

SPRING CREEK HOMEOWNERS' ASSOCIATION

FINANCIAL STATEMENTS AND ACCOUNTANTS REVIEW REPORT  
WITH SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2009  
WITH COMPARATIVE TOTALS  
FOR THE YEAR ENDED DECEMBER 31, 2008

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## ACCOUNTANT'S REVIEW REPORT

June 15, 2010

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, 2009 and the related statement of revenues, expenses and changes in fund balance and statement of cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Spring Creek Homeowners' Association.

A review consists principally of inquiries of Association personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit, in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The supplemental information, including future major repairs and replacements is presented only for supplementary analysis purposes. Such information, except for the 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 to it.

The accompanying financial statements and our accountant's review report are for the purpose of internal use by Spring Creek Homeowners' Association and should not be used or relied upon by any other party for any purpose. Additional users of these financial statements and accountant's review report are hereby advised that the liability of Thompson Palmer and Associates to third party users, who use or rely on this information, may be limited pursuant to 1995 Wyoming Sessions Laws, Chapter 155 creating Wyoming statutes §33-3-201.



Thompson, Palmer and Associates, PC  
Certified Public Accountants

SPRING CREEK HOMEOWNERS' ASSOCIATION  
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION  
DECEMBER 31, 2009  
WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2008

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, 2009  
WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2008

	Operating Fund	Replacement Fund	Totals	
			2009	2008
<b>ASSETS</b>				
Cash, including interest-bearing deposits	\$ 222,179	\$ -	\$ 222,179	\$ 258,817
Investments – Cash (Note #3)	-	107,339	107,339	24,096
Investments – Certificate of deposits (Note #3)	-	-	-	271,939
Investments – Securities (Note #3)	-	1,624,213	1,624,213	1,293,313
Investments – Accrued Interest (Note #3)	-	1,275	1,275	2,761
Assessments receivable (Note #2)	185,457	-	185,457	136,476
Prepaid income tax	83	-	83	659
Prepaid expenses	67,103	-	67,103	-
Due from operating fund	-	40,280	40,280	3,288
Due to replacement fund	( 40,280)	-	( 40,280)	( 3,288)
Inventory (Note #2)	24,436	-	24,436	23,987
Other receivables	600	-	600	21,038
Property and equipment, net of accumulated depreciation of \$0 and \$45,669	-	-	-	-
Total assets	<u>\$ 459,578</u>	<u>\$ 1,773,107</u>	<u>\$ 2,232,685</u>	<u>\$ 2,033,086</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	\$ 25,402	\$ -	\$ 25,402	\$ 90,438
Advanced homeowner assessments	172,973	-	172,973	184,641
Homeowner construction deposits	38,045	-	38,045	45,911
Other accruals	<u>94,778</u>	<u>-</u>	<u>94,778</u>	<u>93,278</u>
Total liabilities	331,198	-	331,198	414,268
Fund balances	128,380	1,773,107	1,901,487	1,618,818
Total liabilities and fund balances	<u>\$ 459,578</u>	<u>\$ 1,773,107</u>	<u>\$ 2,232,685</u>	<u>\$ 2,033,086</u>

See accompanying notes and accountants' report.

SPRING CREEK HOMEOWNERS' ASSOCIATION  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2009  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008

	Operating Fund	Replacement Fund	Totals	
			2009	2008
REVENUES				
Assessments	\$ 961,758	\$ 189,123	\$ 1,150,881	\$ 1,089,887
Interest income	760	46,981	47,741	47,737
Other income	<u>1,068</u>	<u>-</u>	<u>1,068</u>	<u>-</u>
Total revenues	963,586	236,104	1,199,690	1,137,624
EXPENSES				
Operating expenses - Schedule I	863,627	-	863,627	954,435
Replacement other - Schedule I	<u>-</u>	<u>251,658</u>	<u>251,658</u>	<u>223,063</u>
Total expenses	863,627	251,658	1,115,285	1,177,498
Excess (deficiency) of revenues over operating expenses	<u>99,959</u>	<u>( 15,554)</u>	<u>84,405</u>	<u>( 39,874)</u>
OTHER REVENUE (EXPENSE)				
Gain on sale of assets	5,000	-	5,000	-
Net unrealized and realized gains on securities	<u>-</u>	<u>193,264</u>	<u>193,264</u>	<u>( 541,733)</u>
Total other revenue (expense)	5,000	193,264	198,264	( 541,733)
Excess (deficiency) of revenues over expenses	<u>104,959</u>	<u>177,710</u>	<u>282,669</u>	<u>( 581,607)</u>
Fund Balance – Beginning of year	23,421	1,595,397	1,618,818	2,215,893
Capital withdrawal	-	-	-	( 15,468)
Fund Balance – End of year	<u>\$ 128,380</u>	<u>\$ 1,773,107</u>	<u>\$ 1,901,487</u>	<u>\$ 1,618,818</u>

See accompanying notes and accountants' report.

SPRING CREEK HOMEOWNERS' ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008

	Operating Fund	Replacement Fund	Totals	
			2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Excess (deficiency) of revenues over operating expenses	\$ 99,959	\$( 15,554)	\$ 84,405	\$( 39,874)
Adjustments to reconcile excess (deficiency) of revenues over operating expenses to net cash provided by operating activities				
(Increase) decrease				
Investments – accrued interest	-	1,486	1,486	( 1,486)
Assessments receivable	( 48,981)	-	( 48,981)	( 54,691)
Prepaid income tax	576	-	576	( 14)
Prepaid expenses	( 67,103)	-	( 67,103)	-
Inventory	( 449)	-	( 449)	( 10,312)
Other receivables	20,438	-	20,438	( 8,199)
Increase (decrease)				
Accounts payable	( 65,036)	-	( 65,036)	44,559
Advanced homeowner assessments	( 11,668)	-	( 11,668)	184,641
Homeowner construction deposits	( 7,866)	-	( 7,866)	( 17,955)
Other accruals	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>88,416</u>
Net cash provided (used) by operating activities	( 78,630)	( 14,068)	( 92,698)	185,085
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of assets	5,000	-	5,000	-
Proceeds from securities	-	241,393	241,393	21,588
Securities purchased	-	( 379,090)	( 379,090)	( 136,366)
Proceeds from certificate of deposits redeemed	-	303,000	303,000	-
Certificates of deposits purchased	<u>-</u>	<u>( 31,000)</u>	<u>( 31,000)</u>	<u>( 272,000)</u>
Net cash provided (used) by investing activities	5,000	134,303	139,303	( 386,778)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Inter-fund transfers	36,992	( 36,992)	-	-
Capital withdrawal	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 15,468)</u>
Net cash provided (used) by financing activities	36,992	( 36,992)	-	( 15,468)
NET INCREASE (DECREASE) IN CASH	( 36,638)	83,243	46,605	( 217,161)
CASH AT BEGINNING OF YEAR	258,817	24,096	282,913	500,074
CASH AT END OF YEAR	<u>\$ 222,179</u>	<u>\$ 107,339</u>	<u>\$ 329,518</u>	<u>\$ 282,913</u>
<b>SUPPLEMENTAL DISCLOSURE</b>				
Income taxes paid			\$ 5,501	\$ 6,155
See accompanying notes and accountants' report.				

SPRING CREEK HOMEOWNERS' ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009

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, 2009 and 2008 assessments receivable are \$185,457 and \$136,476 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, 2009 and 2008 inventories are \$24,436 and \$23,987 respectively.

SPRING CREEK HOMEOWNERS' ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2009

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

Property and equipment

Depreciation of equipment owned by the association is over a straight line five year period, which is considered to be the useful life.

Maintenance and repair expenditures are charged against operations; renewals and betterments which materially extend the life of the asset are capitalized.

Common elements

The common elements are comprised of the land and improvements, in which the unit owners have an undivided interest. Since the Association does not have a cost basis in these common elements, they are not recorded as assets on the financial statements. In addition, significant expenditures for capital improvements to the common elements, for example, building maintenance, are not recorded as assets of the Association for the same reason.

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:

	2009	2008
Building policy	\$ 27,279,219	\$ 25,388,611
Earthquake	\$ 27,279,219	\$ 25,388,611

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, 2009

### 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, 2008, from which the summarized information was derived.

### NOTE #3 - INVESTMENTS - FAIR VALUE

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

	Cash	Certificates of Deposits	Securities	Accrued Interest	Totals	
					2009	2008
Beginning balance - fair value	\$ 24,096	\$ 271,939	\$ 1,293,313	\$ 2,761	\$ 1,592,109	\$ 2,107,205
Net cash in/out	34,776	( 272,000)	137,637	-	( 99,587)	( 20,290)
Realized earnings (losses)	48,467	61	( 83,903)	( 1,486)	( 36,861)	32,485
Unrealized gains (losses)	-	-	277,166	-	277,166	( 527,291)
Ending balance - fair value	<u>\$ 107,339</u>	<u>\$ -</u>	<u>\$ 1,624,213</u>	<u>\$ 1,275</u>	<u>\$ 1,732,827</u>	<u>\$ 1,592,109</u>

Net unrealized and realized gain on securities is as follows:

Unrealized gain (loss)	\$ 277,166	\$ ( 527,291)
Realized gain (loss)	( 83,903)	( 14,442)
Net unrealized and realized gain on securities	<u>\$ 193,263</u>	<u>\$ ( 541,733)</u>

### 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 taxes paid in 2009 and 2008 are \$5,501 and \$6,155 respectively.

SPRING CREEK HOMEOWNERS' ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2009

NOTE #5 – CHANGES IN FUND BALANCE

In August 2008, the entire reserve fund for the Spring Creek Inn subdivision was dispersed. As desired by current owners of the subdivision and with the concurrence of the Board of Directors, no further reserve is anticipated.

NOTE #6 - 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 \$1,773,107 consist of cash, including interest bearing monies of \$107,339, tax and tax-exempt investments, including accrued interest, of \$1,625,488, and an inter-fund receivable of \$40,280 as of December 31, 2009. 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:

	2009	2008
Replacement fund		
Assessments – Project Common	\$ 70,026	\$ 73,363
Assessments – Spirit Dance	62,430	62,430
Assessments – Harvest Dance	56,667	61,667
	<u>\$ 189,123</u>	<u>\$ 197,460</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, 2009

NOTE #6 - COMMITMENTS AND CONTINGENCIES (continued)

Developer and affiliate assessments

Assessments are levied by the Association, upon the property of the developer, ASC Spring Creek LLC (ASC). On June 1, 2007, ASC sold materially all of its property at Spring Creek Ranch. The divested properties were the Spring Creek Inn and Granary, and its developed hotel property owned by ASC's former affiliate Spring Creek Resort LLC (Resort LLC). ASC still owns Spring Creek Land LLC (Land LLC), which now has an interest in only one home site. Land LLC is the real estate development subsidiary of ASC. Resort LLC was the operating subsidiary of ASC. Somerset Wyoming Properties Limited Partnership (WyProp) is the managing member of ASC and one of the original developers. As of August 1, 2001, ASC, the successor in interest to the original developers, relinquished its controlling authority over the operation of the Association.

ASC and affiliates paid total assessments, as compared to total Association revenues, as follows:

	<u>2009</u>	<u>Percent Compared to total revenue</u>	<u>2008</u>	<u>Percent Compared to total revenue</u>
Assessments - Wyoming Properties	\$ 3,829	0.40%	\$ 3,454	0.39%
Assessments - ASC and subsidiaries	<u>4,762</u>	<u>0.49%</u>	<u>4,453</u>	<u>0.50%</u>
	\$ 8,591	0.89%	\$ 7,907	0.89%
 Total revenues	 \$ 961,758	 100.00%	 \$ 892,362	 100.00%

Litigation

On July 10, 2006 a homeowner brought suit against the Association challenging the actions of the Architectural Committee and the Board of Directors related to the disapproval of the plans for the plaintiff's home. Tips Up LLC v Spring Creek Homeowners Association, Spring Creek Architectural Committee, Does 1-20, CA 13958; Plaintiff asks for declaratory and injunctive relief and damages in the minimum sum of \$100,000 plus court costs and attorney fees. 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 suit is continuing. The Association's insurance company is continuing to defend the Association. A trial date has been scheduled for July 12, 2010.

SPRING CREEK HOMEOWNERS' ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2009

NOTE #6 - COMMITMENTS AND CONTINGENCIES (continued)

Litigation (continued)

On May 7, 2010 a homeowner 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. JLC Development, LLC v Spring Creek Homeowners Association and Christopher and Ann-Marie Ballard, CA 15394 asks for enforcement of the CC&Rs requiring the removal of the expansion and improvements, and the sum of \$400,000 plus costs and attorney's fees. The Association's insurance company is defending the Association 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.

No trial date has been scheduled.

## SUPPLEMENTAL INFORMATION

SPRING CREEK HOMEOWNERS' ASSOCIATION  
SUPPORTING SCHEDULE I  
FOR THE YEAR ENDED DECEMBER 31, 2009  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008

	2009	2008
<b>OPERATING EXPENSES</b>		
Administration and accounting	\$ 76,064	\$ 73,920
Security	100,840	106,030
Maintenance	64,713	104,750
Auditing fees	5,000	3,978
Credit card commissions & discounts	15,667	16,790
Directors expense	3,000	9,257
Easement	6,500	6,500
Environmental	6,353	13,753
Firewood	35,476	40,218
Income tax	6,048	6,129
Insurance	41,958	42,236
Legal	18,276	15,534
Management fees	35,760	34,056
Other operating expenses and supplies	6,831	12,540
Penalties and interest	29	12
Property taxes	5,704	5,753
Recreational facilities	67,436	70,786
Repairs and maintenance		
Building	1,568	-
Landscaping	7,371	1,513
Roads and paths	157,422	167,478
Trash removal	14,645	9,493
Telephone	33,024	33,024
Tractor	2,934	1,246
Transportation	52,013	52,013
Water and sewer	<u>98,995</u>	<u>127,426</u>
Total operating expenses	<u>\$ 863,627</u>	<u>\$ 954,435</u>
<b>REPLACEMENT FUND EXPENSES</b>		
Brokerage Fees	\$ 303	\$ 308
Foreign Taxes	257	399
Site Common – Harvest Dance	113,140	80,213
Site Common – Spirit Dance	18,888	56,613
Project Common	<u>119,070</u>	<u>85,530</u>
Total replacement fund expenses	<u>\$ 251,658</u>	<u>\$ 223,063</u>

See accountants' report.

SPRING CREEK HOMEOWNERS' ASSOCIATION  
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2009  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008

	2009			2008
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES				
Assessments	\$ 961,758	\$ 961,758	\$ -	\$ 892,363
Interest income	-	760	760	810
Other	-	1,068	1,068	-
	961,758	963,586	1,828	893,173
OPERATING EXPENSES				
Administration and accounting	76,064	76,064	-	73,920
Security	130,350	100,840	29,510	106,030
Maintenance	87,480	64,713	22,767	104,750
Auditing	3,500	5,000	( 1,500)	3,978
Credit card commissions	16,300	15,667	633	16,790
Director's expense	15,480	3,000	12,480	9,257
Easement	6,500	6,500	-	6,500
Environmental	8,000	6,353	1,647	13,753
Firewood	39,480	35,476	4,004	40,218
Income tax	9,088	6,048	3,040	6,129
Insurance	54,250	41,958	12,292	42,236
Legal fees	12,000	18,276	( 6,276)	15,534
Management fees	35,760	35,760	-	34,056
Office expenses	2,000	164	1,836	1,579
Other office expenses	7,175	6,667	508	10,961
Penalties and interest	-	29	( 29)	12
Property taxes	5,368	5,704	( 336)	5,753
Recreational facilities	61,415	67,436	( 6,021)	70,786
Repair and maintenance				
Building	-	1,568	( 1,568)	-
Landscaping	2,200	7,371	( 5,171)	1,513
Roads and paths	158,214	157,422	792	167,478
Trash removal	12,495	14,645	( 2,150)	9,493
Telephone	33,024	33,024	-	33,024
Tractor	3,000	2,934	66	1,246
Transportation	52,013	52,013	-	52,013
Water and sewer	130,615	98,995	31,620	127,426
	961,771	863,627	98,144	954,435
Excess of operating fund revenues over (under) operating fund expenses	<u>\$ ( 13)</u>	<u>\$ 99,959</u>	<u>\$ 99,972</u>	<u>\$ ( 61,262)</u>

See accountants' report.

SPRING CREEK HOMEOWNERS' ASSOCIATION  
SUPPLEMENTAL INFORMATION ON FUTURE MAJOR REPAIRS  
AND REPLACEMENTS (COMPILED)  
DECEMBER 31, 2009

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 2009 Budget Allocation	Percent of Total Budget Allocation
Project common components				
Equipment, water, sewer and common	2 – 54	<u>\$ 12,561,380</u>	<u>\$ 70,029</u>	<u>37.0%</u>
Sub-total		12,561,380	70,029	37.0%
Site common components				
Spirit Dance Subdivision	0 – 17	3,067,147	62,430	33.0%
Harvest Dance Subdivision	2 – 20	<u>1,752,900</u>	<u>56,667</u>	<u>30.0%</u>
Sub-total		4,820,047	119,097	63.0%
Total		<u><u>\$ 17,381,427</u></u>	<u><u>\$ 189,126</u></u>	<u><u>100.0%</u></u>

See accountants' report.



SPRING CREEK HOMEOWNERS' ASSOCIATION  
SUPPLEMENTAL INFORMATION ON FUTURE MAJOR REPAIRS  
AND REPLACEMENTS (COMPLIED)  
DECEMBER 31, 2009

	Beginning Balance 2009	Sources (Uses)				Ending Balance 2009
		Assessments	Fund Expenses	Earnings Gain (Loss)		
				Realized	Unrealized	
Project Common	\$ 760,314	\$ 70,026	\$( 119,070)	\$( 17,629)	\$ 130,360	\$ 824,001
Site (subdivision)						
Spirit Dance Major repairs	375,234	62,430	( 18,888)	( 9,512)	70,337	479,601
Harvest Dance Major repairs	457,620	56,667	( 113,140)	( 10,288)	76,074	466,933
Sun Dance * Major repairs	2,229	-	-	( 53)	395	2,571
Sub-total	835,083	119,097	( 132,028)	( 19,853)	146,806	949,105
Total reserve fund	<u>\$1,595,397</u>	<u>\$ 189,123</u>	<u>\$( 251,098)</u>	<u>\$( 37,482)</u>	<u>\$ 277,166</u>	<u>\$1,773,106</u>

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

See accountants' report.