

WYNSTONE TOWNHOMES ASSOCIATION

BLOOMINGTON, MINNESOTA

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2005

(With Accountant's Compilation Report)

WYNSTONE TOWNHOMES ASSOCIATION
EDEN PRAIRIE, MINNESOTA

ENCLOSED PLEASE FIND THE FINANCIAL REPORT FOR 2005

TABLE OF CONTENTS

ACCOUNTANT'S COMPILATION LETTER

BALANCE SHEET

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCES

OPERATIONS COMPARED TO BUDGET FOR YEAR 2005

BUDGET FOR YEAR 2006 / 2005

RESERVES ACTIVITY SUMMARY

SCHEDULE OF CAPITAL DISBURSEMENTS OVER \$ 1,000

SCHEDULE OF UNPAID DUES

SCHEDULE OF LAWSUITS

SCHEDULE OF ACCOUNTS PAYABLE

INSURANCE CERTIFICATE

LARRY C. GREELY, LTD
Certified Public Accountant

To the Board of Directors
Wynstone Townhomes Association
Eden Prairie, Minnesota

I have compiled the accompanying statement of assets, liabilities, and fund balances of Wynstone Townhomes Association as of December 31, 2005 and the related statements of revenue, expenses, and changes in fund balances for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The supplementary budgeted operations summary information for the year is presented for supplementary analysis purposes only.

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, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, fund balances, revenue, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

I am not independent with respect to Wynstone Townhomes Association.



February 20, 2006

WYNSTONE TOWNHOMES ASSOCIATION
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 AS OF DECEMBER 31, 2005

(UNAUDITED)

	OPERATING FUND	REPLACEMENT FUND	TOTAL
ASSETS:			
CASH - CHECKING ACCOUNTS	1,123.97	0.00	1,123.97
CASH - MONEY MARKET ACCOUNT	5,494.32	3,065.14	8,559.46
CASH - CD'S	0.00	59,019.59	
OTHER ASSETS	0.00	0.00	0.00
TOTAL ASSETS	<u>6,618.29</u>	<u>62,084.73</u>	<u>68,703.02</u>
 LIABILITIES:			
PREPAID ASSESSMENTS	0.00	0.00	0.00
TOTAL LIABILITIES	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND BALANCES:	6,618.29	62,084.73	68,703.02
TOTAL LIABILITIES AND FUND BALANCES	<u>6,618.29</u>	<u>62,084.73</u>	<u>68,703.02</u>

See accountant's compilation report

WYNSTONE TOWNHOMES ASSOCIATION
 STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31, 2005

(UNAUDITED)

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUE:			
ASSESSMENTS-OPERATING	29,160.00		29,160.00
ASSESSMENTS-RESERVE	4,600.00	16,640.00	21,240.00
INVESTMENT INCOME	21.05	821.29	842.34
OTHER	0.00	0.00	0.00
TOTAL	<u>33,781.05</u>	<u>17,461.29</u>	<u>51,242.34</u>
EXPENSES:			
TRASH REMOVAL	3,032.78		3,032.78
SNOW REMOVAL	4,232.00		4,232.00
LAWN CARE	6,634.21		6,634.21
INSURANCE / BONDING	10,408.50		10,408.50
PROFESSIONAL SERVICES	500.00		500.00
OFFICE AND ADM EXPENSE	76.85	-45.00	31.85
SPRINKLER SYSTEM/WATER COSTS	2,198.48		2,198.48
MAINTENANCE EXPENSES	949.09		949.09
MISCELLANEOUS	60.00		60.00
CAPITAL IMPROVEMENTS		6,063.20	6,063.20
OPERATING RESERVE COSTS	1,879.00	0.00	1,879.00
TOTAL	<u>29,970.91</u>	<u>6,018.20</u>	<u>35,989.11</u>
EXCESS / -DEFICIENCY OF REVENUES OVER EXPENSES	3,810.14	11,443.09	15,253.23
BEGINNING FUND BALANCES	2,808.15	50,641.64	53,449.79
INTER-FUND TRANSFERS	0.00	0.00	0.00
ENDING FUND BALANCES	<u><u>6,618.29</u></u>	<u><u>62,084.73</u></u>	<u><u>68,703.02</u></u>

Unaudited financial. See accountant's compilation report

Wynstone Townhomes Association
Operations Actual vs Budget
 January through December 2005

	Jan - Dec 05	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
Member Assessments			
O - Current Year Operations	29,160.00	29,160.00	0.00
O - Operating Reserve	4,600.00	4,600.00	0.00
R - LT Replacement Reserve	16,640.00	16,640.00	0.00
Total Member Assessments	50,400.00	50,400.00	0.00
Investment Income			
O - Dividend/interest Income	19.19		
R - Interest/Dividend Income	823.15		
Total Investment Income	842.34		
Total Income	51,242.34	50,400.00	842.34
Expense			
Total Operating Fund Expenses	3,032.78	2,800.00	232.78
Trash Removal			
Snow Removal			
Plowing Contract	4,232.00	4,032.00	200.00
Winter Supplies	0.00	500.00	-500.00
Total Snow Removal	4,232.00	4,532.00	-300.00
Lawn Care			
Lawn Contract	6,103.67	6,013.00	90.67
Pond Grounds Maintenance	313.00	600.00	-287.00
Aeration and Lawn Repair	317.54	800.00	-482.46
Total Lawn Care	6,734.21	7,413.00	-678.79
Insurance			
Liability Insurance	10,408.50	10,600.00	-191.50
Total Insurance	10,408.50	10,600.00	-191.50
Professional Services			
Dues	230.00	275.00	-45.00
Legal and Collection	270.00	300.00	-30.00
Total Professional Services	500.00	575.00	-75.00
Office and Adm. Expense			
Bank Charges	-21.75		
Postage	53.60	150.00	-96.40
Total Office and Adm. Expense	31.85	150.00	-118.15
Sprinkler System Costs			
Startup and Shutdown	564.00	493.00	71.00
Water Costs	1,216.85	1,800.00	-583.15
Sprinkler Repairs	417.63	250.00	167.63
Total Sprinkler System Costs	2,198.48	2,543.00	-344.52
Grounds and Landscape			
Miscellaneous Maintenance	20.00	547.00	-527.00
Total Grounds and Landscape	20.00	547.00	-527.00
Maintenance Expense			
Exterior Lighting	600.00		
General Maintenance	229.09		
Total Maintenance Expense	829.09		

Wynstone Townhomes Association
Operations Actual vs Budget
 January through December 2005

	<u>Jan - Dec 05</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Miscellaneous			
Association Events	60.00		
Total Miscellaneous	<u>60.00</u>		
Total Total Operating Fund Expenses	<u>28,046.91</u>	<u>29,160.00</u>	<u>-1,113.09</u>
Total Expense	<u>28,046.91</u>	<u>29,160.00</u>	<u>-1,113.09</u>
Net Ordinary Income	23,195.43	21,240.00	1,955.43
Other Income/Expense			
Other Expense			
Other Expenses			
LT Replacement Reserve Payments			
Exterior Lighting	3,150.70		
Mailbox Replacement	2,912.50		
Total LT Replacement Reserve Payments	<u>6,063.20</u>		
Operating Reserve Payments			
Maintenance Operating Reserve	1,879.00		
Total Operating Reserve Payments	<u>1,879.00</u>		
Total Other Expenses	<u>7,942.20</u>		
Total Other Expense	<u>7,942.20</u>		
Net Other Income	<u>-7,942.20</u>	<u>0.00</u>	<u>-7,942.20</u>
Net Income	<u>15,253.23</u>	<u>21,240.00</u>	<u>-5,986.77</u>

WYNSTONE TOWNHOMES ASSOCIATION
2006 BUDGET PLANNING
BUDGET BREAKDOWN

Category	Line Item	2006 Annual Budget	2006 Budget Per Unit Per Month	2005 Budget Per Unit Per Month	Increase / (Decrease)	Description
Trash Removal		\$ 3,000.00	\$ 10.42	\$ 9.72	\$ 0.70	New contract begins 2/1/2006. \$200 annual increase projected
Snow Flowing	Standard Snow Removal	\$ 4,340.00	\$ 15.07	\$ 14.00	\$ 1.07	New Contract signed for 2005/2006 winter season. \$32 per unit per mo for 5 mo.
	De-icer	\$ 100.00	\$ 0.35	\$ 1.74	\$ (1.39)	Plus gas surcharge of \$100/mo.
	Standard Lawn Care	\$ 6,300.00	\$ 21.88	\$ 20.88	\$ 1.00	New Contract for 2006 summer season. \$32 per unit/mo for 7 mo. Plus tax. Plus gas surcharge.
Lawn Care	Pond Maintenance/misc	\$ 600.00	\$ 2.08	\$ 2.08	\$ 0.00	Budgeted for cutting 4 times in 2006 including southwest property. \$100/each
	Spraying	\$ -	\$ -	\$ -	\$ -	Will trim versus spray.
	Aeration	\$ -	\$ -	\$ 2.78	\$ (2.78)	Will aerate fall 2005. This is required every other year.
Insurance Premiums		\$ 11,040.00	\$ 38.33	\$ 36.81	\$ 1.52	The current deductible is \$5,000 with a \$2,548 quarterly payment. 2006 premium is \$11,040 (\$2,760 quarterly)
Insurance Deductibles		\$ -	\$ -	\$ -	\$ -	Jeff Born at State Farm recommends we build our budget for 2 deductibles (\$10,000) per year over time. \$ 1,000 included in reserve line.
Professional Fees and Memberships	CAI Membership & Education	\$ 275.00	\$ 0.95	\$ 0.95	\$ 0.00	Annual membership for CAI is \$175.00. Balance is for any educational seminars or materials.
	Tax Return Preparation	\$ -	\$ -	\$ -	\$ -	Treasurer prepared.
	Accountant/Attorney Fees	\$ 150.00	\$ 0.52	\$ 1.04	\$ (0.52)	Miscellaneous legal advice.
Postage, Office Supplies & Meetings		\$ 350.00	\$ 1.22	\$ 0.52	\$ 0.70	Treasurer provides some supplies. Bank charges up \$200 for auto payments.
	Spring Start-Up	\$ 204.00	\$ 0.71	\$ 0.71	\$ (0.00)	Precision service company
	Fall Shut-Down	\$ 289.00	\$ 1.00	\$ 1.00	\$ 0.00	Precision services company
Sprinklers	Water	\$ 2,100.00	\$ 7.29	\$ 6.25	\$ 1.04	Based on 2005 projected actual.
	Sprinkler Repairs	\$ 500.00	\$ 1.74	\$ 0.87	\$ 0.87	Anticipate similar repairs / replacement as in 2005.
	Mulch	\$ -	\$ -	\$ -	\$ -	Mulch and chips to cover front entrance area, gazebo and front trees.
Miscellaneous Grounds	Tree & Shrubs/other	\$ 416.00	\$ 1.44	\$ 1.90	\$ (0.46)	Miscellaneous trees/shrubs
	Other-2005 carryover	\$ (812.00)	\$ (2.82)	\$ -	\$ (2.82)	Anticipated cash coverage from 2005 operations.
Reserves	Reserves	\$ 25,188.00	\$ 87.46	\$ 73.75	\$ 13.71	Funded based on RDA study. Original RDA study based on a 2.3% inflation cost increase each year. Average annual contribution increase is 4.3% before investment income credit.
	Reserves - income	\$ (2,200.00)	\$ (7.64)	\$ -	\$ (7.64)	
TOTAL Budget		\$ 51,840.00	\$ 180.00	\$ 175.00	\$ 5.00	2.86% Increase (\$1.52 of the \$5.00 is due to insurance related increase).

WYNSTONE TOWNHOMES ASSOCIATION
 OPERATING AND LONG-TERM RESERVES SUMMARY
 2005

File: RESWYN2005

	BEG. BALANCE	BUDGET DEPOSITS	INTEREST INCOME	DISB.	ADJ AND RECLASS	ENDING BALANCE
OPERATING RESERVES:						
MAINTENANCE RESERVE	2,752.27	3,600.00	21.05	-1,879.00		4,494.32
ROADS SEALCOAT	0.00					0.00
PAINTING / DECKS SEALCOAT	0.00					0.00
INSURANCE DEDUCTIBLE	0.00	1,000.00				1,000.00
CONTINGENCY	0.00					0.00
TOTAL	2,752.27	4,600.00	21.05	-1,879.00	0.00	5,494.32
CAPITAL REPLACEMENT FUND:						
RESERVE STUDY ITEMS	50,641.64	16,640.00	821.29	-6,018.20	0.00	62,084.73
						0.00
TOTAL	50,641.64	16,640.00	821.29	-6,018.20	0.00	62,084.73
TOTALS	53,393.91	21,240.00	842.34	-7,897.20	0.00	67,579.05

See accountant's compilation report

WYNSTONE TOWNHOMES ASSOCIATION
ANNUAL REPORT SUPPLEMENTARY SCHEDULES
December 31, 2005
SUPPWYN2005

(Unaudited)

SCHEDULE OF CAPITAL EXPENDITURES OVER \$ 1,000.

2005:	Capital improvements paid from reserves.	\$ 6,063
	Exterior Lighting	\$ 3,151.
	New Mailboxes	\$ 2,912.

2006: None Scheduled

SCHEDULE OF UNPAID ASSESSMENTS:

As of December 31, 2005 the following were unpaid assessments.

NONE	0.00
PREPAIDS	0.00

TOTAL	<u>0.00</u>
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LAWSUITS:

The association as of the balance sheet date is not a party to any known active lawsuit. To the extent that a lawsuit would surface, the associations normal exposure is limited to the policy deductible of \$ 5,000 plus possible legal expenses.

See accountant's compilation report

3:48 PM
02/20/06

Wynstone Townhomes Association
Accounts Payable Balance Summary
As of December 31, 2005

	Dec 31, 05
TOTAL	<u>0.00</u>



STATE FARM INSURANCE COMPANIES

State Farm Fire and Casualty Company

8500 State Farm Way
Woodbury, MN 55125-3379

I-05- 3989-F739 FV 3

WYNSTONE TOWNHOME ASSOCIATION
13780 FENWICK CIR
EDEN PRAIRIE MN 55346-3008



Locations: Refer to schedule page

SFPP No: 0369711405

Mortgagee: WILSHIRE CREDIT CORP
ITS SUCCESSORS AND/OR ASSIGNS

Loan No: 322107

Forms, Options, and Endorsements

- Special Form 3 FP-6109
- Emp Dishonesty \$50,000 OPT ED
- Dir & Officers OPT DO
- Amendatory Endorsement** FE-6223.1
- Tree Debris Removal FE-6451
- Policy Endorsement-Condo/Asn FE-6466
- Glass Deductible Deletion End FE-6538.1
- Interior Building Damage FE-6379
- Policy Endorsement FE-6567
- Fungus (Including Mold) Excl FE-6566
- Policy Endorsement-Condo/Assn FE-6624
- Guaranteed Replacement Cost FE-6357.1
- Continued on next page

RENEWAL CERTIFICATE

POLICY NUMBER 93-KN-2445-8
Condominium Policy NOV 01 2005 to NOV 01 2006
DATE DUE PLEASE PAY THIS AMOUNT
BILLED THROUGH SFPP

Coverages and Limits

Section I

- A Buildings See Schedule
- B Business Personal Property See Schedule

Deductibles - Section I

- Basic 5,000
- Other deductibles may apply - refer to policy

Section II

- L Business Liability \$1,000,000
- M Medical Payments 5,000
- Gen Aggregate (Other than PCO) 2,000,000
- Products-Completed Operations (PCO Aggregate) 2,000,000

Annual Premium

- Forms, Opts, & Endrmnt 825.00
- Bus Liability - Cov L 96.00
- Total Amount \$11,040.00**

Premium Reductions

- Your premium has already been reduced by the following:
- Renewal Year Discount
 - Age of Building Discount
 - Multiple Unit Discount
 - Claim Record Discount

Inflation Coverage Index: 214.6

NOTICE: Information concerning changes in your policy language is included. Please call your agent if you have any questions.

To obtain a copy of your policy, please contact your State Farm Agent.

Thanks for letting us serve you...
Agent JEFF BORN
Telephone (952) 442-5004

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See reverse side for important information.
Please keep this part for your record.

Prepared AUG 18 2005