

**The Lodge at Lionshead III Condominium Association**

**Financial Report**

**October 31, 2018**



**The Lodge at Lionshead III Condominium Association  
(A Colorado Non-Profit Corporation)  
October 31, 2018**

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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, 2018, 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 12-16 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.*

**McMahan and Associates, L.L.C.**  
**January 14, 2019**

**The Lodge at Lionshead III Condominium Association**  
**(A Colorado Non-Profit Corporation)**  
**Balance Sheets**  
**October 31, 2018**  
**(With Comparative Totals for 2017)**

|                                     | <b>2018</b>               |                             | <b>2017</b>           |                       |
|-------------------------------------|---------------------------|-----------------------------|-----------------------|-----------------------|
|                                     | <b>Operating<br/>Fund</b> | <b>Replacement<br/>Fund</b> | <b>Total</b>          | <b>Total</b>          |
| <b>Assets:</b>                      |                           |                             |                       |                       |
| <b>Current Assets:</b>              |                           |                             |                       |                       |
| Cash in bank                        | 98,302                    | 40,149                      | 138,451               | 141,469               |
| Accounts receivable                 | 50,610                    | -                           | 50,610                | 38,109                |
| Prepaid expenses                    | 21,466                    | -                           | 21,466                | 19,014                |
| Due (to) from other fund            | (47,660)                  | 47,660                      | -                     | -                     |
| <b>Total Current Assets</b>         | <u>122,718</u>            | <u>87,809</u>               | <u>210,527</u>        | <u>198,592</u>        |
| <b>Fixed Assets:</b>                |                           |                             |                       |                       |
| Condominium Unit C-3                | 10,010                    | -                           | 10,010                | 10,010                |
| Condominium Unit 290                | 14,708                    | -                           | 14,708                | 14,708                |
| Accumulated depreciation            | (20,580)                  | -                           | (20,580)              | (19,962)              |
| <b>Net Fixed Assets</b>             | <u>4,138</u>              | <u>-</u>                    | <u>4,138</u>          | <u>4,756</u>          |
| <b>Total Assets</b>                 | <u><u>126,856</u></u>     | <u><u>87,809</u></u>        | <u><u>214,665</u></u> | <u><u>203,348</u></u> |
| <b>Liabilities and Equity:</b>      |                           |                             |                       |                       |
| <b>Liabilities:</b>                 |                           |                             |                       |                       |
| <b>Current Liabilities:</b>         |                           |                             |                       |                       |
| Accounts payable                    | 10,248                    | -                           | 10,248                | 14,421                |
| Deferred assessments                | 76,891                    | -                           | 76,891                | 64,889                |
| <b>Total Current Liabilities</b>    | <u>87,139</u>             | <u>-</u>                    | <u>87,139</u>         | <u>79,310</u>         |
| <b>Equity:</b>                      |                           |                             |                       |                       |
| Working capital                     | 33,337                    | -                           | 33,337                | 33,337                |
| Fund balances                       | 6,380                     | 87,809                      | 94,189                | 90,701                |
| <b>Total Equity</b>                 | <u>39,717</u>             | <u>87,809</u>               | <u>127,526</u>        | <u>124,038</u>        |
| <b>Total Liabilities and Equity</b> | <u><u>126,856</u></u>     | <u><u>87,809</u></u>        | <u><u>214,665</u></u> | <u><u>203,348</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, 2018**  
**(With Comparative Totals for 2017)**

|   | <b>2018</b>               |                             | <b>2017</b>    |                |
|---|---------------------------|-----------------------------|----------------|----------------|
|   | <b>Operating<br/>Fund</b> | <b>Replacement<br/>Fund</b> | <b>Total</b>   | <b>Total</b>   |
| <b>Revenues:</b>                            |                           |                             |                |                |
| Common assessment                           | 233,250                   | -                           | 233,250        | 219,712        |
| Replacement assessments                     | -                         | 39,840                      | 39,840         | 39,840         |
| Special assessments                         | -                         | -                           | -              | 48,000         |
| Interest income                             | -                         | 111                         | 111            | 149            |
| <b>Total Revenues</b>                       | <b>233,250</b>            | <b>39,951</b>               | <b>273,201</b> | <b>307,701</b> |
| <b>Expenses:</b>                            |                           |                             |                |                |
| Owner's meeting                             | 1,091                     | -                           | 1,091          | 245            |
| Building maintenance                        | 14,026                    | -                           | 14,026         | 14,487         |
| Unit C-3 expenses                           | 3,802                     | -                           | 3,802          | 3,258          |
| Cable TV                                    | 8,066                     | -                           | 8,066          | 9,263          |
| Common cleaning                             | 6,501                     | -                           | 6,501          | 6,367          |
| Depreciation                                | 618                       | -                           | 618            | 618            |
| Electricity                                 | 8,823                     | -                           | 8,823          | 8,965          |
| Elevator                                    | 9,573                     | -                           | 9,573          | 10,966         |
| Fire System - test & inspect                | 2,160                     | -                           | 2,160          | 2,144          |
| Unit 290 expenses                           | 1,267                     | -                           | 1,267          | 1,537          |
| Gas - Snowmelt systems                      | 3,914                     | -                           | 3,914          | 4,022          |
| Gas - Pool                                  | 4,423                     | -                           | 4,423          | 3,913          |
| Insurance                                   | 38,875                    | -                           | 38,875         | 32,615         |
| Landscape maintenance                       | 13,839                    | -                           | 13,839         | 13,037         |
| Management fee                              | 42,918                    | -                           | 42,918         | 42,918         |
| Internet service                            | 2,264                     | -                           | 2,264          | 2,019          |
| Office                                      | 604                       | -                           | 604            | 574            |
| Legal fees                                  | 15,057                    | -                           | 15,057         | 12,373         |
| Accounting fees                             | 3,975                     | -                           | 3,975          | 3,860          |
| Maintenance man                             | 19,787                    | -                           | 19,787         | 21,229         |
| Pool maintenance                            | 8,586                     | -                           | 8,586          | 7,431          |
| Snow removal                                | 8,353                     | -                           | 8,353          | 12,415         |
| Trash removal                               | 5,950                     | -                           | 5,950          | 5,781          |
| Water and sewer                             | 11,820                    | -                           | 11,820         | 11,110         |
| Replacement expenses                        | -                         | 33,421                      | 33,421         | 75,616         |
| <b>Total Expenses</b>                       | <b>236,292</b>            | <b>33,421</b>               | <b>269,713</b> | <b>306,763</b> |
| <b>Excess of Revenues<br/>Over Expenses</b> | <b>(3,042)</b>            | <b>6,530</b>                | <b>3,488</b>   | <b>938</b>     |
| <b>Beginning Fund Balances</b>              | <b>9,422</b>              | <b>81,279</b>               | <b>90,701</b>  | <b>89,763</b>  |
| <b>Ending Fund Balances</b>                 | <b>6,380</b>              | <b>87,809</b>               | <b>94,189</b>  | <b>90,701</b>  |

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, 2018**  
**(With Comparative Totals for 2017)**

|   | <b>2018</b>           |                         |                       | <b>2017</b>           |
|---|-----------------------|-------------------------|-----------------------|-----------------------|
|   | <b>Operating Fund</b> | <b>Replacement Fund</b> | <b>Total</b>          | <b>Total</b>          |
| <b>Cash Flows from Operating Activities:</b>  |                       |                         |                       |                       |
| Cash received from owners   | 232,750               | 39,840                  | 272,590               | 312,464               |
| Cash received from interest   | -                     | 111                     | 111                   | 149                   |
| Transfers   | 6,511                 | (6,511)                 | -                     | -                     |
| Cash paid for goods and services  | (242,298)             | (33,421)                | (275,719)             | (313,417)             |
| <b>Net Cash Provided by Operating Activities</b>  | <u>(3,037)</u>        | <u>19</u>               | <u>(3,018)</u>        | <u>(804)</u>          |
| <b>Cash Flows from Financing Activities:</b>  |                       |                         |                       |                       |
| Cash received from members for working capital reserve  | -                     | -                       | -                     | 2,065                 |
| <b>Net Cash Provided (Used) by Financing Activities</b>   | <u>-</u>              | <u>-</u>                | <u>-</u>              | <u>2,065</u>          |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>   | (3,037)               | 19                      | (3,018)               | 1,261                 |
| <b>Net Cash and Cash Equivalents - Beginning of Year</b>  | <u>101,339</u>        | <u>40,130</u>           | <u>141,469</u>        | <u>140,208</u>        |
| <b>Net Cash and Cash Equivalents - End of Year</b>  | <u><u>98,302</u></u>  | <u><u>40,149</u></u>    | <u><u>138,451</u></u> | <u><u>141,469</u></u> |
| <b>Reconciliation of Excess of Revenues Over Expenses to Net Cash Provided by Operating Activities:</b> |                       |                         |                       |                       |
| Excess of revenues over expenses  | <u>(3,042)</u>        | <u>6,530</u>            | <u>3,488</u>          | <u>938</u>            |
| <b>Adjustments to reconcile:</b>  |                       |                         |                       |                       |
| Depreciation  | 618                   | -                       | 618                   | 618                   |
| (Increase) decrease in accounts receivable  | (12,501)              | -                       | (12,501)              | 4,912                 |
| (Increase) decrease in prepaid expenses   | (2,452)               | -                       | (2,452)               | (5,412)               |
| Increase (decrease) in accounts payable   | (4,172)               | -                       | (4,172)               | (1,860)               |
| Increase (decrease) in deferred assessments   | 12,001                | -                       | 12,001                | -                     |
| Transfers   | 6,511                 | (6,511)                 | -                     | -                     |
| <b>Total Adjustments</b>  | <u>5</u>              | <u>(6,511)</u>          | <u>(6,506)</u>        | <u>(1,742)</u>        |
| <b>Net Cash Provided by Operating Activities</b>  | <u><u>(3,037)</u></u> | <u><u>19</u></u>        | <u><u>(3,018)</u></u> | <u><u>(804)</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, 2018**

**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, 2018, 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, 2018**  
**(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**G. Prepaid Expenses**

Prepaid expenses represent goods and services paid for in fiscal year 2018 for expenses associated with fiscal year 2019.

**H. Accounts Payable**

Accounts payable represented goods and services rendered in fiscal year 2018, but not paid for until fiscal year 2019.

**I. Deferred Assessments**

The Association bills owners for quarterly assessments in advance. The deferred assessments represent payments received for the quarter beginning November 1, 2018.

**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 2015 by the Internal Revenue Service and for tax years prior to 2014 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, 2018  
(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 from May 2016 through April 2019. 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, 2018:

|                      |           |
|----------------------|-----------|
| Management fee       | 42,918    |
| Snow removal         | 4,013     |
| Lawn care            | 3,618     |
| Pool maintenance     | 5,845     |
| Building maintenance | 8,317     |
| Maintenance man      | 19,789    |
| Common area cleaning | 3,942     |
|                      | \$ 88,442 |

At October 31, 2018, the Association had \$5,689 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, 2018 were \$39,840.

**The Lodge at Lionshead III Condominium Association  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
October 31, 2018  
(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 \$87,809 at October 31, 2018.

**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<br/>Phase I</u> | <u>Lionshead<br/>Phase II</u> | <u>Lodge at<br/>Lionshead III</u> | <u>Peak Resort<br/>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. Subsequent Events**

Management has evaluated subsequent events through January 14, 2019; the date these financial statements were available to be issued.

**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, 2018  
(With Comparative Totals for 2017)**

|                                      | <u>2018</u>    |                | <b>Variance<br/>Positive<br/>(Negative)</b> | <u>2017</u>    |
|--------------------------------------|----------------|----------------|---|----------------|
|                                      | <u>Budget</u>  | <u>Actual</u>  |   | <u>Actual</u>  |
| <b>Revenues:</b>                     |                |                |   |                |
| Assessments                          | 233,250        | 233,250        | -   | 219,712        |
| <b>Total Revenues</b>                | <u>233,250</u> | <u>233,250</u> | <u>-</u>                                    | <u>219,712</u> |
| <b>Expenses:</b>                     |                |                |   |                |
| Owner's meeting                      | 600            | 1,091          | (491)                                       | 245            |
| Building maintenance                 | 15,000         | 14,026         | 974   | 14,487         |
| Unit C-3 expenses                    | 3,200          | 3,802          | (602)                                       | 3,258          |
| Cable TV                             | 9,500          | 8,066          | 1,434                                       | 9,263          |
| Common cleaning                      | 7,000          | 6,501          | 499   | 6,367          |
| Contingency                          | 144            | -              | 144   | -              |
| Electricity                          | 8,900          | 8,823          | 77  | 8,965          |
| Elevator                             | 11,000         | 9,573          | 1,427                                       | 10,966         |
| Fire System - Test & Inspect         | 2,500          | 2,160          | 340   | 2,144          |
| Unit 290 expense                     | 1,100          | 1,267          | (167)                                       | 1,537          |
| Gas - Snowmelt systems               | 5,500          | 3,914          | 1,586                                       | 4,022          |
| Gas - Pool                           | 4,500          | 4,423          | 77  | 3,913          |
| Insurance                            | 38,027         | 38,875         | (848)                                       | 32,615         |
| Landscape maintenance                | 13,000         | 13,839         | (839)                                       | 13,037         |
| Management fee                       | 42,919         | 42,918         | 1   | 42,918         |
| Internet service                     | 1,750          | 2,264          | (514)                                       | 2,019          |
| Office                               | 750            | 604            | 146   | 574            |
| Legal fees                           | 10,000         | 15,057         | (5,057)                                     | 12,373         |
| Accounting fees                      | 3,860          | 3,975          | (115)                                       | 3,860          |
| Maintenance man                      | 21,500         | 19,787         | 1,713                                       | 21,229         |
| Pool maintenance                     | 8,000          | 8,586          | (586)                                       | 7,431          |
| Snow removal                         | 7,500          | 8,353          | (853)                                       | 12,415         |
| Trash removal                        | 5,800          | 5,950          | (150)                                       | 5,781          |
| Water and sewer                      | 11,200         | 11,820         | (620)                                       | 11,110         |
| <b>Total Expenses (Budget Basis)</b> | <u>233,250</u> | <u>235,674</u> | <u>(2,424)</u>                              | <u>230,529</u> |
| <b>Reconciliation to GAAP Basis:</b> |                |                |   |                |
| Depreciation                         |                | 618            |   | 618            |
| <b>Total Expenses (GAAP Basis)</b>   |                | <u>236,292</u> |   | <u>231,147</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, 2018**  
**(With Comparative Totals for 2017)**

|                                      | <u>2018</u>   | <u>2017</u>   |
|--------------------------------------|---------------|---------------|
| <b>Replacement Fund Expenses:</b>    |               |               |
| Mechanical systems                   | 2,610         | 2,495         |
| Project planning & supervision       | -             | 4,491         |
| Driveway snowmelt system             | 8,359         | 47,556        |
| Alarm system                         | 290           | 300           |
| Building re-key                      | -             | 4,474         |
| Electrical systems                   | 2,184         | 5,846         |
| Landscaping                          | -             | 775           |
| Office flooring                      | -             | 945           |
| Fitness equipment                    | -             | 170           |
| Fencing                              | -             | 1,683         |
| Roof / Decks                         | -             | 2,940         |
| Pool / Hot tub                       | 11,317        | 1,859         |
| PRSI project supervision fee         | 3,556         | -             |
| Miscellaneous equipment              | 1,309         | 1,518         |
| Common area painting                 | 780           | -             |
| Door / Gate hardware                 | 3,016         | -             |
| Wi-Fi                                | -             | 564           |
| <b>Total Expenses (Budget Basis)</b> | <u>33,421</u> | <u>75,616</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, 2018**

The Association commissioned a study in 2017 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, 2018 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.

| <b>Components</b>                | <b>Estimated<br/>Remaining<br/>Useful Lives<br/>(Years)</b> | <b>Estimated<br/>Current<br/>Replacement<br/>Costs</b> | <b>Components of<br/>Fund Balance at<br/>October 31,<br/>2018</b> |
|----------------------------------|---|--|---|
| Pool/Filter system               | 1   | 1,648  |   |
| Exterior building resurfacing    | 1   | 59,740   |   |
| Exterior stucco major patch      | 1   | 5,150  |   |
| Fire alarm panel                 | 1   | 12,500   |   |
| Fire escapes north spiral stairs | 1   | 35,000   |   |
| Common area heaters              | 1   | 5,500  |   |
| Pool/Spa cover                   | 2   | 500  |   |
| Fire system engineering          | 2   | 15,000   |   |
| Front entry door replacement     | 2   | 10,300   |   |
| Garage wall resurfacing          | 2   | 2,652  |   |
| Pool/Spa pumps                   | 2   | 796  |   |
| Garage overhead lighting         | 2   | 5,150  |   |
| Carport roof                     | 2   | 16,444   |   |
| Main roof chimney caps           | 2   | 12,731   |   |
| Roof                             | 2   | 170,000  |   |
| Roof skylight replacement        | 2   | 10,609   |   |
| Carport snowmelt system          | 2   | 75,353   |   |
| Pool/Spa heat exchangers         | 3   | 5,150  |   |
| Lighting exterior lamps          | 3   | 3,500  |   |
| Ski lockers                      | 3   | 6,180  |   |
| Elevator modernization           | 3   | 250,000  |   |

**The Lodge at Lionshead III Condominium Association**  
**(A Colorado Non-Profit Corporation)**  
**Supplementary Information**  
**Schedule of Future Major Repairs and Replacements**  
**October 31, 2018**  
**(Continued)**

| <u>Components</u>                          | <u>Estimated<br/>Remaining<br/>Useful Lives<br/>(Years)</u> | <u>Estimated<br/>Current<br/>Replacement<br/>Costs</u> | <u>Components of<br/>Fund Balance at<br/>October 31,<br/>2018</u> |
|--|---|--|---|
| Garage floor resurfacing                   | 3   | 8,755  |   |
| Building sprinkler and fire alarm retrofit | 3   | 795,675  |   |
| Fire sprinkler system garage               | 3   | 15,913   |   |
| Garage door                                | 3   | 4,456  |   |
| Pool furniture                             | 3   | 13,261   |   |
| Snowmelt system west walk and steps        | 3   | 31,827   |   |
| East and west exterior side doors          | 3   | 7,649  |   |
| Interior single access doors               | 3   | 4,917  |   |
| Common area interior flooring              | 3   | 23,185   |   |
| Common area renovation                     | 3   | 57,964   |   |
| Elevator cab rebuild                       | 3   | 17,389   |   |
| Pool/Spa pumps                             | 3   | 869  |   |
| Property signage                           | 3   | 2,898  |   |
| Garage runners                             | 3   | 3,671  |   |
| Pool/Spa cover                             | 4   | 338  |   |
| Perimeter fence stain                      | 4   | 4,244  |   |
| Garage owner storage lockers               | 5   | 1,500  |   |
| Handrail at south stairs                   | 5   | 820  |   |
| Elevator/Hydraulic jacks                   | 5   | 92,700   |   |
| Deck and waterproofing replacement         | 5   | 42,436   |   |
| Concrete retaining wall at driveway        | 5   | 1,463  |   |

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**The Lodge at Lionshead III Condominium Association**  
**(A Colorado Non-Profit Corporation)**  
**Supplementary Information**  
**Schedule of Future Major Repairs and Replacements**  
**October 31, 2018**  
**(Continued)**

| <u>Components</u>                        | <u>Estimated<br/>Remaining<br/>Useful Lives<br/>(Years)</u> | <u>Estimated<br/>Current<br/>Replacement<br/>Costs</u> | <u>Components of<br/>Fund Balance at<br/>October 31,<br/>2018</u> |
|--|---|--|---|
| Patio stone flatwork                     | 5   | 18,269   |   |
| Plaza membrane and brick pavers          | 5   | 119,405  |   |
| Plaza snowmelt system                    | 5   | 2,985  |   |
| Pool/Spa heat exchangers                 | 5   | 5,970  |   |
| Pool/Filter system                       | 5   | 1,910  |   |
| Pool/Spa - replastering and tile replace | 5   | 44,337   |   |
| Electrical panel replacements            | 5   | 9,552  |   |
| Building re-key                          | 6   | 5,004  |   |
| Fencing perimeter replacement            | 6   | 31,669   |   |
| Garage door opener                       | 6   | 5,067  |   |
| Pool/Spa pumps                           | 7   | 950  |   |
| Exterior building resurfacing            | 10  | 75,677   |   |
| Exterior stucco major patch              | 10  | 6,524  |   |
| Brick pavers around pool                 | 10  | 12,458   |   |
| Garage overhead exit and signage         | 11  | 1,711  |   |
| Metal roof pool equipment building       | 12  | 24,071   |   |
| <b>Total</b>                             |   | <u><u>2,201,392</u></u>                                | <u><u>87,809</u></u>  |

See accompanying notes and Independent Accountant's Review Report.