

Lodge at Lionshead II Condominium Association

Financial Report

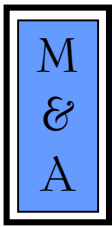
April 30, 2016



**Lodge at Lionshead II Condominium Association
(A Colorado Non-Profit Corporation)
April 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Lodge at Lionshead II Condominium Association (the "Association"), a Colorado non-profit corporation, which comprise the balance sheet as of April 30, 2016, and the related statements of revenues, expenses and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized information has been derived from the Association's fiscal year 2015 financial statements and, in our report dated July 28, 2016; we expressed an unqualified opinion on those financial statements.

Management's Responsibilities

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

Auditor's Responsibility

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

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

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

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Lodge at Lionshead II Condominium Association
Vail, Colorado

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lodge at Lionshead II Condominium Association as of April 30, 2016, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules on page 12-13 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, except for that portion marked "unaudited", on which we express no opinion, is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that The Schedule of Future Major Repairs and Replacements on pages 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

McMahan and Associates, L.L.C.
July 28, 2016

Lodge at Lionshead II Condominium Association
(A Colorado Non-Profit Corporation)
Balance Sheets
April 30, 2016
(With Comparative Totals for 2015)

	2016			2015 (Restated)
	Operating Fund	Replacement Fund	Total	Total
Assets:				
Current Assets:				
Cash in bank	176,075	295,322	471,397	514,689
Accounts receivable	59,268	-	59,268	46,851
Prepaid expenses	18,369	-	18,369	-
Due (to) from other fund	(142,734)	142,734	-	-
Total Current Assets	110,978	438,056	549,034	561,540
Fixed Assets:				
Condominium unit C-3	14,530	-	14,530	14,530
Condominium unit 290	27,210	-	27,210	27,210
Accumulated depreciation	(31,461)	-	(31,461)	(30,417)
Net Fixed Assets	10,279	-	10,279	11,323
Total Assets	121,257	438,056	559,313	572,863
Liabilities and Equity:				
Liabilities:				
Current Liabilities:				
Accounts payable	9,883	-	9,883	11,285
Deferred assessments	68,439	-	68,439	65,588
Total Current Liabilities	78,322	-	78,322	76,873
Equity:				
Working capital	29,899	-	29,899	29,899
Fund balances	13,036	438,056	451,092	466,091
Total Equity	42,935	438,056	480,991	495,990
Total Liabilities and Equity	121,257	438,056	559,313	572,863

The accompanying notes are an integral part of these financial statements.

Lodge at Lionshead II Condominium Association
(A Colorado Non-Profit Corporation)
Statement of Revenues, Expenses and Changes in Fund Balances
For the Year Ended April 30, 2016
(With Comparative Totals for 2015)

	2016			2015
	Operating Fund	Replacement Fund	Total	(Restated)
Revenues:				
Common assessment	202,395	55,981	258,376	250,353
Special assessment	-	294,409	294,409	-
Settlement proceeds	-	24,657	24,657	112,500
Lease income	13,022	76,500	89,522	11,992
Miscellaneous	188	-	188	181
Interest income	-	2,331	2,331	2,385
Total Revenues	215,605	453,878	669,483	377,411
Expenses:				
Building maintenance	14,607	-	14,607	16,098
Cable television	17,698	-	17,698	17,100
C-3 assessments	5,102	-	5,102	4,052
Common cleaning	9,256	-	9,256	9,467
Depreciation	1,044	-	1,044	1,044
Directors expense	-	-	-	30
Electricity	18,123	-	18,123	17,494
Elevator	5,072	-	5,072	4,915
Employee housing costs	1,798	-	1,798	3,816
Fire sprinkler & alarm test	3,250	-	3,250	3,214
Gas - Pool, spa, drive & site	10,752	-	10,752	14,662
Insurance	17,635	-	17,635	17,685
Wi-Fi Internet	1,630	-	1,630	2,293
Landscape	7,112	-	7,112	7,807
Maintenance man	28,689	-	28,689	26,951
Management fee	31,152	-	31,152	31,152
Office	695	-	695	641
Professional fees	5,207	-	5,207	4,815
Pool maintenance	4,649	-	4,649	5,419
Snow removal	753	-	753	2,075
Trash removal	4,728	-	4,728	4,626
Water and sewer	17,676	-	17,676	16,501
Replacement expenses	-	477,854	477,854	95,128
Total expenses	206,628	477,854	684,482	306,985
Excess (Deficiency) of Revenues Over Expenses	8,977	(23,976)	(14,999)	70,426
Beginning Fund Balances	4,059	462,032	466,091	395,665
Ending Fund Balances	13,036	438,056	451,092	466,091

The accompanying notes are an integral part of these financial statements.

Lodge at Lionshead II Condominium Association
(A Colorado Non-Profit Corporation)
Statements of Cash Flows
For the Year Ended April 30, 2016
(With Comparative Totals for 2015)

	2016			2015
	Operating Fund	Replacement Fund	Total	Total
Cash Flows from Operating Activities:				
Cash received from owners	192,829	350,390	543,219	261,804
Other cash received	13,210	101,157	114,367	124,673
Cash received from interest	-	2,331	2,331	2,385
Transfers	106,699	(106,699)	-	-
Cash paid for goods and services	(225,356)	(477,854)	(703,210)	(310,392)
Net Cash Provided (Used) by Operating Activities	<u>87,382</u>	<u>(130,675)</u>	<u>(43,293)</u>	<u>78,470</u>
Net Increase (Decrease) in Cash and Cash Equivalents	87,382	(130,675)	(43,293)	78,470
Net Cash and Cash Equivalents - Beginning of Year	<u>88,693</u>	<u>425,997</u>	<u>514,690</u>	<u>436,220</u>
Net Cash and Cash Equivalents - End of Year	<u><u>176,075</u></u>	<u><u>295,322</u></u>	<u><u>471,397</u></u>	<u><u>514,690</u></u>
Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:				
Excess (deficiency) of revenues over expenses	<u>8,977</u>	<u>(23,976)</u>	<u>(14,999)</u>	<u>70,426</u>
Adjustments to reconcile:				
Depreciation	1,044	-	1,044	1,044
(Increase) decrease in accounts receivable	(12,417)	-	(12,417)	11,451
(Increase) decrease in prepaid expenses	(18,369)	-	(18,369)	-
(Increase) decrease in due to (from) other fund	106,699	(106,699)	-	-
Increase (decrease) in accounts payable	(1,403)	-	(1,403)	(4,451)
Increase (decrease) in deferred assessments	2,851	-	2,851	-
Total Adjustments	<u>78,405</u>	<u>(106,699)</u>	<u>(28,294)</u>	<u>8,044</u>
Net Cash Provided (Used) by Operating Activities	<u><u>87,382</u></u>	<u><u>(130,675)</u></u>	<u><u>(43,293)</u></u>	<u><u>78,470</u></u>

The accompanying notes are an integral part of these financial statements.

Lodge at Lionshead II Condominium Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
April 30, 2016

1. Organization

Lodge at Lionshead II 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 Condominium Declarations are dated April 15, 1976. The Association began operations in 1977. The Association consists of twenty seven (27) units and is located in Vail, Colorado.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements are prepared on the accrual basis of accounting which recognizes revenues when incurred or assessed, and expenses when incurred.

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, be classified separately for accounting and reporting purposes.

Fund accounting is helpful in segregating funds having restrictions on their use. Disbursements from the Operating Fund are generally at the discretion of the Board of Managers of the Association and the Association's managing agent. Disbursements from the Replacement Fund may be made only for their designated purposes.

C. Cash Equivalents

The Association considers all checking, money market, savings accounts, and certificate of deposits to be cash equivalents for the purpose of the Statements of Cash Flow, since all such funds are highly liquid.

D. Interest Allocation

All interest earned during the year has 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 by the original homeowners is not recognized on the financial statements of the Association because it is commonly owned by the individual unit owners and its disposition by the Board is restricted.

F. Allowance for Uncollectible Amounts

The Association utilizes the allowance method to recognize the uncollectibility of assessments receivable from owners. No allowance for bad debt was recorded at April 30, 2016 since all receivables were considered collectible.

Lodge at Lionshead II Condominium Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
April 30, 2016
(Continued)

2. Summary of Significant Accounting Policies (continued)

G. Deferred Assessments

The Association bills owners for quarterly assessments in advance. The deferred assessments represent payments received for the quarter beginning May 1, 2016.

H. 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.

I. Common Assessments

Common assessments are the primary source of funding for the Association. The Board, together with the Association's managing agent, prepares an annual budget to estimate the annual expenses of maintaining the Association's common elements.

On a quarterly basis, members of the Association are assessed for their pro-rata share of these estimated expenses. Since the Association is designed only to operate as a conduit to collect assessments and pay operating expenses on behalf of members, any excess or deficiency of revenues over expenses is repaid to, or recovered from, the members in a subsequent period by reducing or increasing assessments, or, with approval of the Association's membership, transferred to the Replacement Fund.

J. Income Taxes

While the Association has been organized under Colorado non-profit statutes as a corporation without capital stock or shareholders, the Association is not a tax-exempt organization. Consequently, the Association is subject to Federal and state income taxes on net income derived from investments and other non-membership sources.

The Federal income tax returns of the Association are subject to examination by the Internal Revenue Service and Colorado Department of Revenue. The Company is no longer subject to examination for tax years prior to 2013.

K. 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.

L. Comparative Information

The financial statements include certain prior year comparative information in total but not by fund class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended April 30, 2015, from which the comparative totals were derived.

Lodge at Lionshead II Condominium Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
April 30, 2016
(Continued)

3. Fixed Assets

On August 1, 1978, the Association purchased a 37% 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 \$14,530. At April 30, 2016, the assessed value for this unit was \$214,180, per the Eagle County Treasurer.

On April 10, 1990, the Association purchased a 37% 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 \$27,210. At April 30, 2016, the assessed value for this unit was \$399,310, per the Eagle County Treasurer.

The units are being depreciated over their estimated useful life of forty years. Depreciation expense for the year ended April 30, 2016, was \$1,044.

During fiscal year 2007, the Association undertook a major renovation to the property, which included the condominium unit C-3. Condominium Unit #290 was last renovated in 2002. The Association elected not to increase the value of the units for the renovations undertaken.

4. Management Contract and Related Party Transactions

1. Managing Agent

The Association entered into an agreement with Peak Resort Services, Inc. ("Peak Resort"), to act as the Association's managing agent. The term of this contract is from May 1, 2016 through April 30, 2019. The contract includes a monthly management fee for services to maintain and upkeep the common elements of the Association and a project supervision fee of 5% of total actual expenditures on all capital replacement projects approved at annual homeowner's meetings. Peak Resort has been the managing agent for the Lodge at Lionshead Associations since 1983.

The Association incurred the following expenses to Peak Resort for the year ended April 30, 2016:

Management fee	31,152
Snow removal	753
Landscape	4,994
Other	310
Pool maintenance	3,038
Building maintenance	10,460
Maintenance man	28,689
Common area cleaning	7,521
Replacement fund expense	3,883
	<u>\$ 90,799</u>

At April 30, 2016, the Association owed Peak Resort \$4,785 for services rendered under the terms of this agreement.

Peak Resort owns unit C-2 and unit 320 is owned by a corporation that has the same ownership interest as Peak Resort.

Lodge at Lionshead II Condominium Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
April 30, 2016
(Continued)

4. Management Contract and Related Party Transactions (continued)

2. Cost Sharing and Related Associations

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

	<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>	<u>Management Company</u>	<u>Total</u>
Front driveway	60%	40%	-	-	100%
Pool	50%	50%	-	-	100%
Lawn/landscaping	50%	50%	-	-	100%
Snow removal (labor)	50%	50%	-	-	100%
Spa	50%	50%	-	-	100%
General use - Maintenance man	37%	37%	26%	-	100%
Equipment/supplies/tools	37%	37%	26%	-	100%
Unit #290	37%	37%	20%	6%	100%
Unit #C-3	37%	37%	26%	-	100%
Fitness Center	37%	37%	26%	-	100%
East Driveway	-	66%	34%	-	100%

5. 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.

Peak Resort Services provides the Association with a professionally prepared Capital Replacement Study. This study details all of the major components that make up the buildings and common elements, estimates for replacement costs and remaining useful lives of these components. Management and the Board of Managers use this comprehensive study to prepare budgets, propose assessments and plan for future major repairs. This document is in addition to the summary contained in these financial statements and is posted on the Lodge at Lionshead web-site.

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 April 30, 2016 were \$55,981.

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 \$438,056 at April 30, 2016.

Lodge at Lionshead II Condominium Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
April 30, 2016
(Continued)

6. Lease revenue

A. Additional Assessment Agreements

The Association entered into lease agreements with various units as they have expanded upon remodel. The additional space leased to the unit owner has generally been common area attic or roof space. The lease agreements provide for 99 year terms and a one - time special assessment upon signing and ongoing payments equal to the square footage assessed each year by the Association. The following table represents additional leases signed by the Association:

<u>Unit</u>	<u>Term through</u>	<u>Sq. Feet</u>	<u>Amount</u>
310	5/31/2100	170	1,627
C-1 & 110	11/1/2100	75	726
340	10/31/2102	170	1,627
400 / 410	11/1/2100	868	8,011
320	12/31/2115	150	515
330	12/31/2115	150	515
		<u>1,583</u>	<u>13,022</u>

B. One – Time Assessments

As previously indicated, the Association entered into an additional assessment agreement with unit owner #320 and unit owner #330 for loft additions. The term of this agreement is from February 1, 2015 through January 31, 2114. The term of this agreement shall automatically terminate as of the date the project is terminated. The assessment is calculated in an amount equal to the dollar amount per square foot assessed each year by the Association multiplied by the number of square feet of the leased space, and shall be adjusted annually. The agreement calls for a onetime long term lease payment of \$255 per square foot. The renovations were completed in December of 2015. The units added 150 sq. feet each and paid a onetime lease payment of \$38,250 to the Association which was included in the replacement fund for fiscal year 2016.

7. Subsequent Event

Management has evaluated subsequent events through July 28, 2016, the date these financial statements were available to be issued.

8. Past Major Repairs and Replacements

During fiscal year 2007, the Association, together with Lionshead Phase I, entered into a contract with Evans Chaffee Construction Group (“ECCG”) to renovate certain common elements of each association and bring the buildings up to current building and fire safety codes. This project was completed and received final inspection approvals in August 2009. The aggregate contract value all renovations among all participants was \$10,730,433, with approximately 55% or \$5,901,738 attributable to the Association.

Lodge at Lionshead II Condominium Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
April 30, 2016
(Continued)

9. Siding Issues

The Association was involved in a dispute regarding cracks in the siding and fascia materials that were installed during the major improvement project in 2007. The Association retained an attorney and commissioned an engineering study to determine the cause of the failure of some of these materials. The engineering study determined the cracking in the siding is the result of a material defect. The Association received \$112,500 settlement payment during fiscal year 2015. The first of two payments for the class action was received for \$24,656 in fiscal year 2016. The amount of the second payment to be received in approximately 6 years is unknown.

10. Special Assessment

In fiscal year 2016, the Association approved \$280,951, plus a 20% contingency, in special assessments to assist in funding the siding replacement project. The project is funded 50% by the special assessment and the remainder was paid from existing reserves. As of April 30, 2016 the Association received \$294,408 in special assessment revenue.

11. Restatement

The Association restated the operating fund by \$2,998 in 2016 to reflect the #310, #340, #100/#110, and #400 lease assessment quarterly payments collected in May 2015 from income to deferred assessments to track the fiscal year budget on the financial statements.

Lodge at Lionshead II 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 April 30, 2016
(With Comparative Totals for 2015)

	<u>2016</u>		Variance Positive (Negative)	<u>2015</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Assessments	202,395	202,395	-	194,373
Lease income	11,992	13,022	1,030	11,992
Miscellaneous	-	188	188	181
Total Revenues	<u>214,387</u>	<u>215,605</u>	<u>1,218</u>	<u>206,546</u>
Expenses:				
Building maintenance	16,000	14,607	1,393	16,098
Cable television	17,700	17,698	2	17,100
C-3 assessments	4,000	5,102	(1,102)	4,052
Common cleaning	9,500	9,256	244	9,467
Contingency	50	-	50	-
Directors expense	-	-	-	30
Electricity	18,000	18,123	(123)	17,494
Elevator	5,000	5,072	(72)	4,915
Employee housing costs	2,000	1,798	202	3,816
Fire sprinkler & alarm test	3,000	3,250	(250)	3,214
Gas - Pool, spa, drive & site	16,000	10,752	5,248	14,662
Insurance	17,635	17,635	-	17,685
Wi-Fi Internet	2,500	1,630	870	2,293
Landscape	9,500	7,112	2,388	7,807
Maintenance man	27,000	28,689	(1,689)	26,951
Management fee	31,152	31,152	-	31,152
Meeting expense	50	-	50	-
Office	750	695	55	641
Professional fees	5,050	5,207	(157)	4,815
Pool maintenance	5,500	4,649	851	5,419
Snow removal	2,500	753	1,747	2,075
Trash removal	5,000	4,728	272	4,626
Water and sewer	16,500	17,676	(1,176)	16,501
Total Expenses (Budget Basis)	<u>214,387</u>	<u>205,584</u>	<u>8,803</u>	<u>210,813</u>
Reconciliation to GAAP Basis:				
Depreciation		1,044		1,044
Total Expenses (GAAP Basis)		<u>206,628</u>		<u>211,857</u>

The accompanying notes are an integral part of these financial statements.

Lodge at Lionshead II Condominium Association
(A Colorado Non-Profit Corporation)
Schedule of Replacement Fund Expenditures
For the Year Ended April 30, 2016
(With Comparative Totals for 2015)

	<u>2015</u>	<u>2014</u>
Replacement Expenses:		
Sprinkler system	13,090	8,890
Siding:		
Legal	667	31,182
Architectural/Engineering	8,980	7,237
Mock-up ECCG	-	2,906
Construction	431,827	-
Pool and spa	3,787	3,743
Pool railings	-	2,650
Miscellaneous	3,409	2,233
Mechanical and electrical	4,415	9,214
Landscaping	1,991	1,383
Project management & supervision fee	2,474	2,084
Document modernization	-	11,373
Internet	1,710	11,684
Garage door	-	549
Special assessment Unit C-3 and 290	4,216	-
Condo map	1,288	-
Total Replacement Expenses	<u><u>477,854</u></u>	<u><u>95,128</u></u>

The accompanying notes are an integral part of these financial statements.

Lodge at Lionshead II Condominium Association
(A Colorado Non-Profit Corporation)
Supplementary Information
Schedule of Future Major Repairs and Replacements
April 30, 2016

Peak Resorts conducted a study to estimate the remaining useful lives and replacement costs of the components of common property. The study takes into account Peak Resorts previous experience with the property and is updated annually.

The balance of the Replacement Fund has not been designated by the Board for specific components of common property. The following table, based on the study, 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 04/30/16</u>
Saunas	1	13,261	
Ski Lockers	1	6,365	
Driveway/Snowmelt Shared II & III	5	58,344	
Exterior Doors	11	12,112	
Electric Wall Heater	11	4,596	
Garage Ventilation System	11	6,229	
Concrete Curbs, Gutters, site stairs, walkways & carports	21	83,713	
Fire Alarm Panel Replacement	1-15	25,030	
Exterior Patio Deck Sealing	1-19	136,951	
Fire Alarm Devices	1-20	238,304	
Pool & Spa/Plaster and Tile	1-21	70,444	
Lighting	1-21	137,963	
Pool/Flow Meters	1-23	2,229	
Flooring/Carpeting	1-24	187,343	
Hydronic Pumps/Site Snowmelt, Pool & Spas	1-24	57,773	
Common Area Upgrades	1-24	262,676	
Pool/Heat Exchangers	1-25	40,612	
Shared Driveway Retaining Walls & Ties	1-25	23,075	
Pool/Pumps	1-25	65,320	
Pool/Chemical Feeders	1-26	6,673	
Painting/Staining	1-28	683,828	
Rekeying Exterior Locks/Unit Doors	1-28	28,643	
Pool/Spa Covers	1-28	26,129	
Pool/Filters	1-28	30,773	
Deck / Railing Recoating	2-24	70,406	
Garage Doors/Openers	2-26	36,192	
Boilers/Site Snowmelt, Pool & Spas	3-22	158,387	
Flower Boxes	3-23	21,767	
Laundry Room	3-23	15,873	
Lobby Furnishings	3-23	68,023	
Fire Sprinkler System	3-24	45,916	
Pool/Auto Fills	3-24	8,264	
Property Signage	3-27	48,720	
Internet/In-room data port and wireless	4-25	63,059	
Pool/Pentair IntelliTouch Control System	5-25	25,017	
Electric Baseboard Heaters	6-21	7,331	
Elevator	6-21	119,179	
Garage Ceiling Grid & Tiles	6-21	76,358	
Garage Unit Heaters	6-21	21,991	
Fencing/Perimeter	6-21	13,069	
Site Handrails	6-21	25,962	
Pool Fencing/Furniture	6-22	96,217	
Unit 290 Renovation	6-26	37,192	
Roof Replacements	6-28	728,562	
Storage Enclosures	7-22	4,719	
Fitness Center	7-27	38,280	
Gutter & Downspout Heat Trace	9-29	81,223	
Driveway/Walkway Paver	11-21	112,714	
Pool/Lights	0-25	26,883	
Totals		<u>4,159,690</u>	<u>438,056</u>

The accompanying notes are an integral part of these financial statements.