

OAK MEADOWS HOMEOWNER'S ASSOC.

FINANCIAL STATEMENTS

DECEMBER 31, 2005

These statements are furnished to you in accordance with Colorado Revised Statute 38-33.3-209.4

DALBY, WENDLAND & CO., P.C.



Certified Public Accountants & Consultants

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Board of Directors
Oak Meadows Homeowners' Association
P.O. Box 2715
Glenwood Springs, Colorado 81602

We have compiled the accompanying statement of assets, liabilities and equity-income tax basis of Oak Meadows Homeowners' Association as of December 31, 2005 and the related statement of revenues and expenses-income tax basis for the month and year to date periods ending December 31, 2005 and 2004, and the departmental schedules of revenues and expenses-income tax basis, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the accounting basis used by the Company, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the income tax basis of accounting and has not presented supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be a part of, the basic financial statements. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

A handwritten signature in cursive script that reads "Dalby Wendland & Co., P.C.".

DALBY WENDLAND & CO., P.C.
February 14, 2006

OAK MEADOWS HOMEOWNER'S ASSOC.
STATEMENT OF ASSETS, LIABILITIES & EQUITY-INCOME TAX BASIS
 DECEMBER 31, 2005

	DEC 31, 2005	
ASSETS		
Current Assets		
Checking/Savings		
1020 · B of C GEN'L CHECKING	\$82,866.81	
Total 1020 · B of C GEN'L CHECKING		\$82,866.81
1035 · B of C GEN'L MONEY MARKET		
1036 · B of C F III ROAD FUND	9,383.96	
1030 · B of C F4A(TH) PAINTING M/M	96,272.61	
1035 · B of C GEN'L MONEY MARKET - Other	9,985.93	
Total 1035 · B of C GEN'L MONEY MARKET		115,642.50
1050 · WACHOVIA SECURITIES		
1040 · WACHOVIA FILING 4A(TH) PAINTING	18,702.06	
1060 · WACHOVIA F III ROAD FUND	13.66	
1050 · WACHOVIA GENERAL - Other	5,178.12	
Total 1050 · WACHOVIA SECURITIES		23,893.84
Total Checking/Savings		222,403.15
Accounts Receivable		
1100 · A/R-HOMEOWNERS	1,085.27	
Total Accounts Receivable		1,085.27
Total Current Assets		223,488.42
TOTAL ASSETS		\$223,488.42

OAK MEADOWS HOMEOWNER'S ASSOC.
STATEMENT OF ASSETS, LIABILITIES & EQUITY-INCOME TAX BASIS
 DECEMBER 31, 2005

	<u>DEC 31, 2005</u>	
LIABILITIES & EQUITY		
Liabilities		
Accounts Payable		
2000 · ACCOUNTS PAYABLE	<u>\$6,423.11</u>	
Total Accounts Payable		<u>\$6,423.11</u>
Equity		
3000 · PAINTING FUND CARRYOVER	96,434.27	
NET INCOME (LOSS) PAINTING FUND	<u>18,540.40</u>	
PAINTING FUND BALANCE		114,974.67
3020 · FILING 4A ROAD FUND CARRYOVER	16,846.15	
NET INCOME (LOSS) FILING 4A ROAD FUND	<u>(11,859.47)</u>	
FILING 4A ROAD FUND BALANCE		4,986.68
3040 · FILING 4A - NORTH	3,480.90	
NET INCOME (LOSS) FILING 4A-NORTH	<u>(1,049.62)</u>	
FILING 4A - NORTH FUND BALANCE		2,431.28
3045 · FILING 4A - SOUTH	5,126.65	
NET INCOME (LOSS) FILING 4A - SOUTH	<u>(1,086.84)</u>	
FILING 4A - SOUTH FUND BALANCE		4,039.81
3060 · GENERAL ASSESSMENT CARRYOVER	72,405.33	
NET INCOME (LOSS) GENERAL ASSESSMENT	<u>8,836.49</u>	
GENERAL ASSESSMENT FUND BALANCE		81,241.82
3080 · FILING 4A - SINGLE FAMILY	12,120.89	
NET INCOME (LOSS) FILING 4A-SINGLE FAMILY	<u>(11,484.27)</u>	
FILING 4A-SINGLE FAMILY FUND BALANCE		636.62
3110 · FILING III ROAD FUND CARRYOVER	11,898.15	
NET INCOME (LOSS) FILING III ROAD FUND	<u>(2,500.52)</u>	
FILING III ROAD FUND BALANCE		9,397.63
3160 · WATER FUND CARRYOVER	3,734.94	
NET INCOME (LOSS) WATER FUND	<u>44.46</u>	
WATER FUND BALANCE		3,779.40
3180 · SNOW REMOVAL FUND CARRYOVER	(2,692.50)	
NET INCOME SNOW REMOVAL	<u>(1,876.18)</u>	
SNOW REMOVAL FUND BALANCE		(4,568.68)
3190 · F4 BEAVER COURT	345.35	
NET INCOME (LOSS) F4 BEAVER COURT	<u>(199.27)</u>	
F4 BEAVER COURT FUND BALANCE		<u>146.08</u>
Total Liabilities & Equity		<u>223,488.42</u>

TOTAL LIABILITIES & EQUITY

\$223,488.42

SEE ACCOUNTANTS' COMPILATION REPORT

OAK MEADOWS HOMEOWNER'S ASSOC.
STATEMENT OF REVENUES & EXPENSES-INCOME TAX BASIS
 DECEMBER 31, 2005

	Dec 05	Jan - Dec 05
Income		
4000 · GENERAL ASSESSMENT	3,082.00	33,747.56
4010 · NON-MEMBER BILLING FEE	20.00	240.00
4050 · INTEREST INCOME	440.84	3,581.51
4700 · FILING 4A PAINTING ASSESSMENT	1,440.00	17,280.00
5000 · FILING 4A ROAD ASSESSMENTS	192.00	2,304.00
5400 · FILING 4A N. ASSESSMENTS	150.00	1,800.00
5620 · FILING 4A S. ASSESSMENT	170.00	2,040.00
5635 · PARKING FEE	15.00	570.00
5800 · FILING 4A(SF) ROAD ASSESSMENT	200.00	2,400.00
5810 · FILNG 4A(SF) SPECIAL ASSESSME...	0.00	3,909.00
6240 · TRASH SERVICE	220.74	2,767.74
6410 · FILING III ROAD ASSESSMENTS	325.00	3,900.00
6700 · SNOW REMOVAL ASSESSMENTS	0.00	8,738.75
Total Income	6,255.58	83,278.56
Expense		
4505 · BOOKKEEPING & ACCOUNTING	810.00	7,886.43
4510 · ADMINISTRATIVE EXPENSES	959.43	8,180.77
4515 · LEGAL EXPENSES	0.00	5,062.29
4520 · INSURANCE EXPENSE	2,517.00	5,014.00
4530 · GRASS CUTTING	0.00	6,882.50
5100 · ROAD MAINTENANCE	0.00	545.00
6310 · GENERAL MAINTENANCE	0.00	2,491.87
6340 · TRASH SERVICES	168.50	3,158.09
6450 · ROAD IMPROVEMENTS	0.00	36,077.50
6710 · SNOW REMOVAL	4,568.68	10,614.93
Total Expense	9,023.61	85,913.38
Net Income	(2,768.03)	(2,634.82)

SEE ACCOUNTANTS' COMPILATION REPORT

OAK MEADOWS HOMEOWNER'S ASSOC.
STATEMENT OF REVENUES & EXPENSES-INCOME TAX BASIS

JANUARY 1, 2005 THROUGH DECEMBER 31, 2005

	Jan - Dec 05	Jan - Dec 04	\$ Change
Income			
4000 · GENERAL ASSESSMENT	33,747.56	30,038.00	3,709.56
4010 · NON-MEMBER BILLING FEE	240.00	240.00	0.00
4050 · INTEREST INCOME	3,581.51	4,236.76	(655.25)
4700 · FILING 4A PAINTING ASSESSMENT	17,280.00	17,280.00	0.00
5000 · FILING 4A ROAD ASSESSMENTS	2,304.00	2,304.00	0.00
5400 · FILING 4A N. ASSESSMENTS	1,800.00	1,800.00	0.00
5406 · PARKING FEES	0.00	15.00	(15.00)
5620 · FILING 4A S. ASSESSMENT	2,040.00	2,040.00	0.00
5635 · PARKING FEE	570.00	365.00	205.00
5800 · FILING 4A(SF) ROAD ASSESSMENT	2,400.00	2,400.00	0.00
5810 · FILING 4A(SF) SPECIAL ASSESSMENT	3,909.00	0.00	3,909.00
6240 · TRASH SERVICE	2,767.74	2,641.48	126.26
6410 · FILING III ROAD ASSESSMENTS	3,900.00	9,231.00	(5,331.00)
6700 · SNOW REMOVAL ASSESSMENTS	8,738.75	5,395.00	3,343.75
Total Income	83,278.56	77,986.24	5,292.32
Expense			
4505 · BOOKKEEPING & ACCOUNTING	7,886.43	8,532.90	(646.47)
4510 · ADMINISTRATIVE EXPENSES	8,180.77	3,872.26	4,308.51
4515 · LEGAL EXPENSES	5,062.29	541.21	4,521.08
4520 · INSURANCE EXPENSE	5,014.00	2,200.00	2,814.00
4530 · GRASS CUTTING	6,882.50	249.85	6,632.65
5100 · ROAD MAINTENANCE	545.00	1,670.00	(1,125.00)
5500 · LANDSCAPING	0.00	4,574.23	(4,574.23)
6310 · GENERAL MAINTENANCE	2,491.87	355.92	2,135.95
6340 · TRASH SERVICES	3,158.09	1,822.74	1,335.35
6450 · ROAD IMPROVEMENTS	36,077.50	24,145.00	11,932.50
6620 · PROFESSIONAL SERVICES	0.00	1,370.00	(1,370.00)
6710 · SNOW REMOVAL	10,614.93	6,250.00	4,364.93
Total Expense	85,913.38	55,584.11	30,329.27
Net Income	(2,634.82)	22,402.13	(25,036.95)

SEE ACCOUNTANTS' COMPILATION REPORT

OAK MEADOWS HOMEOWNERS' ASSOCIATION

Notes to the Statement of Revenues & Expenses - Income Tax Basis January 1, 2005 through December 31, 2005 (unaudited)

These notes are provided by the Oak Meadows Homeowners' Association (OMHA) for the use of OMHA members in reviewing and understanding the financial statements for the year ended December 31, 2005. These notes are not part of the financial statements and were not audited.

Note 1: Expense Account 4510: Administrative Expenses

The increase in administrative expenses from 2004 to 2005 resulted primarily from activities related to compliance with Colorado Statute, C.R.S.38-33.3-101 et. seq., also known as the Colorado Common Interest Ownership Act, adopted June 5, 2005 and effective January 1, 2006. This statute requires that homeowners' associations adopt and implement "good governance policies," also known as rules and regulations, and make available, for inspection and copying by OMHA members, all governing documents, minutes of meetings, financial statements and other OMHA documents.

Note 2: Expense Account 4515: Legal Expenses

The increase in legal expenses from 2004 to 2005 resulted primarily from activities related to compliance with Colorado Statute, C.R.S.38-33.3-101 et. seq., also known as the Colorado Common Interest Ownership Act, adopted June 5, 2005 and effective January 1, 2006.

Note 3: Expense Account 4520: Insurance Expense

The increase in insurance expense from 2004 to 2005 resulted from the timing of the payment of insurance premiums. The premium for insurance covering the period 1/6/05 through 1/6/06 was paid in January 2005 and the premium for the period 1/6/06 through 1/6/07 was paid in December 2005.

Note 4: Expense Account 4530: Grass Cutting

The increase in grass cutting expense from 2004 to 2005 resulted from the reclassification in 2005 of costs associated with grass cutting from Expense Account 5500: Landscaping to Expense Account 4530: Grass Cutting.

Note 5: Expense Account 5500: Landscaping

The decrease in landscaping expense from 2004 to 2005 resulted from the reclassification in 2005 of costs associated with grass cutting from Expense Account 5500: Landscaping to Expense Account 4530: Grass Cutting.

Note 6: Expense Account 6310: General Maintenance

The increase in general maintenance expense from 2004 to 2005 resulted from authorized repairs to the mailbox enclosures on North & South Meadowview Court, Sopris Court and East and West Sunlight Courts and repairs to the tennis court facilities.

Note 7: Expense Account 6340: Trash Services

The increase in trash services expense from 2004 to 2005 reflects costs associated with the regrading of the site and relocation of the Filing III dumpsters in 2005.

Note 8: Expense Account 6450: Road Improvements

The increase in road improvements expense from 2004 to 2005 reflects costs associated with the chip/seal work done on North & South Meadowview Court, Sopris Court and East and West Sunlight Courts in 2005.

Note 9: Expense Account 6710: Snow Removal

The increase in snow removal expense from 2004 to 2005 reflects the increased frequency of snow removal due to increased snowfall in 2005.

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