

**Lodge at Lionshead II Condominium Association**

**Financial Report**

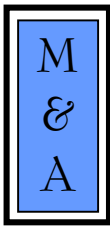
**April 30, 2017**



**Lodge at Lionshead II Condominium Association  
(A Colorado Non-Profit Corporation)  
April 30, 2017**

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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, 2017, 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 2016 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, 2017, 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.*

**McMahan and Associates, L.L.C.**  
**July 26, 2017**

**Lodge at Lionshead II Condominium Association**  
**(A Colorado Non-Profit Corporation)**  
**Balance Sheets**  
**April 30, 2017**  
**(With Comparative Totals for 2016)**

	<b>2017</b>		<b>2016</b>	
	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>	<b>Total</b>
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash in bank	110,984	296,696	407,680	471,397
Accounts receivable	48,750	-	48,750	59,268
Prepaid expenses	22,822	-	22,822	18,369
Due (to) from other fund	(72,395)	72,395	-	-
<b>Total Current Assets</b>	<u>110,161</u>	<u>369,091</u>	<u>479,252</u>	<u>549,034</u>
<b>Fixed Assets:</b>				
Condominium unit C-3	14,530	-	14,530	14,530
Condominium unit 290	27,210	-	27,210	27,210
Accumulated depreciation	(32,505)	-	(32,505)	(31,461)
<b>Net Fixed Assets</b>	<u>9,235</u>	<u>-</u>	<u>9,235</u>	<u>10,279</u>
<b>Total Assets</b>	<u><u>119,396</u></u>	<u><u>369,091</u></u>	<u><u>488,487</u></u>	<u><u>559,313</u></u>
<b>Liabilities and Equity:</b>				
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts payable	17,236	-	17,236	9,883
Deferred assessments	68,439	-	68,439	68,439
<b>Total Current Liabilities</b>	<u>85,675</u>	<u>-</u>	<u>85,675</u>	<u>78,322</u>
<b>Equity:</b>				
Working capital	29,899	-	29,899	29,899
Fund balances	3,822	369,091	372,913	451,092
<b>Total Equity</b>	<u>33,721</u>	<u>369,091</u>	<u>402,812</u>	<u>480,991</u>
<b>Total Liabilities and Equity</b>	<u><u>119,396</u></u>	<u><u>369,091</u></u>	<u><u>488,487</u></u>	<u><u>559,313</u></u>

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, 2017**  
**(With Comparative Totals for 2016)**

	<b>2017</b>		<b>2016</b>	
	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>	<b>Total</b>
<b>Revenues:</b>				
Common assessment	202,395	55,980	258,375	258,376
Special assessment	-	-	-	294,409
Settlement proceeds	-	-	-	24,657
Lease income	15,373	-	15,373	89,522
Miscellaneous	130	-	130	188
Interest income	-	1,550	1,550	2,331
<b>Total Revenues</b>	<b>217,898</b>	<b>57,530</b>	<b>275,428</b>	<b>669,483</b>
<b>Expenses:</b>				
Building maintenance	15,882	-	15,882	14,607
Cable television	17,670	-	17,670	17,698
C-3 assessments	3,402	-	3,402	5,102
Common cleaning	12,417	-	12,417	9,256
Depreciation	1,044	-	1,044	1,044
Electricity	17,392	-	17,392	18,123
Elevator	5,887	-	5,887	5,072
Employee housing costs	1,790	-	1,790	1,798
Fire sprinkler & alarm test	2,690	-	2,690	3,250
Gas - Pool, spa, drive & site	12,020	-	12,020	10,752
Insurance	18,369	-	18,369	17,635
Wi-Fi Internet	1,484	-	1,484	1,630
Landscape	9,535	-	9,535	7,112
Maintenance man	29,630	-	29,630	28,689
Management fee	34,267	-	34,267	31,152
Office	929	-	929	695
Professional fees	5,426	-	5,426	5,207
Pool maintenance	5,393	-	5,393	4,649
Snow removal	7,404	-	7,404	753
Trash removal	5,342	-	5,342	4,728
Water and sewer	19,139	-	19,139	17,676
Replacement expenses	-	126,495	126,495	477,854
<b>Total expenses</b>	<b>227,112</b>	<b>126,495</b>	<b>353,607</b>	<b>684,482</b>
<b>Excess (Deficiency) of Revenues Over Expenses</b>	<b>(9,214)</b>	<b>(68,965)</b>	<b>(78,179)</b>	<b>(14,999)</b>
<b>Beginning Fund Balances</b>	<b>13,036</b>	<b>438,056</b>	<b>451,092</b>	<b>466,091</b>
<b>Ending Fund Balances</b>	<b>3,822</b>	<b>369,091</b>	<b>372,913</b>	<b>451,092</b>

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, 2017**  
**(With Comparative Totals for 2016)**

	<b>2017</b>			<b>2016</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	212,913	55,980	268,893	543,219
Other cash received	15,503	-	15,503	114,367
Cash received from interest	-	1,550	1,550	2,331
Transfers	(70,339)	70,339	-	-
Cash paid for goods and services	(223,168)	(126,495)	(349,663)	(703,210)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(65,091)</u>	<u>1,374</u>	<u>(63,717)</u>	<u>(43,293)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(65,091)	1,374	(63,717)	(43,293)
<b>Net Cash and Cash Equivalents - Beginning of Year</b>	<u>176,075</u>	<u>295,322</u>	<u>471,397</u>	<u>514,690</u>
<b>Net Cash and Cash Equivalents - End of Year</b>	<u><u>110,984</u></u>	<u><u>296,696</u></u>	<u><u>407,680</u></u>	<u><u>471,397</u></u>
<b>Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:</b>				
Excess (deficiency) of revenues over expenses	<u>(9,214)</u>	<u>(68,965)</u>	<u>(78,179)</u>	<u>(14,999)</u>
<b>Adjustments to reconcile:</b>				
Depreciation	1,044	-	1,044	1,044
(Increase) decrease in accounts receivable	10,518	-	10,518	(12,417)
(Increase) decrease in prepaid expenses	(4,453)	-	(4,453)	(18,369)
(Increase) decrease in due to (from) other fund	(70,339)	70,339	-	(1,403)
Increase (decrease) in accounts payable	7,353	-	7,353	2,851
<b>Total Adjustments</b>	<u>(55,877)</u>	<u>70,339</u>	<u>14,462</u>	<u>(28,294)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>(65,091)</u></u>	<u><u>1,374</u></u>	<u><u>(63,717)</u></u>	<u><u>(43,293)</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, 2017**

**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, 2017 since all receivables were considered collectible.



**Lodge at Lionshead II Condominium Association**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**April 30, 2017**  
**(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, 2017.

**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 2014.

**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, 2016, 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, 2017  
(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, 2017, the assessed value for this unit was \$224,900, 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, 2017, the assessed value for this unit was \$403,040, 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, 2017, 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**

**A. 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, 2017:

Management fee	34,267
Snow removal	1,489
Landscape	5,366
Other	733
Pool maintenance	3,980
Building maintenance	11,968
Maintenance man	29,630
Common area cleaning	10,648
Replacement fund expense	4,578
	<u>\$ 102,659</u>

At April 30, 2017, the Association owed Peak Resort \$5,782 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, 2017  
(Continued)**

**4. Management Contract and Related Party Transactions (continued)**

**B. 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, 2017 were \$55,980.

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 \$369,091 at April 30, 2017.

**Lodge at Lionshead II Condominium Association**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**April 30, 2017**  
**(Continued)**

**6. Lease revenue**

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	1,679
C-1 & 110	11/1/2100	75	749
340	10/31/2102	170	1,679
400 / 410	11/1/2100	868	8,268
320	12/31/2115	150	1,499
330	12/31/2115	150	1,499
		<u>1,583</u>	<u>15,373</u>

In fiscal year 2018, the Association amended the Condominium Maps and incorporated the leased space into the ownership of units. All leases were subsequently terminated for fiscal year 2018.

**7. Subsequent Event**

Management has evaluated subsequent events through July 26, 2017, 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.

**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 Association attorney appealed the Class Action payment amount, resulting in an additional payment of \$4,640 to the association in May 2017.

**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, 2017**  
**(With Comparative Totals for 2016)**

	<u>2017</u>			<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>				
Assessments	202,395	202,395	-	202,395
Lease income	13,022	15,373	2,351	89,522
Miscellaneous	-	130	130	188
<b>Total Revenues</b>	<u>215,417</u>	<u>217,898</u>	<u>2,481</u>	<u>292,105</u>
<b>Expenses:</b>				
Building maintenance	16,000	15,882	118	14,607
Cable television	18,240	17,670	570	17,698
C-3 assessments	4,000	3,402	598	5,102
Common cleaning	9,500	12,417	(2,917)	9,256
Contingency	50	-	50	-
Electricity	18,000	17,392	608	18,123
Elevator	5,000	5,887	(887)	5,072
Employee housing costs	2,000	1,790	210	1,798
Fire sprinkler & alarm test	3,000	2,690	310	3,250
Gas - Pool, spa, drive & site	12,500	12,020	480	10,752
Insurance	18,369	18,369	-	17,635
Wi-Fi Internet	2,000	1,484	516	1,630
Landscape	9,500	9,535	(35)	7,112
Maintenance man	29,000	29,630	(630)	28,689
Management fee	34,267	34,267	-	31,152
Meeting expense	50	-	50	-
Office	750	929	(179)	695
Professional fees	5,050	5,426	(376)	5,207
Pool maintenance	5,500	5,393	107	4,649
Snow removal	2,500	7,404	(4,904)	753
Trash removal	5,000	5,342	(342)	4,728
Water and sewer	17,500	19,139	(1,639)	17,676
<b>Total Expenses (Budget Basis)</b>	<u>217,776</u>	<u>226,068</u>	<u>(8,292)</u>	<u>205,584</u>
<b>Reconciliation to GAAP Basis:</b>				
Depreciation		1,044		1,044
<b>Total Expenses (GAAP Basis)</b>		<u>227,112</u>		<u>206,628</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, 2017**  
**(With Comparative Totals for 2016)**

	<b>2017</b>	<b>2016</b>
<b>Replacement Expenses:</b>		
Decks	7,625	-
Painting	19,248	-
Sprinkler system	9,004	13,090
Siding:		
Legal	-	667
Architectural/Engineering	-	8,980
Construction	18,379	431,827
Pool and spa	5,738	3,787
Re-keying	5,551	-
Miscellaneous	-	3,409
Fire alarm	23,982	-
Mechanical and electrical	8,014	4,415
Landscaping	3,192	1,991
Elevator	1,391	-
Project management & supervision fee	1,485	2,474
Fitness center	242	-
Lobby Stairs: Carpet & Nosing	2,309	-
Tools, Parts, and Equipment	2,433	-
Tree Removal	3,450	-
Tree Succession Planning	625	-
Internet	-	1,710
Garage door	492	-
Special assessment Unit C-3 and 290	-	4,216
Condo map	13,335	1,288
<b>Total Replacement Expenses</b>	<b>126,495</b>	<b>477,854</b>

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, 2017**

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 04/30/17</u>
Driveway/Snowmelt Shared 11 & III	0	46,750	
Saunas	1	15,450	
Ski Lockers	1	6,180	
Exterior Patio Deck Sealcoating	0-10	305,857	
Fire Alarm Devices	0-20	231,364	
Shared Driveway Retaining Walls & Ties	0-25	22,402	
Flooring/Carpeting	0-27	205,152	
Common Area Upgrades	1-24	285,159	
Pool/Chemical Feeders	1-26	6,480	
Hydronic Pumps/Site Snowmelt, Pool & Spas	1-28	26,569	
Pool/Flow Meters	1-29	3,048	
Lighting	2-20	112,443	
Boilers/Site Snowmelt, Pool & Spas	2-23	153,773	
Fire Sprinkler System	2-23	44,580	
Pool/Auto Fills	2-23	8,023	
Pool/ Pumps	2-25	65,320	
Property Signage	2-26	47,301	
Flower Boxes	2-27	21,133	
Deck / Railing Recoating	2-28	96,752	
Pool/Filters	2-29	31,696	
Laundry Room	3-22	24,216	
Pool and Spas/Plaster & Tile	3-25	78,570	
Garage Doors/Openers	3-26	46,481	
Pool/Heat Exchangers	3-27	41,830	
Painting	3-28	671,030	
Pool and Spa/Covers	3-29	23,239	
Lobby Furnishings	4-22	66,041	
Pool/Pentair IntelliTouch Control System	4-24	24,289	
Pool/ Lights	4-29	24,997	
Site Handrails	5	25,206	
Electric Baseboard Heaters	5-20	7,117	
Elevator	5-20	115,709	
Fencing/Perimeter	5-20	12,689	
Garage Ceiling Grid & Tiles	5-20	74,135	
Garage Unit Heaters	5-20	21,351	
Pool fencing	5-20	65,238	
Unit #290 Renovation	5-25	36,109	
Roof Replacements	5-28	707,340	
Storage Enclosures	6-21	4,581	
Fitness Center	6-26	37,164	
Rekeying Exterior Locks/ Unit Doors	6-27	32,614	
Pool/Furniture	7-27	28,176	
Gutter & Downspout Heat Trace	9-28	78,857	
Electric Wall Heaters	10	4,462	
Exterior Doors	10	11,760	
Garage Ventilation System	10-18	6,048	
Driveway/Walkway Paver	10-20	109,431	
Pool/lights	19	5,261	
Concrete Curbs, Gutters, site stairs, walkways & carports	20	61,408	
Concrete site stairs	20	19,867	
<b>Totals</b>		<u>4,200,648</u>	<u>369,091</u>

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