

The Lodge at Lionshead III Condominium Association

Financial Report

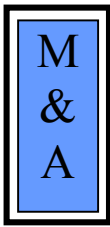
October 31, 2015



**The Lodge at Lionshead III Condominium Association
(A Colorado Non-Profit Corporation)
October 31, 2015**

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

**To the Board of Directors
The Lodge at Lionshead III Condominium Association
Vail, Colorado**

Report on the Financial Statements

We have reviewed the accompanying balance sheets of The Lodge at Lionshead III Condominium Association (the "Association"), a Colorado non-profit corporation, as of October 31, 2015, and the related statements of revenues, expenses and changes in equity, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Association's 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 opinion.

Management Responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Accountant's Responsibility

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.

Accountant's Conclusion

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 U.S. generally accepted accounting principles.

Other Matters

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 U.S. generally accepted accounting principles. The information included in the accompanying supplemental schedules on pages 10 – 11 is presented only for the purposes of additional analysis. Such information (except the Association's budget, which was compiled from information that is the representation of management, without audit or review, and on which we do not express an opinion or provide any assurance) 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.

Member: American Institute of Certified Public Accountants

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Other Matters

The supplementary Schedule of Future Major Repairs and Replacements on pages 12-15 is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have compiled the supplementary information from information that is the representation of management the Association, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

McMahan and Associates, L.L.C.
January 18, 2016

The Lodge at Lionshead III Condominium Association
(A Colorado Non-Profit Corporation)
Balance Sheets
October 31, 2015
(With Comparative Totals for 2014)

	2015		2014	
	Operating Fund	Replacement Fund	Total	Total
Assets:				
Current Assets:				
Cash in bank	113,062	20,097	133,159	131,008
Accounts receivable	53,078	-	53,078	26,070
Prepaid expenses	12,534	-	12,534	11,784
Due (to) from other fund	(66,771)	66,771	-	-
Total Current Assets	<u>111,903</u>	<u>86,868</u>	<u>198,771</u>	<u>168,862</u>
Fixed Assets:				
Condominium Unit C-3	10,010	-	10,010	10,010
Condominium Unit 290	14,708	-	14,708	14,708
Accumulated depreciation	(18,726)	-	(18,726)	(18,108)
Net Fixed Assets	<u>5,992</u>	<u>-</u>	<u>5,992</u>	<u>6,610</u>
Total Assets	<u><u>117,895</u></u>	<u><u>86,868</u></u>	<u><u>204,763</u></u>	<u><u>175,472</u></u>
Liabilities and Equity:				
Liabilities:				
Current Liabilities:				
Accounts payable	9,387	-	9,387	10,158
Deferred assessments	64,889	-	64,889	61,154
Total Current Liabilities	<u>74,276</u>	<u>-</u>	<u>74,276</u>	<u>71,312</u>
Equity:				
Working capital	31,272	-	31,272	31,272
Fund balances	12,347	86,868	99,215	72,888
Total Equity	<u>43,619</u>	<u>86,868</u>	<u>130,487</u>	<u>104,160</u>
Total Liabilities and Equity	<u><u>117,895</u></u>	<u><u>86,868</u></u>	<u><u>204,763</u></u>	<u><u>175,472</u></u>

See accompanying notes and Independent Accountant's Review Report.

The Lodge at Lionshead III Condominium Association
(A Colorado Non-Profit Corporation)
Statement of Revenues, Expenses and Changes in Fund Balances
For the Year Ended October 31, 2015
(With Comparative Totals for 2014)

	2015			2014
	Operating Fund	Replacement Fund	Total	Total
Revenues:				
Common assessment	219,712	-	219,712	204,772
Replacement assessments	-	39,840	39,840	27,840
Special assessments	-	36,032	36,032	20,332
Interest income	-	115	115	69
Total Revenues	219,712	75,987	295,699	253,013
Expenses:				
Owner's meeting	546	-	546	520
Building maintenance	13,715	-	13,715	13,122
Unit C-3 expenses	3,169	-	3,169	2,856
Cable TV	8,359	-	8,359	8,048
Common cleaning	5,455	-	5,455	6,331
Depreciation	618	-	618	618
Electricity	8,371	-	8,371	8,538
Elevator	9,230	-	9,230	7,241
Fire System - test & inspect	2,259	-	2,259	2,274
Unit 290 expenses	1,149	-	1,149	1,670
Gas - Snowmelt systems	4,530	-	4,530	4,834
Gas - Pool	4,157	-	4,157	5,007
Insurance	24,313	-	24,313	19,686
Landscape maintenance	12,878	-	12,878	12,750
Management fee	39,017	-	39,017	39,017
Internet service	2,165	-	2,165	2,101
Office	523	-	523	609
Legal fees	8,757	-	8,757	20,744
Accounting fees	3,625	-	3,625	3,520
Maintenance man	19,728	-	19,728	17,307
Pool maintenance	7,659	-	7,659	7,575
Snow removal	8,423	-	8,423	8,583
Trash removal	4,784	-	4,784	4,222
Water and sewer	10,663	-	10,663	11,751
Replacement expenses	-	65,279	65,279	41,397
Total Expenses	204,093	65,279	269,372	250,321
Excess of Revenues Over Expenses	15,619	10,708	26,327	2,692
Beginning Fund Balances	(3,272)	76,160	72,888	70,196
Ending Fund Balances	12,347	86,868	99,215	72,888

See accompanying notes and Independent Accountant's Review Report.

The Lodge at Lionshead III Condominium Association
(A Colorado Non-Profit Corporation)
Statements of Cash Flows
For the Year Ended October 31, 2015
(With Comparative Totals for 2014)

	2015			2014
	Operating Fund	Replacement Fund	Total	Total
Cash Flows from Operating Activities:				
Cash received from owners	196,439	75,874	272,313	276,821
Cash received from interest	-	115	115	69
Transfers	10,701	(10,701)	-	-
Cash paid for goods and services	(204,996)	(65,281)	(270,277)	(257,999)
Net Cash Provided by Operating Activities	<u>2,144</u>	<u>7</u>	<u>2,151</u>	<u>18,891</u>
Cash Flows from Financing Activities:				
Cash received from members for working capital reserve	-	-	-	4,703
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,703</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,144	7	2,151	23,594
Net Cash and Cash Equivalents - Beginning of Year	<u>110,918</u>	<u>20,090</u>	<u>131,008</u>	<u>107,414</u>
Net Cash and Cash Equivalents - End of Year	<u><u>113,062</u></u>	<u><u>20,097</u></u>	<u><u>133,159</u></u>	<u><u>131,008</u></u>
Reconciliation of Excess of Revenues Over Expenses to Net Cash Provided by Operating Activities:				
Excess of revenues over expenses	<u>15,619</u>	<u>10,708</u>	<u>26,327</u>	<u>2,692</u>
Adjustments to reconcile:				
Depreciation	618	-	618	618
(Increase) decrease in accounts receivable	(27,011)	-	(27,011)	11,302
(Increase) decrease in prepaid expenses	(750)	-	(750)	(3,882)
Increase (decrease) in accounts payable	(768)	-	(768)	(4,409)
Increase (decrease) in deferred assessments	3,735	-	3,735	12,570
Transfers	10,701	(10,701)	-	-
Total Adjustments	<u>(13,475)</u>	<u>(10,701)</u>	<u>(24,176)</u>	<u>16,199</u>
Net Cash Provided by Operating Activities	<u><u>2,144</u></u>	<u><u>7</u></u>	<u><u>2,151</u></u>	<u><u>18,891</u></u>

See accompanying notes and Independent Accountant's Review Report.

The Lodge at Lionshead III Condominium Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
October 31, 2015

1. Organization

The Lodge at Lionshead III Condominium Association ("Association") is a statutory condominium association organized as a not-for-profit corporation in the State of Colorado for the purposes of maintaining and preserving the common property. The Association consists of twelve (12) residential units and began operations in 1978.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. The common expenses of the Association are paid by the Association for its members. The Board of Managers estimates the expenses, and the Association's members are assessed for their pro-rata share.

B. Fund Accounting

The Association uses the fund method of accounting, which requires that funds, such as the Operating Fund and funds for future major repairs and replacements (Replacement Fund), be classified separately for accounting and reporting purposes. Disbursements from the Operating Fund are generally at the discretion of the Board of Managers or Property Manager. Disbursements from the Replacement Fund may be made only for their designated purposes.

C. Cash Equivalents

For purposes of the statements of cash flows, the Association defines cash equivalents as all highly liquid investments with a maturity of less than three months.

D. Interest Allocation

For the year ending October 31, 2015, all interest earnings have been allocated to the Replacement Fund.

E. Recognition of Assets

Real and personal property acquired by the Association is recognized on the Association's financial statements as capitalized fixed assets and is recorded at cost. The property is depreciated over its estimated useful life using the straight-line method of depreciation.

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association.

F. Accounts Receivable

The Association recognizes bad debts by the allowance method. No provision for doubtful accounts has been made because all amounts are considered collectable.

The Lodge at Lionshead III Condominium Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
October 31, 2015
(Continued)

2. Summary of Significant Accounting Policies (continued)

G. Prepaid Expenses

Prepaid expenses represent goods and services paid for in fiscal year 2015 for expenses associated with fiscal year 2016.

H. Accounts Payable

Accounts payable represented goods and services rendered in fiscal year 2015, but not paid for until fiscal year 2016.

I. Deferred Assessments

The Association bills owners for quarterly assessments in advance. The deferred assessments represent payments received for the quarter beginning November 1, 2015.

J. Due To/From Other Funds

At times cash is disbursed or received on behalf of another fund. Processing transactions in this manner results in a liability to or receivable from the other fund. All interfund receivables and payables are periodically settled.

K. Working Capital

According to the Declarations of the Association, each owner is required to pay two months of common assessments as working capital. The assessment is refunded when a unit is sold and the new unit owner is assessed for working capital.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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 and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Income Taxes

The income tax returns of the Association are subject to examination by the Internal Revenue Service and the Colorado Department of Revenue. The Association's returns are no longer subject to examination for tax years prior to 2012 by the Internal Revenue Service and for tax years prior to 2011 by the Colorado Department of Revenue.

3. Fixed Assets

On August 1, 1978, the Association purchased a 26% interest in the office space known as condominium Unit C-3, in The Lodge at Lionshead. The total purchase price was \$38,500. The Association's share of the cost was \$10,010.

On April 10, 1990, the Association purchased a 20% interest in an employee housing unit known as condominium Unit 290, in The Lodge at Lionshead. The total purchase price was \$73,000 and the Association's share of the cost was \$14,708.

The units are being depreciated over their estimated useful life of forty years.

**The Lodge at Lionshead III Condominium Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
October 31, 2015
(Continued)**

4. Owners' Assessments

The annual budget and assessments of owners are determined by The Board of Managers and are approved by the owners. The Association retains excess operating funds at the end of the operating year for use in future operating periods.

5. Federal and State Taxes

The Association has filed for and obtained non-profit status from the State of Colorado. The Association is not tax exempt for Federal and State income tax purposes and therefore must file Federal and State income tax returns as a corporation for profit.

6. Management Contract

Peak Resorts Services, Inc. has been the managing agent for the Association since 1983. The current contract term is May 2013 through April 2016. The contract includes a monthly management fee for services to maintain and upkeep the common elements of the Association. The contract also includes a 5% Capital Replacement Project Planning and Supervision Fee, based on the actual expenditures of all capital replacement projects.

The Association incurred the following expenses to Peak Resort Services, Inc. for the year ended October 31, 2015:

Management fee	39,017
Replacement expense	5,307
Snow removal	3,313
Lawn care	2,731
Office expense	210
Pool maintenance	5,431
Building maintenance	8,507
Maintenance man	19,728
Common area cleaning	4,068
	<u>\$ 88,312</u>

At October 31, 2015, the Association had \$3,385 payable to Peak Resort Services, Inc.

7. Future Major Repairs and Replacements

The Association's governing documents allow for the accumulation of funds for future major repairs and replacements. Accumulated funds are held in separate savings accounts and generally are not available for expenditures for operations.

The Board of Managers commissioned an independent engineering study to estimate the remaining useful lives and the replacement costs of the components of common property. The table included in the unaudited Supplementary Information for the Schedule of Future Major Repairs and Replacements is based on the study.

The Association is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the Replacement Fund. The Replacement Fund assessments for the year ended October 31, 2015 were \$39,840.

**The Lodge at Lionshead III Condominium Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
October 31, 2015
(Continued)**

7. Future Major Repairs and Replacements (continued)

Funds are being accumulated in the Replacement Fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the Replacement Fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to the Board's approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The Replacement Fund had a balance of \$86,868 at October 31, 2015.

8. Cost Sharing and Related Associations

The Association is located adjacent to Lionshead Phase I and Phase II condominium associations. Common expenses are shared between the associations and management company as follows:

<u>Expense</u>	<u>Lionshead Phase I</u>	<u>Lionshead Phase II</u>	<u>Lodge at Lionshead III</u>	<u>Peak Resort Service, Inc.</u>
General use <i>(includes maintenance man, supplies, equipment and tools)</i>	37%	37%	26%	-
Driveway <i>(includes operating and capital expenses)</i>	-	66%	34%	-
Unit 290 Employee housing <i>(includes assessments, taxes and maintenance)</i>	37%	37%	20%	6%
Unit C-3 Office space <i>(includes assessments, taxes and maintenance)</i>	37%	37%	26%	-
Fitness center equipment	37%	37%	26%	-

9. Special Assessments

The Association levied Special Assessments of \$36,032 in 2015, which was used to pay for upcoming capital replacement projects.

10. Subsequent Events

Management has evaluated subsequent events through January 18, 2016; the date these financial statements were available to be issued.

11. Pending Litigation

The Association has updated and modernized documents to conform to Colorado Common Interest Ownership Act ("CCIOA") statutes. The Association's membership voted in March 2012 to approve the Association's amended and restated Declaration, By-laws, and Articles of Incorporation. An owner has sued the Association objecting to certain provisions of the approved documents. The Association has referred the matter to its insurance company under the provisions of their Directors and Officers liability policy. The Association is responsible for and paid a \$5,000 deductible relating to this matter.

**The Lodge at Lionshead III Condominium Association
(A Colorado Non-Profit Corporation)
Comparison of Operating Fund Revenues and Expenses
Budget (Non-GAAP Basis) to Actual
With Reconciliation to GAAP Basis
For the Year Ended October 31, 2015
(With Comparative Totals for 2014)**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Assessments	219,712	219,712	-	204,772
Total Revenues	<u>219,712</u>	<u>219,712</u>	<u>-</u>	<u>204,772</u>
Expenses:				
Owner's meeting	500	546	(46)	520
Building maintenance	13,500	13,715	(215)	13,122
Unit C-3 expenses	3,000	3,169	(169)	2,856
Cable TV	8,200	8,359	(159)	8,048
Common cleaning	6,500	5,455	1,045	6,331
Contingency	100	-	100	-
Electricity	8,500	8,371	129	8,538
Elevator	9,500	9,230	270	7,241
Fire System - Test & Inspect	2,500	2,259	241	2,274
Unit 290 expense	1,100	1,149	(49)	1,670
Gas - Snowmelt systems	5,675	4,530	1,145	4,834
Gas - Pool	4,500	4,157	343	5,007
Insurance	29,000	24,313	4,687	19,686
Landscape maintenance	12,000	12,878	(878)	12,750
Management fee	39,017	39,017	-	39,017
Internet service	1,500	2,165	(665)	2,101
Office	750	523	227	609
Legal fees	20,000	8,757	11,243	20,744
Accounting fees	3,520	3,625	(105)	3,520
Maintenance man	17,850	19,728	(1,878)	17,307
Pool maintenance	7,500	7,659	(159)	7,575
Snow removal	10,000	8,423	1,577	8,583
Trash removal	4,500	4,784	(284)	4,222
Water and sewer	10,500	10,663	(163)	11,751
Total Expenses (Budget Basis)	<u>219,712</u>	<u>203,475</u>	<u>16,237</u>	<u>208,306</u>
Reconciliation to GAAP Basis:				
Depreciation		618		618
Total Expenses (GAAP Basis)		<u>204,093</u>		<u>208,924</u>

See accompanying notes and Independent Accountant's Review Report.

**The Lodge at Lionshead III Condominium Association
(A Colorado Non-Profit Corporation)
Schedule of Replacement Fund Expenses
For the Year Ended October 31, 2015
(With Comparative Totals for 2014)**

	<u>2015</u>	<u>2014</u>
Replacement Fund Expenses:		
Bike storage	-	2,093
Bike path	9,698	-
Mechanical systems	-	6,754
Project Planning & Supervision	3,205	3,693
Railings	-	1,009
Electrical	1,300	2,805
Landscaping	1,549	1,270
Door Treshold / Waterproofing	3,119	5,092
Fitness Equipment	-	4,702
Door and Fence Hardware	-	3,833
Roof / Decks	-	1,700
Pool / Spa	35,900	4,262
Fence & stairwells	-	1,571
Miscellaneous equipment	1,827	2,613
Backflow Preventer	1,690	-
Garage door	3,739	-
Owned Units Special Assessments	2,752	-
Wi-Fi	500	-
Total Expenses (Budget Basis)	<u>65,279</u>	<u>41,397</u>

See accompanying notes and Independent Accountant's Review Report.

**The Lodge at Lionshead III Condominium Association
(A Colorado Non-Profit Corporation)
Supplementary Information
Schedule of Future Major Repairs and Replacements
October 31, 2015**

The Association commissioned a study in 2008 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were prepared by Peak Resort Services, Inc.

The Board has elected not to allocate the balance of the Replacement Fund at October 31, 2015 to individual components of the general common elements.

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

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Components of Fund Balance at October 31, 2015</u>
Site Work:			
Main driveway shared II and III	1	50,000	
Building re-key	1	5,000	
Carport roof	2	17,500	
Ski lockers	2	10,500	
Carport snowmelt system	3	60,000	
Building sprinkler and fire alarm retrofit	3	850,000	
Lighting exterior lamps	3	3,500	
Elevator modernization	3	116,699	
Perimeter fence stain	5	5,000	
Handrail at south stairs	5	1,000	
Fencing perimeter replacement	5	25,000	
Snowmelt system west walk and steps	5	40,000	
Elevator cab remodel	5	17,500	
Common area interior flooring	5	19,000	
Common area renovation	5	54,636	
Patio stone flatwork	6	19,963	
Property signage	6	3,461	
Concrete retaining wall at driveway	7	1,598	
Common area interior flooring	12	22,000	
Plaza membrane and brick pavers	10	151,259	
Total Site Work		<u>1,423,616</u>	

The Lodge at Lionshead III Condominium Association
(A Colorado Non-Profit Corporation)
Supplementary Information
Schedule of Future Major Repairs and Replacements
October 31, 2015
(Continued)

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Components of Fund Balance at October 31, 2015</u>
Mechanical/Electrical:			
Fire system engineering	1	10,079	
Elevator/Hydraulic jacks	2	101,296	
Common area heaters	3	8,000	
Fire alarm panel	3	22,689	
Electrical panel replacements	10	20,000	
Total Mechanical/Electrical		<u>162,064</u>	
Architectural/Structural:			
Fire escape east and west side stairs	1	70,000	
Roof	2	65,000	
Deck and waterproofing replacement	2	42,436	
Main roof chimney caps	2	12,731	
Roof skylight replacement	2	10,609	
Exterior building resurfacing	2	65,239	
Exterior stucco major patch	2	9,786	
Fire escapes north spiral stairs	3	33,765	
Interior single access doors	3	5,871	
East and west exterior side doors	5	6,524	
Exterior building resurfacing	10	80,235	
Exterior stucco major patch	10	12,035	
Exterior building resurfacing	17	98,679	
Exterior stucco major patch	18	14,802	
Roof	20	96,692	
Total Architectural/Structural		<u>624,404</u>	

See accompanying notes and Independent Accountant's Review Report.

The Lodge at Lionshead III Condominium Association
(A Colorado Non-Profit Corporation)
Supplementary Information
Schedule of Future Major Repairs and Replacements
October 31, 2015
(Continued)

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Components of Fund Balance at October 31, 2015</u>
Pool and Spa Equipment:			
Pool/Spa heat exchangers	1	5,500	
Pool/Filter system	2	1,750	
Pool/Spa covers	2	500	
Pool/Spa pumps	3	850	
Pool/Spa covers	5	500	
Pool/Spa heat exchangers	6	6,500	
Pool/Filter system	7	2,150	
Pool furniture	7	17,303	
Pool/Spa - Replastering and tile replacement	8	40,000	
Metal roof pool equipment building	10	15,383	
Pool/Spa - Replastering and tile replacement	15	56,197	
Brick pavers around pool	15	15,782	
Total Pool and Spa Equipment		<u>162,415</u>	

See accompanying notes and Independent Accountant's Review Report.

The Lodge at Lionshead III Condominium Association
(A Colorado Non-Profit Corporation)
Supplementary Information
Schedule of Future Major Repairs and Replacements
October 31, 2015
(Continued)

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Components of Fund Balance at October 31, 2015</u>
Parking Garage:			
Garage overhead lighting	1	4,500	
Garage wall resurfacing	2	1,688	
Garage door replacement	2	5,000	
Fire sprinkler system garage	3	16,883	
Garage floor resurfacing	3	3,939	
Garage runners	3	3,209	
Garage owner storage lockers	5	3,500	
Garage door opener	8	5,500	
Total Parking Garage		<u>44,219</u>	
Total		<u><u>2,416,718</u></u>	<u><u>86,868</u></u>

See accompanying notes and Independent Accountant's Review Report.