

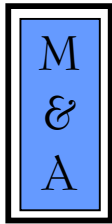
Cordillera Valley Club Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Eagle County, Colorado

Financial Statements
December 31, 2007

Cordillera Valley Club Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Financial Statements
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Cordillera Valley Club Property Owners Association, Inc.

We have audited the accompanying balance sheets of Cordillera Valley Club Property Owners Association, Inc. (the "Association"), a Colorado non-profit corporation, as of December 31, 2007, 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 management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized information has been derived from the Association's financial statements and, in our report dated March 7, 2007; we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cordillera Valley Club Property Owners Association, Inc. as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Budget Comparison - Operating Fund on page 9 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McMahan and Associates, L.L.C.
June 9, 2008

Performing services for resort communities throughout Colorado

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Cordillera Valley Club Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Balance Sheets
For the Year Ended December 31, 2007
(With Comparative Actual Amounts for 2006)

	2007			2006
	Operating Fund	Replacement Fund	Total	Total
Assets:				
Cash	-	304,620	304,620	334,910
Restricted Cash	215,200	-	215,200	308,200
Accounts receivable:				
CVCMD	-	-	-	-
Owners	-	-	-	2,000
Developer	30,000	-	30,000	30,000
Cordillera Vail Club	-	-	-	6,500
Interfund balances	211,313	(211,313)	-	-
Total Assets	456,513	93,307	549,820	681,610
Liabilities and Equity:				
Liabilities:				
Accounts payable - CVCMD	201,500	-	201,500	108,628
Accounts payable - Other	47,541	-	47,541	26,097
Accrued liabilities	-	-	-	4,445
Due to owners	27,300	-	27,300	24,375
Deferred assessments	1,000	-	1,000	500
Interest payable	-	-	-	-
Deposits	215,200	-	215,200	308,200
Total Liabilities	492,541	-	492,541	472,245
Equity:				
Working capital	65,675	-	65,675	68,075
Fund balance	(101,703)	93,307	(8,396)	141,290
Total Equity	(36,028)	93,307	57,279	209,365
Total Liabilities and Equity	456,513	93,307	549,820	681,610

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

Cordillera Valley Club Property Owners Association, Inc
(A Colorado Non-Profit Corporation)
Statements of Revenues, Expenses and Changes in Fund Balance
For the Year Ended December 31, 2007
(With Comparative Actual Amounts for 2006)

	2007			2006
	Operating Fund	Replacement Fund	Total	Total
Revenues:				
Assessments:				
Common	128,000	-	128,000	128,000
Real estate transfer	163,790	400,000	563,790	427,798
Design Review Board income	18,500	-	18,500	54,000
Design Review Board fines revenue	3,200	-	3,200	2,650
Club impact fee	24,836	-	24,836	23,927
Interest income	19,719	-	19,719	13,024
Other income	120	-	120	60
Total Revenues	358,165	400,000	758,165	649,459
Expenses:				
Administration	123,358	-	123,358	120,793
Design Review Board	134,376	-	134,376	89,899
Operating Contribution to CVCMD	231,844	-	231,844	128,930
Other Operating	6,580	-	6,580	-
Recreation	11,693	-	11,693	170,641
Capital Contribution to CVCMD	-	400,000	400,000	334,491
Total Expenses	507,851	400,000	907,851	844,754
Excess (Deficiency) of Revenues Over Expenses	(149,686)	-	(149,686)	(195,295)
Fund Balance (Deficit) - Beginning	47,983	93,307	141,290	336,585
Fund Balance (Deficit) - Ending	(101,703)	93,307	(8,396)	141,290

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

Cordillera Valley Club Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Statements of Cash Flows
For the Year Ended December 31, 2007
(With Comparative Actual Amounts for 2006)

	2007			2006
	Operating Fund	Replacement Fund	Total	Total
Cash Flows From Operating Activities:				
Cash received from common assessments	138,500	-	138,500	126,250
Cash received from real estate transfer assessment	163,790	400,000	563,790	427,798
Cash received from Design Review Board fees	18,500	-	18,500	54,000
Cash received from Design Review Board fines	3,200	-	3,200	2,650
Cash received from club impact fee	24,836	-	24,836	23,927
Cash deposits received (refunded), net	(93,000)	-	(93,000)	48,200
Cash transferred to (from) other fund	(291,027)	291,027	-	-
Cash received from interest income	19,719	-	19,719	13,024
Cash received from other income	120	-	120	60
Cash paid to vendors	(301,146)	-	(301,146)	(501,178)
Cash paid to CVCMD	-	(498,334)	(498,334)	(236,157)
Net Cash Provided (Used) by Operating Activities	(316,508)	192,693	(123,815)	(41,426)
Cash Flows from Financing Activities:				
Working capital contributions received (returned)	525	-	525	(250)
Net Cash Provided by Financing Activities	525	-	525	(250)
Net Increase (Decrease) in Cash and Cash Equivalents	(315,983)	192,693	(123,290)	(41,676)
Cash and Cash Equivalents - Beginning	585,391	57,719	643,110	684,786
Cash and Cash Equivalents - Ending	269,408	250,412	519,820	643,110
Reconciliation of Net Cash Provided (Used) by Operating Activities:				
Excess (deficiency) of revenues over expenses	(149,686)	-	(149,686)	(195,295)
Adjustments:				
(Increase) decrease in accounts receivable	10,000	-	10,000	(8,500)
Increase (decrease) in interfund balances	(291,027)	291,027	-	-
Increase (decrease) in accounts payable	211,150	(98,334)	112,816	109,474
Increase (decrease) in accrued liabilities	(4,445)	-	(4,445)	4,445
Increase (decrease) in deferred revenue	500	-	500	250
Increase (decrease) in deposits held	(93,000)	-	(93,000)	48,200
Total Adjustments	(166,822)	192,693	25,871	153,869
Net Cash Provided (Used) by Operating Activities	(316,508)	192,693	(123,815)	(41,426)
Non-Cash Operating Transactions:				
Forfeited Design Review Board deposits	-	-	-	50,956

The accompanying notes are an integral part of these financial statements

Cordillera Valley Club Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2007

1. Organization

Cordillera Valley Club Property Owners Association, Inc. (the "Association") was incorporated in the State of Colorado on August 15, 1995 as a non-profit corporation. The Association is responsible for the care, upkeep, and supervision of the real property and improvements within the Association. As of December 31, 2007, the Association consisted of one hundred twenty-eight residential home lots located in Eagle County, Colorado. The Association's Declarations, dated August 15, 1995, allow for the addition of future lots by supplemental amendments to the Declarations. Supplemental amendments to the Declarations can be filed by Cordillera Valley Club Investors (the "Declarant") or any of its successors and may expand the property up to one hundred seventy-three lots.

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"). 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. Common Assessments

Common assessments are one of the primary sources of revenue for the Association. The Association's Board, together with the Association's Managing Agent, prepares an annual budget to estimate the annual expenses of operating the Association and maintaining the Association's common elements. The Association's members are charged an annual assessment based upon the budget. For 2007, each member of the Association was levied an annual assessment of \$1,000, payable in equal quarterly installments.

The Association is designed only to operate as a conduit to collect assessments and other fees and pay operating expenses on behalf of members. Any excess or deficiency of revenues over expenses is repaid to, or recovered from, the members in a subsequent year by reducing or increasing assessments, or, with the approval of the membership, retained in the Operating Fund.

Cordillera Valley Club Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2007
(Continued)

2. Summary of Significant Accounting Policies (continued)

D. Real Estate Transfer Assessment

The Association adopted a real estate transfer assessment in the amount of two percent (2%) of the fair market value of any transfers of ownership of any lot, including the improvements thereon. The assessment is levied in order to provide funds for future operating expenses, capital improvements and any other purpose of the Association as determined by the Executive Board in accordance with the Association's Declaration. In 2007, the amount generated by the real estate transfer assessment was \$563,790.

E. Income Taxes

While the Association has been organized under Colorado non-profit statutes as a corporation without capital stock or shareholders, the Association is not a tax-exempt organization. Consequently, the Association is subject to Federal and state income taxes on net income derived from investments and other non-membership sources.

F. Recognition of Assets

The Association recognizes at cost, common personal property and real property to which it has title and can dispose of, at the discretion of its Board, for cash. The Association does not currently have any assets meeting these requirements.

G. Allowance for Uncollectible Amounts

The Association utilizes the allowance method of recognizing the future potential uncollectibility of assessments receivable from owners and the Declarant. No allowance for bad debt was recorded at December 31, 2007, since all receivables were considered collectible.

H. Cash and Equivalents

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

I. Working Capital

As provided in the Declaration, all owners are required to make working capital contributions to the Association upon the purchase of their respective residential units, in an amount equal to one-quarter of the annual budgeted assessments in effect at the time of the purchase. As of the period ending December 31, 2007, the Association had working capital of \$65,675 for all lots conveyed to a party other than the Declarant.

J. Prepaid Expenses

Prepaid expenses consist of expenses paid which will provide benefits in subsequent years.

Cordillera Valley Club Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2007
(Continued)

2. Summary of Significant Accounting Policies (continued)

K. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 that reporting period. Actual results could differ from those estimates

L. Comparative Information

The financial statements include certain prior year comparative information in total, but not by fund. As such, prior year information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, prior year totals should be read in conjunction with the Association's audited financial statements for the year ended December 31, 2006, from which they were derived.

3. Club Impact Agreement

The Association reached a contribution agreement with Cordillera Valley Club Investors Limited Partnership to provide an annual impact fee to offset any additional expenses the Association might incur from Golf Club use by Association non-members. The impact fee is to be the smallest of (a) ten percent (10%) of the aggregate annual budget as adopted by the Association, or (b) the prior year's contribution as multiplied by the Denver- Boulder Consumer Price Index. In 2007, the Club impact fee was \$24,836.

4. Services Provided by the Declarant

The Declarant has tentatively agreed to convey an easement to the Association for property on which the west access gate is currently located. The Declarant has also tentatively agreed to provide \$30,000 to the Association for improvements related to a new gate at that location.

5. Related Party Transactions

VAg, Inc. Architects and Planners (VAg Architects) provided Design Review Board architectural and administrative services to the Association in 2007. A principal of VAg Architects is a prior board member of the Association and is a current member of the Cordillera Valley Club Metropolitan District Board which meets jointly with the Association Board. In 2007 the Association incurred costs of \$97,997 payable to VAg Architects for services related to the Design Review Board. The cumulative amount paid during the five years since the Association first hired VAg Architects in 2003 is \$281,184. At December 31, 2007, \$38,353 was payable by the Association to VAg Architects. Additionally, Cordillera Valley Club Metropolitan District incurred costs of \$152,172 payable to VAg Architects for berm design services in 2007. The cumulative amount paid during the four years since the District first hired VAg Architects in 2004 is \$387,127.

6. Concentration of Credit Risk

The total cash held by the Association at December 31, 2007, includes \$435,288, as reported by the financial institutions, in banks and money market accounts that are not covered by insurance provided by the federal government. It is the opinion of management that the solvency of the financial institutions, where such deposits are held, is not a concern at this time.

Cordillera Valley Club Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2007
(Continued)

7. Cordillera Valley Club Metropolitan District Balances and Transfers

On December 9, 2004, the Association entered into an agreement with Cordillera Valley Club Metropolitan District ("CVCMD") to provide for security services. This agreement is effective until December 31, 2014, unless 30 days written notice of termination is provided by either party.

The Association paid \$231,844 in operating contributions and \$400,000 in capital contributions, totaling \$631,844 to CVCMD during 2007.

The Association owed the CVCMD \$201,500 at December 31, 2007.

8. Commitments and Contingencies

The Association joined with Cordillera Property Owners Association in the initial formation of Cordillera Vail Club, a ski club located in Vail Village for Cordillera property owners. The intent is that dues and fees from the members of the Cordillera Vail Club will pay all costs associated with the Club. However, the Association has an unwritten obligation to "backstop" 13% of the Club's obligations to third parties with Cordillera Property Owners Association having the obligation to "backstop" the remaining 87% of the Club's obligations. If the Association was called on to fund a "backstop", it is expected that member dues would be increased in subsequent years to provide repayment. In the opinion of management, the chance that this contingency will become a liability is unlikely and an estimate of the possible range of loss, if any, cannot be made.

9. Concentration of Cash

The Association's cash deposits as of December 31, 2007 exceeded the FDIC limits by \$433,682.

Cordillera Valley Club Property Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Schedule of Budget Comparison
Combined Operating and Replacement Funds
For the Year Ended December 31, 2007
(With Comparative Actual Amounts for 2006)

	2007		2006
	Budget (Unaudited)	Actual	Variance Favorable (Unfavorable)
Revenues:			Actual
Common assessments	128,000	128,000	-
Real estate transfer assessments	300,000	563,790	263,790
Design Review Board income	58,000	18,500	(39,500)
Design Review Board fines	-	3,200	3,200
Club impact fee	34,597	24,836	(9,761)
Interest income	3,500	19,719	16,219
Other income	500	120	(380)
Total Revenues	524,597	758,165	233,568
Expenses:			
Administration:			
Bank charges	2,400	2,047	353
Board meeting expenses	600	382	218
Community marketing	44,000	45,930	(1,930)
Insurance	2,500	2,251	249
Homeowner relations	11,000	9,767	1,233
Legal fees	24,000	25,820	(1,820)
Accounting and administration	29,200	36,718	(7,518)
Office supplies	3,000	443	2,557
Design Review Board:			
Management services	24,000	29,963	(5,963)
Professional fees	28,500	25,379	3,121
Director fees	4,000	3,758	242
Meeting fees	5,640	6,850	(1,210)
Additional services	17,400	68,426	(51,026)
Operating:			
Contribution to CVCMD (fire and public safety)	129,732	231,844	(102,112)
Management services	-	6,580	(6,580)
Recreation:			
Recreation	-	1,500	(1,500)
Fishing	10,000	10,193	(193)
Capital:			
Contribution to CVCMD	230,000	400,000	(170,000)
Total Expenses	565,972	907,851	(341,879)
Excess (Deficiency) of Revenues Over Expenses	(41,375)	(149,686)	(108,311)

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