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2005 Audited Financial Statements

Dear Fellow Ravens Crest East Homeowners,

March 21, 2006

The Board is pleased to present to you the **2005 Audit**, which was conducted by our accounting firm, Wilkin & Guttenplan, PC, Certified Public Accountants. **You may download the audit from our website at www.RavensCrestEast.com/audit. You may also request a copy of the audit to be sent to you by mail.** Please contact our Management Office at (609) 275-7353, Fax: (609) 275-0891 or email them at Management@RavensCrestEast.com. You may also stop into the On-Site Management Office to pick up a copy between 9:00 a.m. and 5:00 p.m., Monday through Friday.

We would like to highlight a few items in the Audit:

- **We generated a net profit of over \$139,000 in 2005.** This was accomplished by **additional income earned** by higher than budgeted initial contribution payments, a higher township reimbursement for snow removal and lighting of the loop road, as well as greater than expected payments in full of delinquent accounts. The net profit was also comprised of **expenses coming in lower than budgeted**, from accounts such as insurance premiums and maintenance staff. **This surplus will be transferred in early April 2006 to our Capital Replacement Reserve Account as per the Resolution passed by the Board at the December 2005 Open Meeting, which will be used for additional funding of the upcoming Renovation Project.** The Capital Replacement Reserve Account is the same account where our Special Assessment money is being deposited and will be used for funding the upcoming Renovation Project.
- The net profit does not include money earned on reserve investments, such as interest. **We generated a total of over \$41,000 in interest income from our reserve accounts investments.** Specifically, \$4,690 in interest from our Deferred Maintenance Account which had a year ending balance of over \$262,000. In our Capital Replacement Reserve Account we earned \$36,411 in interest, and had a year ending balance of over \$2.3 million. **It should be noted that all interest earned in the separate reserve accounts remained in their respective accounts to be re-invested.**
- We invest our money in Certificates of Deposit (CD's), Money Market funds and Treasuries given our restrictions in the Governing Documents. Interest rates improved in 2005 and continue to do so in 2006, with most new investments earning four percent (4%) or more. **We expect the interest income from our investments in 2006 to be a greater component to offset the cost of the Renovation Project.**
- The Capital Replacement Reserve Account has been funded by both the Special Assessments and the regular monthly funding of the account from the operating budget. We started with \$1,191,000 on January 1st, 2005 and have **increased it by adding over \$1.1 million during the year. Therefore significant progress has been made in funding this account for the upcoming Renovation Project, which is anticipated to start this summer.** We project that this account will have accumulated over \$2.9 million by June 2006.

The Board sincerely appreciates the sacrifice and patience of each homeowner in making our Renovation Project come closer to fruition. The Board, and Homeowners who have volunteered their time during the course of the project specification review, and Management, have all been working diligently for the past year to ensure that the funds will be spent wisely in the upcoming Renovation Project. *We continue to make progress on making Ravens Crest East the place to live in Plainsboro.* If you should have any questions or comments, please direct them to the Board through Management.

Sincerely,

Board of Directors of Ravens Crest East at Princeton Meadows Condominium Association, Inc.