

ROBERTSON & MARCHETTI, P.C.

Certified Public Accountants

Accountant's Compilation Report

December 13, 2012

Board of Directors
Brightwater Club Property Owners Association
Edwards, Colorado

I have compiled the accompanying balance sheet of Brightwater Club Property Owners Association as of November 30, 2012 and the related statement of revenues, expenditures and changes in fund balance with budgets for the eleven month period then ended. I also compiled the accompanying budget and forecast of revenues, expenditures and changes in fund balance for the year ending December 31, 2012 and the adopted 2013 budget in accordance with standards established by the American Institute of Certified Public Accountants.

I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

As a consulting financial manager, I participate in the financial management of the Association. Management (with my participation) 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. I have prepared these financial statements in my capacity as consulting financial manager for the Association.

My responsibility includes conducting the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management (with my participation) has elected to omit substantially all the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Association's financial position, results of operations and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

A compilation of a forecasted financial statement is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast.

I have not examined the accompanying forecast and, accordingly, do not express an opinion or any other form of assurance on the forecasted statement or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected and those differences may be material. I have no responsibility to update this report for events or circumstances occurring after the date of this report.

I also compiled the accompanying 2011 historical financial statements of the Association and my report thereon stated that I did not audit or review those financial statements and, accordingly, expressed no opinion or any other form of assurance on them. Management had elected to omit substantially all disclosures and the statement of cash flows, and if these omissions had been included, they might influence the user's conclusions about the Association's 2011 financial position, results of operations, and cash flows. Accordingly, the 2011 financial statements are not designed for those who are not informed about such matters.

I am not independent from an accounting and auditing perspective with respect to Brightwater Club Property Owners Association because I perform certain accounting services that impair my independence.

ROBERTSON & MARCHETTI, P.C.

Eric Weaver, CPA
Vice President

Brightwater Club Property Owners Association
Combined Balance Sheet
December 31, 2011 and November 30, 2012

Current Assets	<u>12/31/11</u>	<u>11/30/12</u>
Cash		
US Bank	181,749	288,594
Alpine- Operating Checking	1,394	32,608
Alpine- DRB	30,044	30,048
Alpine CD	150,361	150,718
Petty Cash	186	186
Total Cash	<u>363,735</u>	<u>502,154</u>
Other Current Assets		
Accounts Receivable	1,361,586	1,532,929
Allowance For Uncollectibles- CDI		(847,693)
Prepaid Expenses	4,669	6,157
Total Other Current Assets	<u>1,366,255</u>	<u>691,393</u>
Total Assets	<u>1,729,990</u>	<u>1,193,547</u>
Liabilities and Fund Equity		
Current Liabilities		
Accounts Payable	15,669	9,823
Prepaid Assessments	12,800	-
Compliance & Security Deposits	30,000	20,000
Deferred Receivables		
Uncollected Accounts Receivable	1,361,586	685,236
Total Deferred Receivables	<u>1,361,586</u>	<u>685,236</u>
Total Liabilities	<u>1,420,055</u>	<u>715,059</u>
Fund Equity		
Working Capital Deposits	93,950	94,700
Fund Balance - Operating Fund	215,985	383,788
Total Equity	<u>309,935</u>	<u>478,488</u>
Total Liabilities and Fund Equity	<u>1,729,990</u>	<u>1,193,547</u>
See accompanying accountant's report.	=	=

Brightwater Club Property Owners Association Stmnt of Revenues and Expenditures and Fund Ba For The Periods Indicated	12/31/11 Unaudited Actual	2012 Budget	Variance Favorable (Unfavor)	2012 ** Forecast **	YTD Thru 11/30/12 Actual	YTD Thru 11/30/12 Budget	Variance Favorable (Unfavor)	2013 Adopted Budget	Adopted Budget Comments
Units In Association		312	-	312				312	
Less CDI Lots		(117)	-	(117)				(1)	116 of 117 properties no owned by GCH
Less Non-Paying Lots		(63)	6	(57)				(75)	Prelim estimate
Net Fully Paying Individual Lots		132	6	138				236	
Quarterly Assessments Per Unit		400.00		400.00				300.00	
Revenues									
Operating Assessments Billed	499,200	499,200	-	499,200	499,200	499,200	-	374,400	312 lots at \$300 per quarter
Less Current Year Billings Not Collected	(224,135)	(288,000)	156,724	(131,276)	(224,076)	(288,000)	63,924	(91,200)	1 CDI + 75 other lots estimated to not pay
Prepayment of Dues	-	-	-	-	3,625	-	3,625	-	
Less Prepay Discounts	(34,000)	(40,000)	(2,000)	(42,000)	(42,000)	(40,000)	(2,000)	(70,800)	236 Lots at \$300
Prior Year Revenues Collected	87,506	20,000	31,931	51,931	51,931	18,333	33,598	5,000	Made major headway in 2010- 2012
Working Capital Applied	52,000	-	-	-	-	-	-	-	Most have already been applied
Cabins Assessments	-	-	-	-	-	-	-	-	Assn not maintaining these properties
Homestead Assessments	-	-	-	-	-	-	-	-	Assn not maintaining these properties
Design Review Board Fees	-	-	-	-	-	-	-	-	New home submittal doubtful
Late Fees and Interest Charges Collected	241	250	4,250	4,500	4,353	229	4,124	250	
Title Statement Charges	2,100	500	-	500	500	458	42	500	10 properties at \$50 each
Interest Income- DRB	14	15	(10)	5	4	14	(10)	5	Based on 2012
Interest Income- Reserves	869	800	(100)	700	614	733	(119)	700	Based on 2012
Uncategorized Income	-	-	-	-	-	-	-	-	
Legal Fees Collected	-	-	4,175	4,175	4,175	-	4,175	-	
Developer Contribution	-	-	-	-	-	-	-	-	
Total Common Revenues	383,795	192,765	194,970	387,735	298,326	190,968	107,358	218,855	

See accompanying accountant's report.

** Forecast is an estimate as of the date of this report and is subject to change

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Expenses									
Operating Expenses									
Accounting & Management	65,828	45,000	(10,000)	55,000	47,232	39,539	(7,693)	55,000	Based on 2012 Forecast
Covenant Enforcement	-	-	-	-	-	-	-	3,000	Begin weekly review and follow up
Audit	-	-	-	-	-	-	-	-	
Legal- General	9,932	12,000	-	12,000	8,727	11,000	2,273	12,000	Normal issues
Legal & Administration- CDI Bankruptcy	102,180	25,000	4,000	21,000	20,688	22,727	2,039	-	Bankruptcy dismissed
Legal- Collections	2,276	10,000	-	10,000	5,829	9,091	3,262	15,000	Ramp up efforts on remaining properties
Legal- Declarant Issues	3,018	20,000	19,000	1,000	18	17,500	17,483	5,000	Assume minimal
Legal- Club Rights & Matters	1,182	20,000	20,000	-	-	17,500	17,500	5,000	Assume minimal
Legal - SEMA Lawsuit	-	-	(5,500)	5,500	5,404	-	(5,404)	-	
BPC Funding	93,000	5,000	(500)	5,500	4,996	4,750	(246)	5,500	Insurance, tax return, etc
Tax Return Prep	400	500	100	400	400	500	100	500	
Design Review Consultants	3,175	2,500	1,500	1,000	400	2,292	1,892	1,000	
Insurance	8,573	9,000	1,139	7,861	7,861	9,000	1,139	8,000	Based on 2012
Meetings & Communications	877	2,000	1,000	1,000	330	500	170	1,000	Based on 2012
Dues & Subscriptions	-	-	-	-	-	-	-	-	
Title Company Statement Requests	1,875	500	500	-	-	458	458	-	Included in accounting expenses
Phone, Copies, & Office Supplies	3,272	2,500	500	2,000	1,249	1,964	715	2,000	Based on 2012
Mailing & Postage	177	2,000	1,800	200	76	1,900	1,824	200	Based on 2012
Bank Charges	-	120	120	-	-	110	110	-	
Website Design, Maintenance, & Fees	1,926	1,000	1,000	-	-	917	917	-	Included in accounting expenses
Income Tax Expense	-	500	100	400	400	500	100	400	Based on 2012
Contingency/ Other	-	2,500	2,500	-	-	2,292	2,292	10,000	
Uncategorized Expenses	-	-	-	-	-	-	-	-	
Total Operating Expenses	297,692	160,120	37,259	122,861	103,607	142,539	38,932	123,600	

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Expenses (Continued)									
Security/ Gatehouse Expenses									
Contribution to Valagua Metro Towards Staffing			(4,500)	4,500				20,000	Split \$5K donations and \$30K Valagua
Cleaning & Maintenance	-	-	(150)	150	149	-	(149)	250	Done In-House
Utilities- Water & Sewer	593	600	-	600	414	550	136	600	Based on 2012
Utilities- Telephone/Internet	2,799	2,750	(2,250)	5,000	3,677	2,521	(1,156)	6,000	Additional internet for cameras
Utilities- Natural Gas	315	500	-	500	300	458	158	500	Based on 2012
Utilities- Electric	1,616	1,700	-	1,700	1,340	1,558	218	1,700	Based on 2012
Pest Control	(60)	-	(127)	127	127	-	(127)	-	
Vehicle Maintenance	-	-	-	-	-	-	-	-	
Building Rent	-	-	-	-	-	-	-	-	
Equipment	-	-	(14,946)	14,946	14,715	-	(14,715)	3,000	Telephone system and misc parts
Leases	-	-	-	-	-	-	-	-	
Operating Supplies	-	-	-	-	-	-	-	1,000	Annual Maintenance by Denver Company
Software Fees		1,800	1,128	672		1,650	1,650	2,688	\$224 per month for samera software
Contingency/ Other (Bill Writeoff)	(10,783)	500	500	-	-	458	458	2,500	
Club & Developer Cost Sharing	-	-	-	-	-	-	-	-	GCH not willing to contribute
Total Security Expenses	(5,520)	7,850	(20,345)	28,195	20,723	7,196	(13,527)	38,238	
Common Area Maintenance Expenses									
Grounds Contract	-	-	-	-	-	-	-	5,000	Assume acceptance late summer
Reserve Study	-	5,000	5,000	-	-	5,000	5,000	8,000	
Engineering								5,000	1/2 of Assessment Cost- Shared w/ GCH
Repairs & Maintenance	2,989	1,500	(1,065)	2,565	2,565	1,375	(1,190)	2,500	Lights, misc other
Electric- Street Lights	967	1,500	300	1,200	777	1,375	598	1,200	Based on 2012 Forecast
Snow Plowing	6,210	4,560	710	3,850	2,850	3,648	798	4,600	Based on current contract
Weed Control	-	2,500	2,500	-	-	2,500	2,500	-	Assume acceptance late summer
Road Maintenance	-	-	-	-	-	-	-	-	Assume acceptance late summer
Contingency/ Other		10,000	10,000			10,000	10,000	20,000	
Total Common Area Maintenance Exp.	10,166	25,060	17,445	7,615	6,192	23,898	17,706	46,300	
Total Expenses	302,338	193,030	34,359	158,671	130,522	173,633	43,111	208,138	
Change in Fund Balance	81,457	(265)	229,329	229,064	167,804	17,335	150,469	10,717	Funding of capital reserves
Operations Fund Balance - Beginning	134,527	152,710	63,274	215,984	215,984	152,710	63,274	445,048	
Operations Fund Balance - Ending	215,985	152,445	292,603	445,048	383,788	170,045	213,743	455,765	

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