

Cornerstone Owners Association

Dear Cornerstone Owners Association Members,

Although a potential buyer is currently conducting due diligence on the purchase of the development, since no deal is yet in place and even if completed this may not occur until late winter or early spring, the Association will once again be assessing \$2,000 per lot for the annual dues. However, if the sale occurs and the collections are made on the Cobalt lots, the budget will be reconsidered and a partial refund of dues will be considered by the Board.

We have continued to reduce or eliminate expenditures that we feel we can live without in 2014, however, we feel it is critical the Association has the funds necessary to protect the Association's interests.

Please also keep in mind that although this budget is approved by the Association Board of Directors, it can be altered with a 75% or greater vote of the entire membership at the Member Meeting referenced in the accompanying notice.

Please note that this Assessment is in addition to the Metro District assessment which is expected to be billed in mid-December.

If you have any questions, please don't hesitate to contact any of the board members.

Bob Aisner, President
Warren Ache, Secretary
Bill Fugazzi, Treasurer
Jon Nelson
Carol Lawler

baisner@behringerharvard.com
wfache@q.com
bfugazzi@q.com
jonnelson@seminerals.com
clawler@lawlers.com

CORNERSTONE OWNERS ASSOCIATION

2013 PROJECTED ACTUAL AND 2014 ADOPTED BUDGET

	2013 Projected Actual	2014 Adopted Budget	2014 Adopted Budget Comments
REVENUES			
Annual Assessments- Owner Lots	124,000	124,000	62 of 67 platted homesteads each paying \$2,000 by December 31, 2013.
Annual Assessments- Cobalt Lots	-	-	55 homesteads billed but assumed not collected from Cobalt.
Wildlife Preservation Transfer Assessment	1,178	-	Revenue generated from resales of homesteads. Conservatively budgeting for no resales in 2014.
Late Fees, Interest, & Other Income	3,650	-	Amounts billed not assumed to be collected
TOTAL REVENUES	<u>128,828</u>	<u>124,000</u>	
EXPENSES			
Accounting, Assoc Management	18,200	18,200	Fees for consultants of the Association.
Legal	45,000	70,000	Continued efforts to protect community and enforce collections
Insurance	4,371	5,000	Coverages: D&O liability, general liability.
Office Supplies & Misc	1,000	1,000	Office supplies, postage, bank fees, meeting expenses, etc.
Operations Contingency	-	15,000	Unforeseen expenses
Trail Maintenance	-	2,000	Minimal maintenance- tree removal and clearing
Fencing	7,100	10,000	Continued extension and repairs to protect property from offsite cattle etc.
Noxious Weed Management	-	5,000	Decrease program to be spot spraying
Maintenance Contingency	-	10,000	Unforeseen repairs and needs
Wildlife Management & Studies	-	-	No longer performed every year
TOTAL EXPENSES	<u>75,671</u>	<u>136,200</u>	
CHANGE BEFORE TRANSFERS	<u>53,157</u>	<u>(12,200)</u>	
TRFR FROM (TO) REPLACEMENT RESERVE	<u>(14,400)</u>	<u>(7,200)</u>	Minimum level required by Colorado code.
CHANGE IN FUND BALANCE	<u><u>38,757</u></u>	<u><u>(19,400)</u></u>	