



Accountant's Compilation Report

March 23, 2015

Board of Directors
Brightwater Club Property Owners Association
Gypsum, Colorado

We have compiled the accompanying balance sheet of Brightwater Club Property Owners Association as of December 31, 2014 and the related statement of revenues, expenditures and changes in fund balance – historical, budget and forecast – for the twelve month period then ended. We also compiled the accompanying budget and forecast of revenues, expenditures and changes in fund balance – historical, budget, and forecast – for the year ending December 31, 2014 and the adopted budget for 2015, in accordance with standards established by the American Institute of Certified Public Accountants.

We 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, we participate in the financial management of the Association. Management (with our 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. We have prepared these financial statements in our capacity as consulting financial manager for the Association.

Our 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 our 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. We 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. We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our predecessor firm compiled the accompanying 2013 historical financial statements of the Association and our report thereon stated that we did not audit or review those financial statements and, accordingly, expressed no opinion or any other form of assurance on them. The report noted that management (with our participation) 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 2013 financial position, results of operations, and cash flows. Accordingly, the 2013 financial statements are not designed for those who are not informed about such matters.

We are not independent from an accounting and auditing perspective with respect to Brightwater Club Property Owners Association because we perform certain accounting services that impair our independence.

Marchetti & Weaver, LLC

**Brightwater Club Property Owners Association
Combined Balance Sheet**

Current Assets	12/31/13	12/31/14
Cash		
US Bank	170,076	118,548
Alpine- Operating Checking	30,638	14,185
Alpine- DRB	30,051	30,054
Alpine CD	150,943	151,094
Petty Cash	-	-
UMB Bank	340,991	542,962
Total Cash	722,700	856,844
Other Current Assets		
Accounts Receivable	515,961	206,433
Other Receivables		37,518
Prepaid Expenses	8,037	12,057
Total Other Current Assets	523,997	256,009
Total Assets	1,246,697	1,112,853
Liabilities and Fund Equity		
Current Liabilities		
Accounts Payable	8,743	17,900
Prepaid Assessments	-	3,721
Compliance & Security Deposits	20,000	20,000
Transponder Deposits	150	350
Deferred Receivables		
Uncollected Accounts Receivable	515,961	206,433
Total Liabilities	544,853	248,404
Fund Equity		
Working Capital Deposits	89,950	79,950
Fund Balance - Operating Fund	84,701	86,169
Fund Balance - Reserve Fund	527,193	698,330
Total Equity	701,844	864,449
Total Liabilities and Fund Equity	1,246,697	1,112,853

See accompanying accountant's report.

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Brightwater Club Property Owners Association Stmnt of Revenues and Expenditures and Fund Ba For The Periods Indicated	12/31/13 Unaudited Actual	2014 Adopted Budget	Variance Favorable (Unfavor)	2014 ** Forecast **	YTD Thru 12/31/14 Actual	YTD Thru 12/31/14 Budget	Variance Favorable (Unfavor)	2015 Adopted Budget	Budget Comments
Units In Association	312	312	-	312				312	
Less Non-Paying Lots	(42)	(42)	11	(31)				(31)	Based on 2014 Forecast
Net Fully Paying Individual Lots	270	270	11	281				281	
Quarterly Assessments Per Unit	\$ 300.00	\$ 300.00		\$ 300.00				\$ 300.00	
Operating Fund Revenues									
Operating Assessments Billed	374,400	374,400	-	374,400	374,400	374,400	-	374,400	312 lots at \$300 per quarter
Less Current Year Billings Not Collected	(57,803)	(50,400)	13,200	(37,200)	(38,831)	(50,400)	11,569	(37,200)	31 Lots estimated to not pay
Prepayment of Dues	300	-	-	-	-	-	-	-	
Less Prepay Discounts	(71,400)	(81,000)	10,500	(70,500)	(70,500)	(81,000)	10,500	(81,000)	270 Lots at \$300
Prior Year Revenues Collected	72,709	5,000	49,601	54,601	54,601	5,000	49,601	5,000	Made major headway in 2010- 2014
Working Capital Applied	1,450	-	8,100	8,100	8,100	-	8,100	-	Most have already been applied
Design Review Board Fees	250	-	-	-	-	-	-	-	New home submittal doubtful
Legal, Late Fees and Interest Collected	5,997	250	870	1,120	371	250	121	250	Fewer major delinquencies
Title Statement Charges	400	500	(300)	200	300	500	(200)	200	10 properties at \$50 each
Interest Income- DRB	3	2	2	4	3	2	1	5	Based on 2014
Interest Income- Reserves	1,361	300	-	300	598	300	298	300	Based on 2014
Total Common Revenues	327,668	249,052	81,973	331,025	329,087	249,052	80,035	261,955	

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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Operating Fund Expenses									
Operating Expenses									
Accounting & Management	53,691	50,000	-	50,000	51,440	50,000	(1,440)	45,000	On-site handled by budget below
Covenant Enforcement & On-site Management	-	2,400	400	2,000	2,000	2,400	400	6,500	Combine with operations oversight
Legal- General	14,744	13,000	8,000	5,000	2,013	13,000	10,988	10,000	Normal issues
Legal & Administration- CDI Bankruptcy	-	-	-	-	-	-	-	-	Bankruptcy dismissed
Legal- Collections	46,906	27,500	5,000	22,500	17,479	27,500	10,021	20,000	Based on 2014
Legal- Declarant Issues	-	-	-	-	-	-	-	-	Bankruptcy dismissed
Legal- Club Rights & Matters	-	-	-	-	-	-	-	-	Bankruptcy dismissed
Legal - SEMA Lawsuit	-	-	-	-	-	-	-	-	Bankruptcy dismissed
BPC Funding	350	-	-	-	-	-	-	-	Entity was dissolved
Tax Return Prep	400	500	100	400	400	500	100	500	Annual cost
Design Review Consultants	700	1,500	-	1,500	1,069	1,500	431	1,500	Administration and minor work
Insurance	7,717	8,000	(5,000)	13,000	12,992	8,000	(4,992)	14,000	Based on 2014
Meetings & Communications	557	1,000	-	1,000	575	1,000	425	1,000	Based on 2014
Phone, Copies, & Office Supplies	1,923	2,000	-	2,000	2,461	2,000	(461)	2,000	Based on 2014
Mailing & Postage	307	200	-	200	-	200	200	200	Based on 2014
Bank Charges	91	100	-	100	31	100	69	100	Based on 2014
Income Tax Expense	-	100	10	90	90	100	10	100	Based on 2014
Contingency/ Other	-	10,000	-	10,000	-	10,000	10,000	10,000	
Total Operating Expenses	127,387	116,300	8,510	107,790	90,549	116,300	25,751	110,900	

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Operating Fund Expenses (Continued)									
Security/ Gatehouse Expenses									
Contribution to Valagua Metro Towards Staffing	6,667	-	-	-	-	-	-	-	No longer using manned staff
Cleaning & Maintenance	-	-	-	-	-	-	-	-	Paid by GCH
Utilities- Water & Sewer	-	-	-	-	-	-	-	-	Paid by GCH
Utilities- Telephone/Internet	3,602	3,500	(250)	3,750	3,762	3,500	(262)	4,000	Phone & Internet to run system
Utilities- Natural Gas	334	300	(50)	350	358	300	(58)	400	Based on 2014
Utilities- Electric	1,244	1,400	150	1,250	736	1,400	664	1,350	Based on 2014
Pest Control	-	-	-	-	-	-	-	-	
Equipment Purchase & Maintenance	3,847	-	(4,500)	4,500	2,395	-	(2,395)	2,500	Service calls
Operating Supplies	-	500	(750)	1,250	405	500	95	1,000	Parts & misc supplies
Software Fees	2,042	2,688	(212)	2,900	2,824	2,688	(136)	3,000	Monthly camera/database fee
Contingency/ Other	-	2,500	-	2,500	-	2,500	2,500	2,500	Unforeseen needs
Total Security Expenses	17,736	10,888	(5,612)	16,500	10,480	10,888	408	14,750	
Common Area Maintenance Expenses									
Grounds Contract	-	5,000	(2,730)	7,730	7,730	5,000	(2,730)	2,500	Flowers, weed pulling, general care
Weed Control- Road Medians & Entrance	-	6,000	5,000	1,000	810	6,000	5,190	2,000	Medians & Roundabout
Weed Control- Private Lot Spot Spraying								8,000	200 lots @ estimated \$40 per lot
Weed Control- Roadside Edges								8,000	Kill accumulated growth & mow
Weed Control- Private Lot Mowing & Broadcast Spray								4,500	45 lots @ estimated \$100 per lot
Weed Control- Stream Area/ Conservation Easement								2,500	Rough estimate for spot spraying
Tree Care		8,000	7,500	500	415	8,000	7,585	1,000	Road medians only (Corners are GCH)
Fence Repair								2,000	To limit cattle impacts/ shared with rancher
Reserve Study	2,834	-	-	-	-	-	-	-	Completed in 2014
Engineering	7,000	-	(436)	436	436	-	(436)	-	Completed in 2014
Repairs & Maintenance	-	2,500	2,500	-	-	2,500	2,500	2,500	Street lights, signs, etc
Electric- Street Lights	879	900	(50)	950	963	900	(63)	1,000	Based on 2014 Forecast
Electric - Lake Aeration			(1,200)	1,200	1,506	-	(1,506)	1,200	Assume covered in 2015
Snow Plowing	5,050	4,600	(2,900)	7,500	7,235	4,600	(2,635)	5,500	Assume more normal year
Road & Shoulder Maintenance	-	6,000	6,000	-	-	6,000	6,000	2,000	In case of minor needs
Mosquito Control									
Irrigation		500	(500)	1,000	495	500	5	6,500	Maintenance and \$6K pmt to GCH for usag
Conservation Easement Inspections		3,900	3,900	-	-	3,900	3,900	3,900	\$20 per sold lot (195) pd to Land Trust
Contingency/ Other		10,000	10,000	-	-	10,000	10,000	-	
Total Common Area Maintenance Exp.	15,763	47,400	27,084	20,316	19,590	47,400	27,810	53,100	
Total Expenses	160,885	174,588	29,982	144,606	120,619	174,588	53,969	178,750	
Transfer to Reserve Fund	(540,000)	(75,000)	(110,000)	(185,000)	(207,000)	(75,000)	(132,000)	(85,000)	Needs to increase to \$180K annually
Change in Fund Balance	(373,217)	(536)	1,955	1,419	1,468	(536)	2,004	(1,795)	Funding of capital reserves
Operations Fund Balance - Beginning	457,919	86,982	(2,281)	84,701	84,701	86,982	(2,281)	86,120	
Operations Fund Balance - Ending	84,701	86,446	(326)	86,120	86,169	86,446	(278)	84,325	Roughly 6 Months of Expenses

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Replacement Reserve Revenues									
Interest Income	-	2,668	(868)	1,800	1,655	2,668	(1,013)	1,699	0.25% of Fund Balance
Transfer From Operating Fund	540,000	75,000	110,000	185,000	207,000	75,000	132,000	85,000	Needs to be roughly \$200K annually
GCH Contribution for Deferred Maintenance	12,551	70,285	(35,771)	34,514	37,518	70,285	(32,767)	21,500	Per Agreement to split deferred maintenance
Total Repl. Reserve Revenues	552,551	147,953	73,361	221,314	246,173	147,953	98,220	108,199	
Replacement Reserve Expenditures									
Roads									
Overlays	-	-	-	-	-	-	-	-	Slated for 2020
Operations Management	-	-	(1,000)	1,000	518	-	(518)	-	
Crackfilling	6,590	9,270	3,009	6,261	6,261	9,270	3,009	7,000	Complete asphalt to pan sealing
Repair Settled Areas	18,511	53,560	45,226	8,334	8,334	53,560	45,226	10,000	Minor remaining needs
Culverts & Drainage	257	-	-	-	-	-	-	-	
Curb & Gutter Repair	-	-	-	-	-	-	-	-	
Bridge Maintenance	-	5,150	5,150	-	-	5,150	5,150	-	Per Reserve Study
Gate House Entrance Repair (Sinkhole)	-	40,000	19,826	20,174	22,192	40,000	17,808	1,500	Small amount of work for Spring 2015
Landscaping									
Complete Irrigation	-	-	-	-	-	-	-	-	
Irrigation Maintenance	-	3,090	3,090	-	-	3,090	3,090	-	Per Reserve Study
Tree Removal & Replacement	-	10,000	8,365	1,635	1,635	10,000	8,365	-	Replace a portion of dead trees
Roundabout & North Entrance	-	-	-	-	-	-	-	12,500	Spring of 2015 Project
Gatehouse									
Exterior Lighting	-	-	-	-	-	-	-	-	Per Reserve Study, Once Conveyed
Staining	-	-	-	-	-	-	-	-	Per Reserve Study, Once Conveyed
Doors	-	-	-	-	-	-	-	-	Per Reserve Study, Once Conveyed
Windows	-	-	-	-	-	-	-	-	Per Reserve Study, Once Conveyed
Gutters & Downspouts	-	-	-	-	-	-	-	-	Per Reserve Study, Once Conveyed
Roof	-	-	-	-	-	-	-	-	Per Reserve Study, Once Conveyed
Gates	-	(7,500)	7,500	7,500	9,515	-	(9,515)	-	North Gate replacement in 2014
Access Control System	-	-	-	-	-	-	-	-	Per Reserve Study
Security System	-	-	-	-	-	-	-	-	Per Reserve Study
Other Common Elements									
Street Light Maintenance	-	6,750	(3,374)	10,124	10,124	6,750	(3,374)	-	Per Reserve Study
Street Light Replacement	-	-	-	-	-	-	-	-	
Ballard Light Maintenance	-	5,250	2,250	3,000	3,000	5,250	2,250	-	Per Reserve Study
Ballard Light Replacement	-	-	-	-	-	-	-	-	
Sign Maintenance	-	7,500	(3,500)	11,000	13,457	7,500	(5,957)	2,000	Nearly complete by end of 2014
Sign Replacement	-	-	-	-	-	-	-	-	
Pond Liners	-	-	-	-	-	-	-	-	Per Reserve Study, Once Conveyed
Pond Pumps	-	-	-	-	-	-	-	-	Per Reserve Study, Once Conveyed
Pond Aerators	-	-	-	-	-	-	-	-	Per Reserve Study, Once Conveyed
Misc Other/ Contingency									
Repl. Res. Expenditures	25,358	140,570	71,542	69,028	75,036	140,570	65,534	43,000	
Repl Res Net Income	527,193	7,383	144,903	152,286	171,137	7,383	163,754	65,199	
Repl. Res. Fund Balance - Begin	-	533,596	(6,403)	527,193	527,193	533,596	(6,403)	679,479	
Repl. Res. Fund Balance - End	527,193	540,979	138,500	679,479	698,330	540,979	157,351	744,677	\$1.3 M needed in 2020 for overlays

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