

**HILAND HILLS TOWNHOUSE  
OWNERS ASSOCIATION**

**FINANCIAL STATEMENTS**

Year Ended June 30, 2011

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Hiland Hills Townhouse Owners Association  
Denver, Colorado

I have audited the accompanying balance sheet of Hiland Hills Townhouse Owners Association as of June 30, 2011, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Association's Board of Directors. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hiland Hills Townhouse Owners Association as of June 30, 2011, 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.

The Supplementary Information on Future Major Repairs and Replacements is not a required part of the basic financial statements but is supplementary information required by the American Institute of Certified Public Accountants. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

Denver, Colorado  
October 26, 2011

HILAND HILLS TOWNHOUSE OWNERS ASSOCIATION

BALANCE SHEET

JUNE 30, 2011

	OPERATING FUND	REPLACEMENT FUND	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 20,703	\$ 413,260	\$ 433,963
Accounts receivable, net of allowance for doubtful accts of \$12,750	50,511		50,511
Prepaid insurance	9,982		9,982
Furniture and equipment, net of accumulated depreciation of \$21,809	-		-
Loan fees, net of amortization of \$2,567	4,433		4,433
Interfund receivable(payable)	(11,585)	11,585	-
Common area property	-		-
<b>TOTAL ASSETS</b>	<b>\$ 74,044</b>	<b>\$ 424,845</b>	<b>\$ 498,889</b>
<b>LIABILITIES</b>			
Prepaid assessments	10,298		10,298
Accounts payable	10,063		10,063
Loan payable - NCB Bank	-	253,803	253,803
<b>TOTAL LIABILITIES</b>	<b>20,361</b>	<b>253,803</b>	<b>274,164</b>
<b>CONTINGENCIES</b>			
	-	-	-
<b>HOMEOWNERS' EQUITY</b>			
Fund balance(deficit)	53,683	171,042	224,725
<b>TOTAL HOMEOWNERS' EQUITY</b>	<b>53,683</b>	<b>171,042</b>	<b>224,725</b>
<b>TOTAL LIABILITIES AND HOMEOWNERS' EQUITY</b>	<b>\$ 74,044</b>	<b>\$ 424,845</b>	<b>\$ 498,889</b>

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

HILAND HILLS TOWNHOUSE OWNERS ASSOCIATION

STATEMENT OF REVENUES AND EXPENSES  
AND COMPREHENSIVE INCOME (LOSS)

FOR THE YEAR ENDED JUNE 30, 2011

	OPERATING FUND	REPLACEMENT FUND	TOTAL
<b>REVENUES</b>			
Homeowner assessments	\$ 411,761	\$ 45,679	\$ 457,440
Late fees and other assessments	10,694		10,694
Clubhouse	105		105
Special assessment	-	93,006	93,006
Interest income	-	995	995
<b>TOTAL REVENUES</b>	<b>422,560</b>	<b>139,680</b>	<b>562,240</b>
<b>EXPENSES</b>			
Payroll and related expenses	89,546		89,546
Insurance	67,925		67,925
Water and sewer	76,275		76,275
Building maintenance	44,520	20,025	64,545
Grounds maintenance	28,199		28,199
Gas and electric	21,420		21,420
Trash removal	12,939		12,939
Professional fees	7,305		7,305
Contract labor	1,057		1,057
Bad debt	13,999		13,999
Administrative	7,166		7,166
Management fees	9,792		9,792
Holiday events	325		325
Clubhouse and pool maintenance	6,309		6,309
Interest expense	-	19,380	19,380
<b>TOTAL EXPENSES</b>	<b>386,777</b>	<b>39,405</b>	<b>426,182</b>
<b>EXCESS (DEFICIENCY) OR REVENUES OVER EXPENSES</b>	<b>35,783</b>	<b>100,275</b>	<b>136,058</b>
<b>OTHER COMPREHENSIVE INCOME(LOSS):</b>			
Unrealized gain(loss) on available-for-sale securities	-	-	-
<b>COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ 35,783</b>	<b>\$ 100,275</b>	<b>\$ 136,058</b>

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