBER 31, 2012  
WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2011

TABLE OF CONTENTS

Balance sheet .....	1
Statement of revenues, expenses and changes in fund balances.....	2
Statement of cash flows .....	3
Notes to financial statements .....	4
Supplemental information .....	10

SPRING CREEK HOMEOWNERS' ASSOCIATION  
BALANCE SHEET  
DECEMBER 31, 2012  
WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2011

	Operating Fund	Replacement Fund	Totals	
			2012	2011
<b>ASSETS</b>				
Cash, including interest-bearing deposits	\$ 124,815	\$ -	\$ 124,815	\$ 145,639
Investments – Cash (Note #3)	-	414,878	414,878	63,350
Investments – Securities (Note #3)	-	1,609,973	1,609,973	1,747,133
Assessments receivable (Note #2)	46,712	-	46,712	140,638
Prepaid income tax	-	-	-	2,585
Prepaid expenses	6,747	-	6,747	( 1,666)
Due from operating fund	-	30,224	30,224	13,189
Due to replacement fund	( 30,224)	-	( 30,224)	( 13,189)
Inventory (Note #2)	17,848	-	17,848	18,563
Other receivables	25,000	-	25,000	-
Total assets	<u>\$ 190,898</u>	<u>\$ 2,055,075</u>	<u>\$ 2,245,973</u>	<u>\$ 2,116,242</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	\$ 47,307	\$ -	\$ 47,307	\$ 34,010
Income tax payable	12,128	-	12,128	-
Advanced homeowner assessments	48,340	-	48,340	2,986
Homeowner construction deposits	42,980	-	42,980	43,102
Other accruals	-	-	-	16,906
Total liabilities	<u>150,755</u>	<u>-</u>	<u>150,755</u>	<u>97,004</u>
Fund balances	40,143	2,055,075	2,095,218	2,019,238
Total liabilities and fund balances	<u>\$ 190,898</u>	<u>\$ 2,055,075</u>	<u>\$ 2,245,973</u>	<u>\$ 2,116,242</u>

See accompanying notes and independent accountants' review report.

SPRING CREEK HOMEOWNERS' ASSOCIATION  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011

	Operating Fund	Replacement Fund	Totals	
			2012	2011
REVENUES				
Assessments	\$ 912,696	\$ 195,428	\$ 1,108,124	\$ 1,189,151
Interest income	12,696	74,857	87,553	92,774
Other income	-	-	-	( 825)
Total revenues	925,392	270,285	1,195,677	1,281,100
EXPENSES				
Operating expenses - Schedule I	1,061,862	-	1,061,862	977,396
Replacement other - Schedule I	-	142,990	142,990	418,248
Total expenses	1,061,862	142,990	1,204,852	1,395,644
Excess (deficiency) of revenues over operating expenses	( 136,470)	127,295	( 9,175)	( 114,544)
OTHER REVENUE (EXPENSE)				
Net unrealized and realized gains on securities	-	85,155	85,155	( 6,933)
Total other revenue (expense)	-	85,155	85,155	( 6,933)
Excess (deficiency) of revenues over expenses	( 136,470)	212,450	75,980	( 121,477)
Fund Balance – Beginning of year	195,566	1,823,672	2,019,238	2,140,715
Fund transfer	( 18,953)	18,953	-	-
Fund Balance – End of year	<u>\$ 40,143</u>	<u>\$ 2,055,075</u>	<u>\$ 2,095,218</u>	<u>\$ 2,019,238</u>

See accompanying notes and independent accountants' review report.

SPRING CREEK HOMEOWNERS' ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011

	Operating Fund	Replacement Fund	Totals	
			2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Excess (deficiency) of revenues over operating expenses	\$ ( 136,470)	\$ 127,295	\$ ( 9,175)	\$ ( 114,544)
Adjustments to reconcile excess (deficiency) of revenues over operating expenses to net cash provided by operating activities				
(Increase) decrease				
Assessments receivable	93,926	-	93,926	( 34,271)
Prepaid income tax	2,585	-	2,585	1,157
Prepaid expenses	( 8,413)	-	( 8,413)	4,050
Inventory	715	-	715	2,265
Other receivables	( 25,000)	-	( 25,000)	600
Increase (decrease)				
Accounts payable	13,297	-	13,297	( 19,771)
Income tax payable	12,128	-	12,128	-
Advanced homeowner assessments	45,354	-	45,354	( 143,609)
Homeowner construction deposits	( 122)	-	( 122)	177
Other accruals	( 16,906)	-	( 16,906)	16,906
Net cash provided (used) by operating activities	( 18,906)	127,295	108,389	( 287,040)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from securities	-	487,336	487,336	183,443
Securities purchased	-	( 265,021)	( 265,021)	( 108,164)
Net cash provided (used) by investing activities	-	222,315	222,315	75,279
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Inter-fund transfers	( 1,918)	1,918	-	-
Net cash provided (used) by financing activities	( 1,918)	1,918	-	-
<b>NET INCREASE (DECREASE) IN CASH</b>	( 20,824)	351,528	330,704	( 211,761)
<b>CASH AT BEGINNING OF YEAR</b>	145,639	63,350	208,989	420,750
<b>CASH AT END OF YEAR</b>	<u>\$ 124,815</u>	<u>\$ 414,878</u>	<u>\$ 539,693</u>	<u>\$ 208,989</u>
<b>SUPPLEMENTAL DISCLOSURE</b>				
Income taxes paid			\$ 4,655	\$ 6,080

See accompanying notes and independent accountants' review report.

SPRING CREEK HOMEOWNERS' ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

NOTE #1 - NATURE OF ORGANIZATION

Spring Creek Homeowners' Association is a non-profit association incorporated September 8, 1982, in the State of Wyoming. The Association is responsible for the insurance, operations and maintenance of the common facilities at Spring Creek Ranch, located in Teton County, Wyoming. Property or "Unit" owners, within Spring Creek Ranch, are members of the Association. Unit owners may also be members of subsidiary associations for particular subdivisions. The Association is governed by articles of incorporation, by-laws and declaration of covenants, conditions and restrictions.

NOTE #2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

The financial statements are presented on the accrual basis. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds, established according to their nature and purpose:

Operating fund - Used to account for financial resources available for the general operations of the Association.

Replacement fund - Used to accumulate financial resources designated for future major repairs and replacements.

Assessments receivable

The Association levies monthly assessments upon its members to pay operating costs and fund major repairs and replacements. The Association may file liens and take legal action against any member whose monthly payments are delinquent. Management anticipates all assessments receivable to be collectible, whether in the normal course of business or forced by lien at the transfer of property, and no allowance for doubtful accounts is considered necessary. As of December 31, 2012 and 2011 assessments receivable are \$46,712 and \$140,638 respectively.

Inventories - firewood

Firewood inventories are stated at cost. Cost is determined using the first-in, first-out method of accounting. As of December 31, 2012 and 2011 inventories are \$17,848 and \$18,563 respectively.

SPRING CREEK HOMEOWNERS' ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2012

NOTE #2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

The infrastructure, including roads, utilities, and related buildings, within the Association boundaries are property of the Spring Creek Improvement and Service District (SCISD). Under agreement, the Association manages and maintains this infrastructure with the ability to request reimbursement from the SCISD for any major expenditure. Association expenditures to maintain these assets will be expensed as incurred.

The Association also maintains the common area and exterior of the Harvest Dance and Spirit Dance subdivisions. Association expenditures to maintain these assets are expensed as incurred, and charged to the respective subdivision's operating or reserve funds.

Expenditures for new asset acquisitions may be capitalized if significant.

Insurance

It is the responsibility of the Association to provide liability and property damage insurance coverage for the common elements, including certain building exteriors, and the limited common elements of the project. Costs of the insurance are charged to the owners and prorated among the owners as set forth in the declarations. The building policy and earthquake coverage amounts are as follows:

	2012	2011
Building policy	\$ 23,143,722	\$ 23,143,722
Earthquake	\$ 25,000,000	\$ 25,000,000

Statement of cash flows

Cash equivalents include all highly liquid debt instruments purchased with a maturity of three months or less.



SPRING CREEK HOMEOWNERS' ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2012

Accounting estimates

The preparation of financial statements require management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual amounts may differ from estimates.

Comparative information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

Date of management review

Management has evaluated subsequent events through June 21, 2013, the date on which the financial statements were available to be issued.

NOTE #3 - INVESTMENTS - FAIR VALUE

The Association conforms to generally accepted accounting principles, which require debt and equity securities that are classified as available for sale to be recorded at "fair value" on the financial statements.

	Cash	Securities	Totals	
			2012	2011
Beginning balance - fair value	\$ 63,350	\$ 1,747,133	\$ 1,810,483	\$ 1,937,293
Net cash in/out	276,671	( 222,315)	54,356	( 197,445)
Realized earnings (losses)	74,857	220,412	295,269	63,892
Unrealized gains (losses)	<u>-</u>	<u>( 135,257)</u>	<u>( 135,257)</u>	<u>6,743</u>
Ending balance - fair value	<u>\$ 414,878</u>	<u>\$ 1,609,973</u>	<u>\$ 2,024,851</u>	<u>\$ 1,810,483</u>

Net unrealized and realized gain on securities is as follows:

Unrealized gain (loss)	\$ ( 135,257)	\$ ( 999)
Realized gain (loss)	<u>220,412</u>	<u>( 5,934)</u>
Net unrealized and realized gain on securities	<u>\$ 85,155</u>	<u>\$ ( 6,933)</u>

SPRING CREEK HOMEOWNERS' ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2012

NOTE #4 - INCOME TAXES

The Association is taxed as a regular corporation. As a regular corporation, membership income is exempt from taxation, if certain elections are made; and the Association is taxed only on its non-membership income, such as interest earnings, at regular Federal tax rates, i.e. 15% on the first \$50,000. Income tax expense in 2012 and 2011 are \$19,360 and \$7,237 respectively. The federal income tax returns of the Association for 2012, 2011, 2010 and 2009 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

NOTE #5 - COMMITMENTS AND CONTINGENCIES

Future major repairs and replacements

The Association has budgeted for funds to be accumulated to offset costs of future major repairs and replacements. The association seeks to accumulate fifty percent of the replacement costs over the useful lives of the Project Common facilities, and to accumulate funds for specific repairs and maintenance of the Spirit Dance and Harvest Dance sites.

The replacement funds totaling \$2,055,075 consist of cash, including interest bearing monies of \$414,878, taxable and tax-exempt investments, including accrued interest totaling \$1,609,973, and an inter-fund receivable of \$30,224 as of December 31, 2012. The fund is generally not available for operating purposes. It is the Associations' policy to retain the interest earned on such funds in the reserve fund for future major repairs and replacements.

During July 2000, the Association conducted a study to estimate the remaining useful lives and replacement costs of the Project Common and Site Common (Spirit Dance and Harvest Dance) property components including the water and sewer system. The replacement cost values were updated in April, 2005. The Association is funding for such major repairs and replacements as follows:

	2012	2011
Replacement fund		
Assessments – Project Common	\$ 61,498	\$ 70,710
Assessments – Spirit Dance	74,964	94,322
Assessments – Harvest Dance	<u>58,966</u>	<u>58,382</u>
	<u>\$ 195,428</u>	<u>\$ 223,414</u>

Amounts accumulated in the replacement fund may not be adequate to meet future needs. However, if additional funds are needed, the Board of Directors of the Association has the right to increase regular assessments; and the Association has the right, subject to member approval, to levy emergency assessments, to levy special assessments, or to borrow. The Association may delay major repairs and replacements until funds are available.

SPRING CREEK HOMEOWNERS' ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2012

Litigation

On May 7, 2010 a homeowner (JLC Development, LLC) brought suit against the Association and a neighboring homeowner, challenging that the Architectural Committee inappropriately approved an addition on a neighboring Spirit Dance unit, that the Association has failed to enforce the Declaration of Covenants, Conditions and Restrictions (CC&Rs) of the Association and that the co-defendant homeowner, despite express written notification objecting to the addition, proceeded with construction and expansion activities. In that 2010 lawsuit, (JLC Development, LLC v Spring Creek Homeowners Association and Christopher and Ann-Marie Ballard), JLC Development, LLC (JLC) asked for enforcement of the CC&Rs requiring the removal of the expansion and improvements, and damages in the sum of \$400,000 plus costs and attorney's fees. In October, 2012, that lawsuit was settled. The settlement included dismissal of claims against the Association and the Ballards, JLC's payment of past due Association assessments, relief for JLC from penalties and interest on those unpaid assessments, access for the Association to repair Well #2, an apology to Richard Fields, the requirement that the Association repair disturbed landscaping around Well #2, and for the Association to post a bond assuring such repair to the damaged landscaping.

In November, 2012, the Association and the Spring Creek Improvement and Service District (ISD) jointly filed a lawsuit against Jackson Land and Cattle, LLC (JL&C). The primary purpose of the lawsuit is to secure permanent and unrestricted easement access to one of the Association/ISD's water wells. The well has been in its present location on the valley floor for thirty years, and is on property which has been owned by JL&C since 2005. The well is located behind JL&C's locked gate, and the Association and ISD must always get prior approval from JL&C to service the well, even in the event of an emergency. The Association does not have a key to the locked gate. The lawsuit is intended to quiet title to the Association/ISD's access rights to the well. After attempts to obtain a resolution were unsuccessful, the Board of Directors of both the Association and ISD felt that the current situation could not continue indefinitely, that the matter needed an appropriate resolution, and that the civil action was the only means of getting a permanent resolution. The litigation is in the preliminary stages.

In January, 2013, JL&C filed responses and counterclaims against the Association and the ISD alleging breach of CC&Rs, breach of implied covenant of good faith and fair dealing, vacation of certain well and recreational easements, intentional trespass, and breach of settlement agreement related to the previous litigation. The counterclaims seek relief from Association assessments, vacation of certain easements and unspecified money damages. The Association's insurance company is defending the Association from these counterclaims as specified in the Association's policies. The insurance company's obligations to the Association under the Association's policy are subject to rights of reservation. Coverage may be withdrawn at a later date if it is determined subsequently that no coverage exists for this matter under the policy, and that the insurance company has the right to seek reimbursement for its defense costs incurred in relation to the non-covered claims or causes of action. The counterclaims are proceeding simultaneously with the Associations suit, and are in the preliminary stages.

SPRING CREEK HOMEOWNERS' ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2012

JL&C has not paid Association assessments since July of 2012, despite numerous demands and the filing of a lien against its affected The Ranches at Spring Creek parcels. A second lawsuit was filed in June, 2013 by the Association and against JL&C for a judgment against JL&C for delinquent assessments owed the Association in the amount of \$26,921.61, and for foreclosure of it's The Ranches at Spring Creek parcels for failure to pay the assessments as provided in the CC&Rs. JL&C has not yet responded to the newly filed lawsuit.

## SUPPLEMENTAL INFORMATION

SPRING CREEK HOMEOWNERS' ASSOCIATION  
SUPPORTING SCHEDULE I  
FOR THE YEAR ENDED DECEMBER 31, 2012  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2012</u>	<u>2011</u>
<b>OPERATING EXPENSES</b>		
Administration and accounting	\$ 63,616	\$ 74,864
Security	105,240	100,840
Maintenance	78,401	82,599
Accounting fees	6,000	10,000
Bad debt expense	37,800	-
Credit card commissions & discounts	17,852	21,718
Directors expense	1,300	-
Easement	6,500	6,500
Environmental	10,275	12,511
Firewood	50,730	33,547
Income tax	19,360	7,237
Insurance	39,121	41,218
Legal	64,029	( 3,276)
Management fees	35,340	46,320
Other operating expenses and supplies	29,966	14,439
Penalties and interest	8	-
Promotion – airlines	-	47,250
Property taxes	5,740	5,587
Recreational facilities	75,550	75,278
Repairs and maintenance		
Building	1,381	1,386
Landscaping	4,205	5,517
Roads and paths	136,971	142,802
Trash removal	16,037	13,446
Telephone	37,152	37,152
Tractor	2,836	3,100
Transportation	54,902	54,902
Water and sewer	<u>161,550</u>	<u>142,459</u>
Total operating expenses	<u>\$ 1,061,862</u>	<u>\$ 977,396</u>
<b>REPLACEMENT FUND EXPENSES</b>		
Brokerage Fees	\$ 303	\$ 300
Foreign Taxes	398	355
Site Common – Harvest Dance	15,371	12,689
Site Common – Spirit Dance	43,948	155,027
Project Common	<u>82,970</u>	<u>249,877</u>
Total replacement fund expenses	<u>\$ 142,990</u>	<u>\$ 418,248</u>

See independent accountants' review report.

SPRING CREEK HOMEOWNERS' ASSOCIATION  
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2012  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011

	2012			2011
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES				
Assessments	\$ 912,696	\$ 912,696	\$ -	\$ 965,737
Interest income	-	12,696	12,696	16,120
Other	-	-	-	( 825)
	912,696	925,392	12,696	981,032
OPERATING EXPENSES				
Administration and accounting	63,616	63,616	-	74,864
Security	105,240	105,240	-	100,840
Maintenance	78,200	78,401	( 201)	82,599
Accounting	5,000	6,000	( 1,000)	10,000
Bad debt expense	-	37,800	( 37,800)	-
Credit card commissions	16,300	17,852	( 1,552)	21,718
Director's expense	280	1,300	( 1,020)	-
Easement	6,500	6,500	-	6,500
Environmental	27,000	10,275	16,725	12,511
Firewood	51,240	50,730	510	33,547
Income tax	9,088	19,360	( 10,272)	7,237
Insurance	42,434	39,121	3,313	41,218
Legal fees	12,000	64,029	( 52,029)	( 3,276)
Management fees	35,340	35,340	-	46,320
Office expenses	2,000	86	1,914	3,113
Other office expenses	13,075	29,880	( 16,805)	11,326
Operating contingencies	( 18,000)	-	( 18,000)	-
Penalties	-	8	( 8)	-
Promotion – Airlines	-	-	-	47,250
Property taxes	5,070	5,740	( 670)	5,587
Recreational facilities	70,415	75,550	( 5,135)	75,278
Repair and maintenance				
Building	-	1,381	( 1,381)	1,386
Landscaping	2,200	4,205	( 2,005)	5,517
Roads and paths	148,743	136,971	11,772	142,802
Trash removal	12,785	16,037	( 3,252)	13,446
Telephone	37,152	37,152	-	37,152
Tractor	3,000	2,836	164	3,100
Transportation	54,902	54,902	-	54,902
Water and sewer	124,312	161,550	( 37,238)	142,459
	907,892	1,061,862	( 153,970)	977,396
Excess of operating fund revenues over (under) operating fund expenses	\$ 4,804	\$ ( 136,470)	\$ ( 141,274)	\$ 3,636

See independent accountants' review report.

SPRING CREEK HOMEOWNERS' ASSOCIATION  
SUPPLEMENTAL INFORMATION ON FUTURE MAJOR REPAIRS  
AND REPLACEMENTS (COMPILED)  
DECEMBER 31, 2012

The Associations' Board of Directors conducted a study in July 2000 to estimate the remaining useful lives and the replacement costs to the components of Project Common and Site Common (Spirit Dance and Harvest Dance) property. The estimates were tabulated by the study committee who inventoried and inspected the property. Replacement costs were based on the estimated costs to repair or replace the common and site property components at the date of the study. In April 2005, an engineering firm updated the inventory of property, and the repair or replacement costs. The estimated current replacement cost reflects the revised 2005 study as the basis plus an allowance for inflation.

The following information is based on the revised study and presents significant information about the components of common and site property.

	Estimated Remaining Useful Life Years	Estimated Current Replacement Cost	Fiscal Year 2012 Budget Allocation	Percent of Total Budget Allocation
Project common components				
Equipment, water, sewer and common	2 – 54	<u>\$ 13,726,159</u>	<u>\$ 61,504</u>	<u>31.47 %</u>
Sub-total		13,726,159	61,504	31.47 %
Site common components				
Spirit Dance Subdivision	0 – 17	3,351,554	74,965	38.36 %
Harvest Dance Subdivision	2 – 20	<u>1,915,441</u>	<u>58,967</u>	<u>30.17 %</u>
Sub-total		5,266,995	133,932	68.53 %
Total		<u>\$ 18,993,154</u>	<u>\$ 195,436</u>	<u>100.00 %</u>

See independent accountants' review report.



SPRING CREEK HOMEOWNERS' ASSOCIATION  
SUPPLEMENTAL INFORMATION ON FUTURE MAJOR REPAIRS  
AND REPLACEMENTS  
DECEMBER 31, 2012

	Beginning Balance 2012	Sources (Uses)				Ending Balance 2012
		Assessments	Fund Expenses	Earnings Gain (Loss)		
				Realized	Unrealized	
Project Common	\$ 740,055	\$ 61,498	\$ ( 83,244)	\$ 115,208	\$ ( 52,774)	\$ 780,743
Site (subdivision)						
Spirit Dance						
Major repairs	479,677	74,964	( 44,133)	78,222	( 35,832)	552,898
Harvest Dance						
Major repairs	619,925	58,966	( 15,612)	101,370	( 46,436)	718,213
Sun Dance *						
Major repairs	2,968	-	( 1)	469	( 215)	3,221
Sub-total	<u>1,102,570</u>	<u>133,930</u>	<u>( 59,746)</u>	<u>180,061</u>	<u>( 82,483)</u>	<u>1,274,332</u>
Total reserve fund	<u>\$1,842,625</u>	<u>\$ 195,428</u>	<u>\$ ( 142,990)</u>	<u>\$ 295,269</u>	<u>\$ ( 135,257)</u>	<u>\$2,055,075</u>

\* The association is not responsible for major repairs within the Sun Dance subdivision.

See independent accountants' review report.