

**The Ski Tip Ranch Condominium Association,
Inc.
(A Colorado Non-Profit Corporation)**

**Financial Statements
December 31, 2005 and 2004
(Unaudited)**

The Ski Tip Ranch Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
December 31, 2005 and 2004

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ACCOUNTANT'S REVIEW REPORT

**To the Board of Managers
The Ski Tip Ranch Condominium Association, Inc.
Keystone, Colorado**

We have reviewed the accompanying balance sheets of The Ski Tip Ranch Condominium Association, Inc. (the "Association"), a Colorado non-profit corporation, as of December 31, 2005 and 2004, and the related statements of revenues, expenses and changes in fund balances, and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information in these financial statements is the representation of the management of the Association.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with U.S. generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with U.S. generally accepted accounting principles.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with U.S. generally accepted accounting principles. The supplemental schedule of comparison of budgeted and actual revenues and expenses for the Operating Fund on page 9 is presented for the purposes of additional analysis. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made to it.

The Schedule of Future Major Repairs and Replacements on page 10 is not a required part of the basic financial statements but is supplementary information required by the American Institute of Certified Public Accountants. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

**McMahan and Associates, L.L.C.
September 7, 2006**

Performing services for resort communities throughout Colorado

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The Ski Tip Ranch Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Balance Sheets
December 31, 2005 and 2004
(Unaudited)

	2005			2004		
	Operating Fund	Replacement Fund	Total	Operating Fund	Replacement Fund	Total
Assets:						
Cash and cash equivalents	6,834	230,485	237,319	2,026	71,553	73,579
Investments	-	-	-	-	119,859	119,859
Accounts receivable - Keystone Resorts	-	4,000	4,000	-	-	-
Accounts receivable - Owners	21,888	6,821	28,709	-	-	-
Prepaid expenses	5,670	-	5,670	10,847	-	10,847
Due (to) from other fund	(13,181)	13,181	-	(12,747)	12,747	-
Total Assets	<u>21,211</u>	<u>254,487</u>	<u>275,698</u>	<u>126</u>	<u>204,159</u>	<u>204,285</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	11,004	-	11,004	287	-	287
Prepaid assessments	368	115	483	-	-	-
Due to Keystone Resorts	31,419	-	31,419	9,325	-	9,325
Total Liabilities	<u>42,791</u>	<u>115</u>	<u>42,906</u>	<u>9,612</u>	<u>-</u>	<u>9,612</u>
Fund Balances (Deficit)	<u>(21,580)</u>	<u>254,372</u>	<u>232,792</u>	<u>(9,486)</u>	<u>204,159</u>	<u>194,673</u>
Total Liabilities and Fund Balances	<u>21,211</u>	<u>254,487</u>	<u>275,698</u>	<u>126</u>	<u>204,159</u>	<u>204,285</u>

See accompanying notes and Accountant's Review Report.

The Ski Tip Ranch Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Statements of Revenues, Expenses and Changes in Fund Balances
For the Years Ended December 31, 2005 and 2004
(Unaudited)

	2005			2004		
	Operating Fund	Replacement Fund	Total	Operating Fund	Replacement Fund	Total
Revenues:						
Common assessments	221,842	69,000	290,842	208,087	75,600	283,687
Interest income	30	4,892	4,922	-	810	810
Miscellaneous	-	-	-	-	5,250	5,250
Total Revenues	<u>221,872</u>	<u>73,892</u>	<u>295,764</u>	<u>208,087</u>	<u>81,660</u>	<u>289,747</u>
Expenses:						
Professional fees	1,950	-	1,950	-	-	-
Administration	86,966	-	86,966	74,130	-	74,130
Insurance	18,823	-	18,823	27,994	-	27,994
Utilities	64,767	-	64,767	61,421	-	61,421
Maintenance	61,460	-	61,460	44,447	-	44,447
Replacement Fund:						
Radon mitigation	-	-	-	-	2,900	2,900
Spa improvements	-	-	-	-	4,439	4,439
Roof improvements	-	-	-	-	2,223	2,223
Exterior painting - Siding/decks	-	15,600	15,600	-	690	690
Landscape improvements	-	5,139	5,139	-	2,518	2,518
Boiler/furnace replacement	-	2,940	2,940	-	-	-
Total Expenses	<u>233,966</u>	<u>23,679</u>	<u>257,645</u>	<u>207,992</u>	<u>12,770</u>	<u>220,762</u>
Excess (Deficiency) of Revenues Over Expenses	(12,094)	50,213	38,119	95	68,890	68,985
Fund Balances (Deficit) - Beginning	<u>(9,486)</u>	<u>204,159</u>	<u>194,673</u>	<u>(9,581)</u>	<u>135,269</u>	<u>125,688</u>
Fund Balances (Deficit) - Ending	<u>(21,580)</u>	<u>254,372</u>	<u>232,792</u>	<u>(9,486)</u>	<u>204,159</u>	<u>194,673</u>

See accompanying notes and Accountant's Review Report.

The Ski Tip Ranch Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Statements of Cash Flows
For the Years Ended December 31, 2005 and 2004
(Unaudited)

	2005			2004		
	Operating Fund	Replacement Fund	Total	Operating Fund	Replacement Fund	Total
Cash Flows From Operating Activities:						
Cash received from owners	200,321	58,295	258,616	208,087	75,600	283,687
Other cash received	-	-	-	-	5,250	5,250
Interest received	30	4,892	4,922	-	810	810
Cash payments for goods and services	(195,977)	(23,680)	(219,657)	(236,212)	(12,770)	(248,982)
Interfund transfers	434	(434)	-	27,370	(27,370)	-
Net Cash Provided (Used) by Operating Activities	<u>4,808</u>	<u>39,073</u>	<u>43,881</u>	<u>(755)</u>	<u>41,520</u>	<u>40,765</u>
Cash Flows From Investing Activities:						
Cash paid to purchase investments	-	-	-	-	(119,859)	(119,859)
Cash received on sale/redemption of investments	-	119,859	119,859	-	-	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>119,859</u>	<u>119,859</u>	<u>-</u>	<u>(119,859)</u>	<u>(119,859)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,808	158,932	163,740	(755)	(78,339)	(79,094)
Cash and Cash Equivalents - Beginning	<u>2,026</u>	<u>71,553</u>	<u>73,579</u>	<u>2,781</u>	<u>149,892</u>	<u>152,673</u>
Cash and Cash Equivalents - Ending	<u><u>6,834</u></u>	<u><u>230,485</u></u>	<u><u>237,319</u></u>	<u><u>2,026</u></u>	<u><u>71,553</u></u>	<u><u>73,579</u></u>
Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:						
Excess (deficiency) of revenues over expenses	(12,094)	50,213	38,119	95	68,890	68,985
Adjustments to reconcile:						
(Increase) decrease - Accounts receivable	(21,889)	(10,821)	(32,710)	-	-	-
(Increase) decrease - Prepaid expenses	5,177	-	5,177	(3,025)	-	(3,025)
Increase (decrease) - Accounts payable and accruals	32,812	-	32,812	(25,195)	-	(25,195)
Increase (decrease) - Prepaid assessments	368	115	483	-	-	-
Interfund transfers	434	(434)	-	27,370	(27,370)	-
Total Adjustments	<u>16,902</u>	<u>(11,140)</u>	<u>5,762</u>	<u>(850)</u>	<u>(27,370)</u>	<u>(28,220)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>4,808</u></u>	<u><u>39,073</u></u>	<u><u>43,881</u></u>	<u><u>(755)</u></u>	<u><u>41,520</u></u>	<u><u>40,765</u></u>

See accompanying notes and Accountant's Review Report.

The Ski Tip Ranch Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2005 and 2004

1. Organization

The Ski Tip Ranch Condominium Association, Inc. (the "Association") was incorporated in the State of Colorado on December 4, 1995 as a non-profit corporation organized for the purpose of maintaining and managing the common areas and facilities of the Association, pursuant to the Association's Declaration of Covenants, Conditions and Restrictions recorded December 4, 1995, and subsequently amended (collectively, the "Declarations").

The Association, which is located in Keystone, Colorado, consists of 51 residential units.

2. Summary of Significant Accounting Policies

A. Fund Accounting

The Association uses the fund method of accounting, which requires that funds, such as operating funds 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 Association's Board of Directors (the "Board") and the Association's managing agent. Disbursements from the Replacement Fund may be made only for its designated purposes.

B. Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting, which recognizes revenues when earned or assessed, and expenditures when incurred.

C. Recognition of Assets

Real and personal common property acquired by the original members from the developer is not recognized on the Association's financial statements because it is commonly owned by individual members and its disposition by the Board is restricted.

The Association does not record replacements and improvements to real and personal common property transferred from the developer as capitalized fixed assets because their disposition is restricted. Such replacements and improvements are expensed in the Replacement Fund in the period incurred.

D. Cash and Cash Equivalents

The Association considers all checking, money market and savings accounts to be cash equivalents for the purposes of the Statement of Cash Flows, since all such funds are highly liquid.

E. Investments

The Association invests certain excess funds in certificates of deposit. Because the Association has the intent and ability to hold these securities to maturity, these investments are classified as held-to-maturity. Accordingly, such securities are reported on these financial statements at amortized cost. Interest earned by the Association, together with all realized gains and losses are included in investment income as a component of current period earnings. Unrealized gains and losses arising from changes in the market value of these securities are not recognized by the Association.