

SPRING CREEK HOMEOWNERS' ASSOCIATION
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

For the Year Ended December 31, 2014

With Unaudited Comparative Totals
For the Year Ended December 31, 2013

SPRING CREEK HOMEOWNERS' ASSOCIATION
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
DECEMBER 31, 2014
WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2013 (UNAUDITED)

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Balance Sheet	4
Statement of Revenues, Expenses, and Changes in Fund Balances	5
Statement of Cash Flows.....	6
Notes to Financial Statements	7
SUPPLEMENTARY INFORMATION	
Schedule of Expenses	15
Schedule of Operating Fund Revenues and Expenses - Budget and Actual	16
Supplemental Information on Future Major Repairs and Replacements	17

Thompson, Palmer & Associates, PC

CERTIFIED PUBLIC ACCOUNTANTS

PO BOX 4158
JACKSON, WY 83001

FAX (307) 739-1415

(307)733-5160
275 E BROADWAY

INDEPENDENT AUDITOR'S REPORT

September 18, 2015

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

We have audited the accompanying financial statements of Spring Creek Homeowners' Association (a corporation), which comprise the balance sheet as of December 31, 2014, and the related statements of revenues, expenses and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spring Creek Homeowners' Association (a corporation) as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

The 2013 financial statements were reviewed by us, and our report thereon, dated August 4, 2014, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supporting schedule of expenses and the schedule of operating fund revenues and expenses – budget to actual is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information on future major repairs and replacements on pages 14 and 15 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted on the United States of America, which consisted of inquiries of

Spring Creek Homeowners' Association
Independent Auditors' Report
September 18, 2015
page 3

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Thompson Palmer & Associates PC

Thompson, Palmer and Associates, PC

SPRING CREEK HOMEOWNERS' ASSOCIATION
BALANCE SHEET
DECEMBER 31, 2014
WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2013 (UNAUDITED)

	Operating Fund	Replacement Fund	Totals	
			2014	2013 Unaudited
ASSETS				
Cash, including interest-bearing deposits	\$ 110,636	\$ -	\$ 110,636	\$ 267,901
Investments - Cash (Note #4)	-	132,133	132,133	44,624
Investments - Securities (Note #4)	-	2,606,288	2,606,288	2,462,577
Assessments receivable (Note #3)	37,631	-	37,631	24,543
Prepaid income tax	5,512	-	5,512	5,945
Prepaid expenses	21,667	-	21,667	8,559
Due from operating fund	-	182,841	182,841	40,743
Due to replacement fund	(182,841)	-	(182,841)	(40,743)
Inventory (Note #3)	-	-	-	17,848
Other receivables	-	-	-	5,000
Total current assets	(7,395)	2,921,262	2,913,867	2,836,997
Fixed assets	80,000	-	80,000	-
Accumulated Depreciation	(342)	-	(342)	-
Net fixed assets	79,658	-	79,658	-
Total assets	<u>\$ 72,263</u>	<u>\$ 2,921,262</u>	<u>\$ 2,993,525</u>	<u>\$ 2,836,997</u>
LIABILITIES				
Accounts payable	\$ 41,859	\$ -	\$ 41,859	\$ 60,829
Income tax payable	-	-	-	-
Advanced homeowner assessments	2,166	-	2,166	140,106
Homeowner construction deposits	53,042	-	53,042	88,978
Total liabilities	97,068	-	97,068	289,913
FUND BALANCES				
Accumulated excess of revenues over expenses	(24,805)	2,207,446	2,182,641	2,042,821
Accumulated other comprehensive income (loss)	-	713,816	713,816	504,263
Total fund balances	(24,805)	2,921,262	2,896,457	2,547,084
Total liabilities and fund balances	<u>\$ 72,263</u>	<u>\$ 2,921,262</u>	<u>\$ 2,993,525</u>	<u>\$ 2,836,997</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, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

	Operating Fund	Replacement Fund	Totals	
			2014	2013 Unaudited
REVENUES				
Assessments	\$ 1,024,620	\$ 169,549	\$ 1,194,169	\$ 1,125,663
Interest income	67	93,308	93,375	78,185
Other income	2,637	-	2,637	1,907
Total revenues	1,027,324	262,857	1,290,181	1,205,755
EXPENSES				
Operating expenses - Schedule of expenses	1,051,270	-	1,051,270	1,003,193
Replacement other - Schedule of expenses	-	97,062	97,062	124,479
Total expenses	1,051,270	97,062	1,148,332	1,127,672
Excess (deficiency) of revenues over expenses, operating	(23,946)	165,795	141,849	78,083
OTHER REVENUE (EXPENSE)				
Net realized gains on securities	-	86	86	55,637
Total other revenue (expense)	-	86	86	55,637
Excess (deficiency) of revenues over expenses	(23,946)	165,881	141,935	133,720
OTHER COMPREHENSIVE INCOME				
Net unrealized gains on securities	-	207,438	207,438	318,146
Total Comprehensive income	<u>\$ (23,946)</u>	<u>\$ 373,319</u>	<u>\$ 349,373</u>	<u>\$ 451,866</u>
Fund Balance - Beginning of year	\$ (860)	\$ 2,547,944	\$ 2,547,084	\$ 2,095,218
Total Comprehensive Income	(23,946)	373,319	349,373	451,866
Fund Balance - End of year	<u>\$ (24,806)</u>	<u>\$ 2,921,263</u>	<u>\$ 2,896,457</u>	<u>\$ 2,547,084</u>

See accompanying notes and accountants' report.

SPRING CREEK HOMEOWNERS' ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

	Operating Fund	Replacement Fund	Totals	
			2014	2013 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES				
Excess (deficiency) of revenues over expenses	(23,604)	165,453	141,849	\$ 78,083
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by by operating activities:				
(Increase) decrease in assets:				
Assessments receivable	(13,088)	-	(13,088)	22,169
Prepaid income tax	433	-	433	(5,945)
Prepaid expenses	(13,108)	-	(13,108)	(1,812)
Inventory	17,849	-	17,849	-
Other receivables	5,000	-	5,000	20,000
Depreciation add back	342	-	342	-
Increase (decrease) in liabilities:				
Accounts payable	(18,970)	-	(18,970)	13,522
Income tax payable	-	-	-	(12,128)
Advanced homeowner assessments	(137,940)	-	(137,940)	91,766
Homeowner construction deposits	(35,935)	-	(35,935)	45,998
Net cash provided by operating activities	(219,022)	165,453	(53,569)	251,653
CASH FLOWS FROM INVESTING ACTIVITIES				
Construction of asset	(80,000)	-	(80,000)	-
Proceeds from sale of securities	-	250,666	250,666	395,660
Purchase of securities	-	(186,853)	(186,853)	(874,481)
Net cash used by investing activities	(80,000)	63,813	(16,187)	(478,821)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inter-fund transfers	62,098	(62,098)	-	-
Net cash provided (used) by financing activities	62,098	(62,098)	-	-
NET INCREASE (DECREASE) IN CASH	(299,022)	229,266	(69,756)	(227,168)
CASH AT BEGINNING OF YEAR	267,901	44,624	312,525	539,693
CASH AT END OF YEAR	<u>\$ (31,121)</u>	<u>\$ 273,890</u>	<u>\$ 242,769</u>	<u>\$ 312,525</u>
SUPPLEMENTAL DISCLOSURE				
Income taxes paid			\$ 7,140	\$ 31,488

See accompanying notes and accountants' report.

SPRING CREEK HOMEOWNERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 – DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 18, 2015, the date that the financial statements were available to be issued.

NOTE #3 - 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. As of December 31, 2014 and 2013 assessments receivable are \$37,631 and \$24,543 respectively.

Assessments are due on the first of the month, past due on the first of the next month, and are delinquent when they are more than 90 days in arrears. At December 31, 2014, the Association had delinquent assessments of \$30,233. Of this outstanding balance, \$17,119 has subsequently been collected. It is the opinion of the board of directors that the Association will ultimately prevail against homeowners with delinquent assessments and, accordingly, no allowance for uncollectible accounts is deemed necessary.

SPRING CREEK HOMEOWNERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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.

Per the CC&Rs, the Association cannot sell common real property without 100% positive approval of all homeowners. Common property must be used as outlined in the CC&Rs.

Expenditures for new asset acquisitions may be capitalized if significant.

Property and equipment are recorded at cost and consist of the following:

Hot Tub	\$80,000
Less accumulated depreciation	<u>342</u>
	<u>\$79,658</u>

Depreciation

Property and equipment are being depreciated over their estimated useful lives using the straight-line method.

Accounting estimates

In conformity with accounting principles generally accepted in the United States of America, the preparation of financial statements requires management to make certain 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from estimates.

Inventories - firewood

The Association provides firewood for the use of the owners. In prior years inventory was purchased in large quantities and stockpiled for future use. The Association changed this practice and orders wood only as needed and records the cost as an expense when paid. As of December 31, 2014 and 2013 inventory was \$0 and \$17,848 respectively.

SPRING CREEK HOMEOWNERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

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:

	2014	2013
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.

The Association records its investments that are classified as "available for sale" at their fair market value. In accordance with this method of reporting investments, the Association recorded unrealized gains of \$207,438 and \$318,146 in 2014 and 2013, respectively.

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, 2013, from which the summarized information was derived.

SPRING CREEK HOMEOWNERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

NOTE #4 - 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. Fair value measurements establish a hierarchical framework for disclosure of and measurement of investments at fair value defined as Level I, II, and III inputs. These inputs are based on a number of factors, including the type of investment and the characteristics specific to the investment. The Association's investments are all considered to be Level I inputs as they are based on quoted market prices.

	Cash	Securities	Totals	
			2014	2013 Unaudited
Beginning balance - fair value	\$ 44,624	\$ 2,462,577	\$ 2,507,201	\$ 2,024,851
Net cash in/out	(5,799)	(65,928)	(71,727)	30,427
Realized earnings (losses)	93,308	86	93,395	133,777
Unrealized gains (losses)	-	209,552	209,552	318,146
Ending balance - fair value	<u>\$ 132,133</u>	<u>\$ 2,606,288</u>	<u>\$ 2,738,421</u>	<u>\$ 2,507,201</u>

Net unrealized and realized gain on securities is as follows:

Unrealized gain (loss)	\$ 207,438	\$ 318,146
Realized gain (loss)	86	55,637
Net unrealized and realized gain on securities	<u>\$ 207,524</u>	<u>\$ 373,783</u>

Net realized gain on securities available for sale:

Security sales proceeds	\$ 279,621	\$ 395,660
Basis of securities sold	(279,535)	(340,023)
Realized gain (loss) on sales of securities	<u>\$ 86</u>	<u>\$ 55,637</u>

The cost of securities available for sale is adjusted to fair market value annually. This adjusted fair market value is the basis used to compute realized gains and losses.

NOTE #5 - 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 2014 and 2013 are \$7,570 and \$13,378 respectively. Fees and penalties are \$3 and \$389 in 2014 and 2013, respectively. The federal income tax returns of the Association for 2014, 2013, 2012 and 2011 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

SPRING CREEK HOMEOWNERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

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 \$2,738,421 consist of cash, including interest bearing monies of \$132,133, taxable and tax-exempt investments, including accrued interest totaling \$2,606,288, and an inter-fund receivable of \$102,841 as of December 31, 2014. 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:

	2014	2013
Replacement fund		
Assessments – Project Common	\$ 33,125	\$ 31,493
Assessments – Spirit Dance	76,271	74,966
Assessments – Harvest Dance	60,153	58,966
	<u>\$ 169,549</u>	<u>\$ 165,425</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.

Litigation

In October 2013, a homeowner filed a lawsuit against the Association and his neighbor. The litigation was related to the Association's Architectural Review committee's (ARC) approval of the neighbor's home in alleged violation of the C&Rs and ARC Guidelines. In October 2014, a settlement of all claims and counterclaims was achieved.

SPRING CREEK HOMEOWNERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

NOTE #6 – COMPREHENSIVE INCOME

The Association complies with the provisions of FASB ASC 220, *Comprehensive Income*, which establishes rules for the reporting and presentation of comprehensive income and its components. Accounting principles generally require that recognized revenue, expense, gains and losses be included in net income. However, certain changes in assets and liabilities such as unrealized gain and loss on available for sale securities, are reported as a separate component of comprehensive income. The components of other comprehensive income for 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Other Comprehensive Income		
Unrealized gains (losses) available for sale securities	\$ 207,438	\$ 318,146
Other Comprehensive Income (Loss)	\$ 207,438	\$ 318,146
Changes in accumulated other comprehensive income		
Accumulated other comprehensive income, beginning	\$ 504,263	\$ 186,117
Unrealized gains (losses) during the current year	207,438	318,146
Other changes in comprehensive income	2,115	-
Changes in accumulated other comprehensive income	<u>209,553</u>	<u>318,146</u>
Accumulated other comprehensive income, ending	<u>\$ 713,816</u>	<u>\$ 504,263</u>

Note #7 – CREDIT AND MARKET RISK

The Association's financial instruments consist of cash, investments, and homeowner receivables. At December 31, 2014 and 2013, cash and cash equivalents exceeding federally insured limits totaled \$0 and \$0. Investments amounting to \$2,606,288 and \$2,462,577 were uninsured at December 31, 2014 and 2013, respectively. Receivables are due from unit owners and are considered collectible.

Note #8 – CONCENTRATIONS

Spring Creek Ranch is located in the greater Jackson Hole Wyoming area – a popular vacation destination as well as place to live. The Association is exposed to risks associated with conditions affecting the economy, real estate, tourism and weather for its geographical area.

SPRING CREEK HOMEOWNERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

NOTE #9 – RELATED PARTIES

Spring Creek Ranch Management Company, LLC ("SCRMC"), of which Stephen Price and Derek Goodson are principles, provides management services to the Association. SCRMC operates under a written agreement with the Association. Except for maintenance services, all fees are fixed by either contract or the current year's budget. Maintenance services are billed according to time and materials. The books are reviewed annually by an independent accounting firm, and the policy of the Board is to have the books audited at least every five years. Stephen Price is a member of the Association's Board, and recuses himself in all matters related to SCRMC and the Association. Derek Goodson has been appointed by the Board as the Association's Assistant Treasurer.

The Association paid Spring Creek Ranch Management Company LLC \$571,623.47 and \$517,226.90 in 2014 and 2013, respectively. The Association owed \$25,547.28 and \$25,579.74 at 2014 and 2013 year end for December fees.

SUPPLEMENTAL INFORMATION

SPRING CREEK HOMEOWNERS' ASSOCIATION
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

	2014	2013 Unaudited
OPERATING EXPENSES		
Administration and accounting	68,760	69,030
Security	108,960	108,960
Maintenance	69,817	66,652
Accounting fees	7,500	7,500
Credit card commissions & discounts	19,373	22,140
Depreciaton	342	-
Lease - JH Land Trust	7,000	7,000
Environmental	6,189	6,321
Firewood	37,653	16,260
Income Tax	7,570	13,378
Insurance	73,669	56,528
Legal	29,084	70,925
Management fees	35,100	32,916
Other operating expenses and supplies	18,951	20,675
Penalties and interest	3	389
Property taxes	3,853	4,841
Recreational facilities	86,313	83,862
Repairs and maintenance		
Building	315	1,128
Landscaping	5,903	3,820
Roads and paths	170,327	151,548
Trash removal	13,491	15,622
Telephone	39,216	37,152
Tractor	6,856	3,184
Transportation	74,902	54,902
Water and sewer	160,122	148,460
Total operating expenses	<u>1,051,270</u>	<u>1,003,193</u>
REPLACEMENT FUND EXPENSES		
Brokerage fees	308	330
Foreign taxes	414	364
Site common - Harvest Dance	41,000	656
Site common - Spirit Dance	-	28,000
Project common	55,341	95,129
Total replacement fund expenses	<u>97,062</u>	<u>124,479</u>

See independent accountants' report.

SPRING CREEK HOMEOWNERS' ASSOCIATION
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

	2014			2013 Unaudited
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES				
Assessments	\$ 1,194,167	\$ 1,194,169	\$ 2	\$ 960,238
Interest income	-	93,375	93,375	45
Other	-	2,637	2,637	1,907
	1,194,167	1,290,181	96,015	962,190
OPERATING EXPENSES				
Administration and accounting	68,760	68,760	-	69,030
Security	108,960	108,960	-	108,960
Maintenance	84,200	69,817	14,383	66,652
Accounting fees	5,000	7,500	(2,500)	7,500
Credit card commissions & discounts	25,863	19,373	6,490	22,140
Depreciation	-	342	(342)	-
Directors expense	1,380	-	1,380	-
Lease - JH Land Trust	6,500	7,000	(500)	7,000
Environmental	26,000	6,189	19,811	6,321
Firewood	38,255	37,653	602	16,260
Income Tax	9,088	7,570	1,518	13,378
Insurance	54,934	73,669	(18,735)	56,528
Legal	30,000	29,084	916	70,925
Management fees	35,100	35,100	-	32,916
Other operating expenses and supplies	16,275	18,951	(2,676)	20,675
Penalties and interest	-	3	(3)	389
Property taxes	5,071	3,853	1,217	4,841
Recreational facilities	76,640	86,313	(9,673)	83,862
Repairs and maintenance				
Building	-	315	(315)	1,128
Landscaping	2,200	5,903	(3,703)	3,820
Roads and paths	148,833	170,327	(21,494)	151,548
Trash removal	12,785	13,491	(707)	15,622
Telephone	39,216	39,216	-	37,152
Tractor	3,000	6,856	(3,856)	3,184
Transportation	74,902	74,902	0	54,902
Water and sewer	170,870	160,122	10,748	148,460
Total operating expenses	1,043,831	1,051,270	(7,439)	1,003,193
Excess of operating fund revenues over (under) operating fund expenses	\$ 150,336	\$ 238,912	\$ 88,576	\$ (41,003)

See independent accountants' report.

SPRING CREEK HOMEOWNERS' ASSOCIATION
SUPPLEMENTAL INFORMATION ON FUTURE MAJOR REPAIRS
AND REPLACEMENTS
DECEMBER 31, 2014

Periodically, a reserve study determines the replacement value of the inventory of infrastructure items as of the date of the study. This reserve study is updated periodically with the last update occurring in 2005. For the years between the date of the study and the current year, the study's estimated replacement costs are adjusted to provide for inflation.

The following information is based on the 2005 study and presents significant information about the components of common and site property.

	Estimated Remaining Useful Life Years	Estimated Current Replacement Cost	Fiscal Year 2014 Budget Allocation	Percent of Total Budget Allocation
Project common components				
Equipment, water, sewer and common	2 – 54	<u>\$ 14,562,082</u>	<u>\$ 33,125</u>	<u>19.54 %</u>
Sub-total		14,562,082	33,125	19.54 %
Site common components				
Spirit Dance Subdivision	0 – 17	3,555,663	76,271	44.98 %
Harvest Dance Subdivision	2 – 20	<u>2,032,092</u>	<u>60,153</u>	<u>35.48 %</u>
Sub-total		5,587,755	136,424	80.46 %
Total		<u>\$ 20,149,837</u>	<u>\$ 169,549</u>	<u>100.00 %</u>

SPRING CREEK HOMEOWNERS' ASSOCIATION
SUPPLEMENTAL INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)
DECEMBER 31, 2014

	Beginning Balance 2014	Sources (Uses)				Ending Balance 2014
		Assessments	Fund Expenses	Earnings Realized	Gain (Loss) Unrealized	
Project Common	\$ 879,898	\$ 33,125	\$ (55,583)	\$ 31,394	\$ 69,730	\$ 958,563
Site (subdivision)						
Spirit Dance Major repairs	725,149	76,271	(213)	27,582	61,262	890,051
Harvest Dance Major repairs	938,976	60,153	(41,265)	34,277	76,131	1,068,271
Sun Dance* Major repairs	3,921	-	(1)	142	315	4,377
Sub-total	<u>1,668,046</u>	<u>136,424</u>	<u>(41,479)</u>	<u>62,000</u>	<u>137,708</u>	<u>1,962,699</u>
Total reserve fund	<u>\$ 2,547,944</u>	<u>\$ 169,549</u>	<u>\$ (97,062)</u>	<u>\$ 93,395</u>	<u>\$ 207,437</u>	<u>\$ 2,921,262</u>

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