

STAGECOACH
PROPERTY OWNERS' ASSOCIATION
Financial Statements
August 31, 2008

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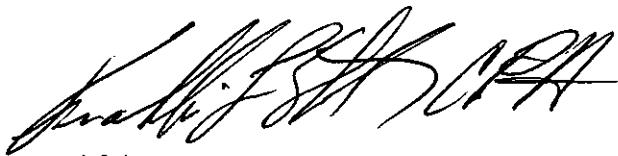
October 27, 2008

Board of Directors
Stagecoach Property Owners' Association

I have compiled the accompanying Statement of Assets and Liabilities -- Cash Basis of Stagecoach Property Owners' Association as of August 31, 2008, and the related Statements of Revenues and Expenses -- Cash Basis, Owners Equity -- Cash Basis, Cash Flows -- Cash Basis, and Supplemental Statements -- Cash Basis for the one month and ten months then ended, 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 cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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

The American Institute of Certified Public Accountants has determined that supplementary information about future major repairs and replacements of common property is required to supplement, but not required to be a part of the basic financial statements. Stagecoach Property Owner's Association does not have a study supporting future major repairs, replacements, or acquisitions. The association has not presented this supplementary information.



Franklin L. Stetson, P.C.
Certified Public Accountant

STAGECOACH PROPERTY OWNERS ASSOC.
STATEMENT OF ASSETS AND LIABILITIES
AUGUST 31, 2008

ASSETS		
CURRENT ASSETS		
OPERATING FUNDS		
OPERATING ACCOUNT	\$(11,286.50)	
RESTRICTED FUNDS		
HORSEBACK ROAD FUNDS	95,198.49	
SOUTH SHORE ROAD FUNDS	44,083.22	
MORNINGSIDE ROAD FUNDS	27,867.72	
MAJOR PROJECT FUNDS	20,258.09	
SUBDIVISION FUNDS	237,796.84	
ARCHITECTURAL CONTROL FUNDS	4,750.00	
ACCOUNTS RECEIVABLE	93.76	
PREPAID INCOME TAXES	1,724.00	
TOTAL CURRENT ASSETS		420,485.62
FIXED ASSETS		
EQUIPMENT	5,682.23	
IMPROVEMENTS	33,252.56	
A/D EQUIPMENT/IMPROVEMENTS	(15,617.00)	
LAND	2,330.00	
OTHER ASSETS	200.00	
TOTAL FIXED ASSETS		25,847.79
TOTAL ASSETS		446,333.41
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	1,419.00	
TOTAL CURRENT LIABILITIES		1,419.00
MEMBERS' EQUITY		
MEMBERS' EQUITY - MAJOR PROJ.	20,258.09	
MEMBERS' EQUITY - S. SH. ROADS	44,083.22	
MEMBERS' EQUITY - M'SIDE ROADS	27,867.72	
MEMBERS' EQUITY - HORSEBACK RD	95,198.49	
MEMBERS' EQUITY - SUBDIVISIONS	237,796.84	
MEMBERS' EQUITY - ACC FUND	4,750.00	
MEMBERS' EQUITY - UNRESTRICTED	14,960.05	
TOTAL MEMBERS' EQUITY		444,914.41
TOTAL LIABILITIES AND MEMBERS' EQUITY		\$446,333.41

See the accompanying accountant's compilation
report.

STAGECOACH PROPERTY OWNERS ASSOC.
STATEMENT OF REVENUES AND EXPENSES
FOR THE PERIOD ENDING AUGUST 31, 2008

	<u>YEAR TO DATE</u>			
	ACTUAL			
REVENUES				
MEMBER ASSESSMENTS -OPERATIONS	\$493.03	28.0 %	99,770.91	82.0
TOTAL REVENUES	493.03	28.0	99,770.91	82.0
OTHER REVENUES & EXPENSES				
INTEREST INCOME	516.05	29.3	11,410.17	9.4
INTEREST INCOME - ACCOUNTS REC	16.09	.9	1,536.84	1.3
ACC FEES	250.00	14.2	3,250.00	2.7
OTHER INCOME	388.00	22.0	2,739.17	2.3
COLLECTION FEES RECEIVED	.00	.0	86.49	.1
ESTOPPEL FEES RECEIVED	100.00	5.7	2,875.00	2.4
TOTAL OTHER REVENUES & EXPENSES	1,270.14	72.0	21,897.67	18.0
TOTAL REVENUE	1,763.17	100.0	121,668.58	100.0
OPERATING EXPENSES				
ACCOUNTING	1,269.05	72.0	15,969.05	13.1
ADVERTISING	.00	.0	61.00	.1
BANK CHARGES	.00	.0	1,705.90	1.4
CONTRACT LABOR	900.00	51.0	5,087.50	4.2
DEPRECIATION	5,611.00	318.2	5,611.00	4.6
DIRECTOR FEES	300.00	17.0	3,200.00	2.6
DONATIONS	2,500.00	141.8	2,900.00	2.4
FEES & LICENSES	.00	.0	20.00	.0
INSURANCE - BUSINESS	.00	.0	3,436.42	2.8
INSURANCE - WORKMAN'	.00	.0	391.00	.3
LEGAL FEES	1,199.37	68.0	13,641.26	11.2
LIEN EXPENSE	.00	.0	136.00	.1
MAINTENANCE	290.00	16.4	1,574.47	1.3
MEALS & ENTERTAINMEN	69.20	3.9	211.08	.2
MEETING EXPENSE	.00	.0	194.22	.2
MEETING EXPENSE - ANNUAL	77.61	4.4	4,563.32	3.8
MISCELLANEOUS	.03	.0	.03	.0
NEWSLETTER/SPECIAL LETTERS	.00	.0	9,996.93	8.2
OFFICE EXPENSE	70.00	4.0	2,658.01	2.2
OFFICE SUPPLIES	56.39	3.2	1,355.69	1.1
OFFICE SUPPORT/ESTOPPELS	120.00	6.8	1,297.26	1.1
POSTAGE	171.95	9.8	2,984.75	2.5
PROMOTION	.00	.0	110.00	.1
RENT - OFFICE	320.00	18.1	4,225.00	3.5
SUBDIVISION EXPENSES	11,730.00	665.3	80,395.00	66.1
TAXES, INCOME	1,006.00	57.1	1,006.00	.8
TAXES, PAYROLL	191.25	10.8	1,983.64	1.6
TAXES, SUTA, FUTA	.00	.0	326.04	.3
TELEPHONE EXPENSE	71.47	4.1	1,028.32	.8
TRAVEL	.00	.0	1,127.64	.9
UTILITIES	.00	.0	3,789.60	3.1
WAGES-OFFICE MANAGER	2,500.00	141.8	25,929.99	21.3
ALLOCATED LABOR TO SUBDIVISION	(2,730.00)	(154.8)	(2,730.00)	(2.2)
TOTAL OPERATING EXPENSES	25,723.32	*****	194,186.12	159.6
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENSES	\$(23,960.15)	*****	(72,517.54)	(59.6)

See the accompanying accountant's compilation
report.

STAGECOACH PROPERTY OWNERS ASSOC.
STATEMENT OF CHANGES
IN MEMBERS' EQUITY - UNRESTRICTED
FOR THE PERIOD ENDING AUGUST 31, 2008

	YEAR TO DATE ACTUAL
MEMBERS' EQUITY - UNRESTRICTED, at SEPTEMBER 1, 2008	\$(28,940.97)
MEMBERS' EQUITY - CONTRIBUTED, at SEPTEMBER 1, 2008	50,161.00
	21,220.03
TOTAL MEMBERS' EQUITY - UNRESTRICTED, at SEPTEMBER 1, 2008	21,220.03
CURRENT YEAR EXCESS of REVENUES OVER EXPENSES	(72,517.54)
ALLOCATED to FUTURE MAJOR PROJECTS: ACC ASSESSMENTS	(3,250.00)
INTEREST	(10,887.44)
MAJOR EXPENS'S FROM RESERVES	80,395.00
	\$14,960.05
MEMBERS' EQUITY - UNRESTRICTED at END OF CURRENT PERIOD	\$14,960.05

See the accompanying accountant's compilation
report.

STAGECOACH PROPERTY OWNERS ASSOC.
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDING AUGUST 31, 2008

	YEAR TO DATE ACTUAL
CASH FLOWS FROM OPERATING ACTIVITIES	
REVENUES OVER/(UNDER) EXPENSES	\$(72,517.54)
ADJUSTMENTS TO RECONCILE REVENUES OVER/ (UNDER) EXPENSES TO NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION	5,611.00
CHANGE IN ASSETS AND LIABILITIES:	
(INC)/DECREASE - ACCOUNTS REC.	(93.76)
(INC)/DECREASE - PREPAID TAXES	(1,724.00)
INCREASE/(DEC) - ACCOUNTS PAY.	(2,058.66)
(INC)/DECREASE - OTHER ASSETS	(200.00)
TOTAL ADJUSTMENTS	1,534.58
NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES	(70,982.96)
CASH FLOWS FROM INVESTING ACTIVITIES:	
CAP'L (ACQUISITIONS)/DISPOSITN	(4,272.73)
NET CASH PROVIDED / (USED) IN INVESTING ACTIVITIES	(4,272.73)
CASH FLOWS FROM FINANCING ACTIVITIES:	
INCREASE IN RESTRICTED M. E.	(66,257.56)
DECREASE IN MEMBERS' EQUITY - TRANSFERS	66,257.56
NET CASH PROVIDED / (USED) IN FINANCING ACTIVITIES	.00
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(75,255.69)
CASH AND CASH EQUIVALENTS AT SEPTEMBER 1, 2007	493,923.55
CASH AND CASH EQUIVALENTS AT END OF CURRENT PERIOD	\$418,667.86

See the accompanying accountant's compilation
report.

STAGECOACH PROPERTY OWNERS' ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2008
COMPILED

The Stagecoach Property Owners' Association is a Colorado corporation formed to serve the property owners of the Stagecoach Development in pursuing the completion of the original development. The association is responsible for the maintenance of, development of, and architectural control of the common property within the development. The development consists of approximately 2,327 residential lots in southern Routt County, Colorado.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These Financial statements have been prepared using the cash basis of accounting, with the exception of accounting fees which are accrued monthly, using accounts payable, for budgeting purposes.

Financial resources are classified for accounting and reporting purposes as funds established according to their nature and purpose.

Operating Funds - These accounts are used to account for financial resources available for the general operations of the association.

Restricted Funds - These accounts are used to accumulate financial resources designated for future major repairs, replacements and purchases.

Association members are subject to annual assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. The Association's policy is to retain legal counsel and place liens on the properties of lot owners whose assessments are three years or more delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year.

Interest income is allocated to the operating and restricted funds in proportion to the operating and restricted equity funds of the association.

SEE ACCOUNTANT'S COMPILATION REPORT

STAGECOACH PROPERTY OWNERS' ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS -CONTINUED
August 31, 2008
COMPILED

The association's financial statements are prepared with the use of estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: FIXED ASSETS

The association acquires lots within Stagecoach Subdivision through dues foreclosure procedures from time to time. All foreclosure expenses are then capitalized under the fixed asset caption "Lots Acquired". As of August 31, 2008 the association did not own any acquired lots.

Depreciation is provided for depreciable property that has been capitalized by the Association. The Association depreciates these assets under the MACRS double declining depreciation method.

NOTE 3: INCOME TAXES

Property owner's associations may be taxed either as homeowner's associations or as regular corporations. For the year ended August 31, 2008, the association, a nonprofit corporation, qualified for the nonprofit tax filing status under Internal Revenue Code Section 277. However, the board of directors elected to file the corporation's income taxes under Internal Revenue Code Section 528 (Home Owners Association).

The association provides for income taxes at the statutory corporate rate of 30 percent for Federal income taxes and 4.6 percent for State income taxes, on "nonexempt function" net income. The association's Federal and State income taxes for period ending August 31, 2008 were \$866 and \$140 respectively.

SEE ACCOUNTANT'S COMPILATION REPORT
STAGECOACH PROPERTY OWNERS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS -CONTINUED
August 31, 2008
COMPILED

NOTE 3: INCOME TAXES - Continued

The association has prepaid Federal income tax of \$1,474 and Colorado income tax of \$250 as of the period ended August 31, 2008.

NOTE 4: CONTRIBUTED OWNERS EQUITY

The contributed owners' equity balance represents the amount of property that owners have donated to the association.

NOTE 5: RESTRICTED OWNERS EQUITY - ROAD CONSTRUCTION

The escrowed road construction and improvement lawsuit settlement fund is the remaining funds held under the jurisdiction of the court as the result of the property owners' lawsuit to recover funds from the county. This settlement was \$250,000, of which \$44,083, \$27,867, and \$95,198 remains to be expended for the road projects in the South Shore, Morningside, and Horseback Subdivisions respectively, subject to court approval.

NOTE 6: RESTRICTED OWNERS EQUITY - MAJOR PROJECTS

The major projects reserve is the amount set aside for special future projects from assessments.

For fiscal year 2007/2008 no dues will be allocated to restricted funds per Board of Directors action in November 2007.

SEE ACCOUNTANT'S COMPILATION REPORT

STAGECOACH PROPERTY OWNERS' ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS -CONTINUED
August 31, 2008
COMPILED

NOTE 7: RESTRICTED OWNERS EQUITY - SUB-DIVISION

The sub-division reserve is the amount set aside for each sub-division from assessments. Subdivision reserves were charged \$80,395. for current year expenditures as follows:

Blackhorse I - Mail Boxes and Labor	\$ 3,678
Blackhorse II - Mail Boxes and Labor	3,678
Eagleswatch - Mail Boxes and Labor	9,450
Horseback - Mail Boxes and Labor	7,014
Horseback - Master Plan	20,000
Meadowgreen - Mail Boxes, signs & Labor	6,113
Morningside I - Mail Boxes and Labor	13,070
Sky Hitch I - Mail Boxes	339
South Shore - Master Plan and Labor	10,855
South Shore - Landscape Master Plan	5,400
Major Projects - Labor allocation	798

	\$80,395

NOTE 8: RESTRICTED OWNERS EQUITY - ACC FUND

The association collects architectural control fees which are reserved for special projects that are designed to meet the architectural covenants. The association has collected \$3,250 this fiscal year. The Architectural Control Committee has expended \$0 this fiscal year. The reserve balance is currently \$4,750.

NOTE 8: SUPPLEMENTAL STATEMENTS

The statements that follow these notes to the financial statements are prepared and included in these financial statements for purposes of analysis by the association only.

SEE ACCOUNTANT'S COMPILATION REPORT

STAGECOACH PROPERTY OWNERS' ASSOCIATION
SUPPLEMENTAL STATEMENTS
August 31, 2008

STAGECOACH PROPERTY OWNERS ASSOC.
STATEMENT OF REVENUES AND EXPENSES --
WITH BUDGET VARIANCE
FOR THE PERIOD ENDING AUGUST 31, 2008

	YEAR TO DATE		
	ACTUAL	REVSD BUDGET	BUDGET VAR
REVENUES			
MEMBER ASSESSMENTS - OPERATIONS	\$99,770.91	113,500.00	(13,729.09)
TOTAL REVENUES	99,770.91	113,500.00	(13,729.09)
OTHER REVENUES & EXPENSES			
INTEREST INCOME	11,410.17	.00	11,410.17
INTEREST INCOME - ACCOUNTS REC	1,536.84	.00	1,536.84
ACC FEES	3,250.00	.00	3,250.00
OTHER INCOME	2,739.17	1,050.00	1,689.17
COLLECTION FEES RECEIVED	86.49	.00	86.49
ESTOPPEL FEES RECEIVED	2,875.00	.00	2,875.00
TOTAL OTHER REVENUES & EXPENSES	21,897.67	1,050.00	20,847.67
TOTAL REVENUE	121,668.58	114,550.00	7,118.58
OPERATING EXPENSES			
ACCOUNTING	15,969.05	15,700.00	(269.05)
ADVERTISING	61.00	.00	(61.00)
AUDIT/REVIEW FEES	.00	3,000.00	3,000.00
BANK CHARGES	1,705.90	.00	(1,705.90)
CONTRACT LABOR	5,087.50	1,750.00	(3,337.50)
DEPRECIATION	5,611.00	.00	(5,611.00)
DIRECTOR FEES	3,200.00	4,000.00	800.00
DONATIONS	2,900.00	.00	(2,900.00)
FEES & LICENSES	20.00	.00	(20.00)
INSURANCE - BUSINESS	3,436.42	1,900.00	(1,536.42)
INSURANCE - WORKMAN'	391.00	398.00	7.00
LEGAL FEES	13,641.26	18,000.00	4,358.74
LIEN EXPENSE	136.00	.00	(136.00)
MAINTENANCE	1,574.47	3,300.00	1,725.53
MEALS & ENTERTAINMEN	211.08	.00	(211.08)
MEETING EXPENSE	194.22	.00	(194.22)
MEETING EXPENSE - ANNUAL	4,563.32	5,000.00	436.68
MISCELLANEOUS	.03	.00	(.03)
NEWSLETTER/SPECIAL LETTERS	9,996.93	9,200.00	(796.93)
OFFICE EXPENSE	2,658.01	.00	(2,658.01)
OFFICE SUPPLIES	1,355.69	2,400.00	1,044.31
OFFICE SUPPORT/ESTOPPELS	1,297.26	1,200.00	(97.26)
POSTAGE	2,984.75	1,470.00	(1,514.75)
PROMOTION	110.00	.00	(110.00)
RENT - OFFICE	4,225.00	4,440.00	215.00
SUBDIVISION EXPENSES	80,395.00	16,000.00	(64,395.00)
TAXES, INCOME	1,006.00	2,550.00	1,544.00
TAXES, PAYROLL	1,983.64	2,299.00	315.36
TAXES, SUTA, FUTA	326.04	.00	(326.04)
TELEPHONE EXPENSE	1,028.32	960.00	(68.32)
TRAVEL	1,127.64	600.00	(527.64)
UTILITIES	3,789.60	.00	(3,789.60)
WAGES-OFFICE MANAGER	25,929.99	20,000.00	(5,929.99)
ALLOCATED LABOR TO SUBDIVISION	(2,730.00)	.00	2,730.00
TOTAL OPERATING EXPENSES	194,186.12	114,167.00	(80,019.12)
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENSES	\$(72,517.54)	383.00	(72,900.54)

See the accompanying accountant's compilation
report.

STAGECOACH PROPERTY OWNERS ASSOC.
SCHEDULE OF MEMBERS' EQUITY --
SUBDIVISION
AUGUST 31, 2008

SUBDIVISION	<u>YEAR TO DATE</u> ACTUAL
RES. M. E. - BLACK HORSE 1	\$20,310.10
RES. M. E. - BLACK HORSE 2	8,643.88
RES. M. E. - EAGLES WATCH	(9,462.86)
RES. M. E. - HIGH CROSS	15,405.26
RES. M. E. - HORSEBACK	44,175.20
RES. M. E. - MEADOWGREEN	35,488.33
RES. M. E. - MORNINGSIDE 1	23,950.42
RES. M. E. - OVERLAND	(1,543.41)
RES. M. E. - PROJECTS 1 AND 2	16,709.82
RES. M. E. - SKY HITCH 1	10,639.94
RES. M. E. - SKY HITCH 2	6,249.50
RES. M. E. - SKY HITCH 3	10,643.31
RES. M. E. - SKY HITCH 4	25,279.81
RES. M. E. - SOUTH SHORE	52,288.91
RES. M. E. - SOUTH STATION 1	(30,740.08)
RES. M. E. - SOUTH STATION 2	9,030.67
RES. M. E. - YOUNG'S PEAK @ MEA	728.04
	<hr/>
TOTAL MEMBERS' EQUITY - SUBDIVISION	<u>\$237,796.84</u>

See the accompanying accountant's compilation
report.