

SILVER QUEEN WEST CONDO ASSOCIATION
2009/2010 BUDGET REPORT.
www.silverqueenwest.com

Enclosed are the payment coupons for the 2009/2010 through February 2010.

Attached is the 2009/2010 Budget for the Silver Queen West Condominium Association. The budget and assessments were adopted by the Board of Directors at their July 25, 2009 meeting. **The Board has approved a repair assessment due March 1, 2010.** The monthly assessments remain unchanged from last year through February 2010. The assessments will **decrease** by 10% to 13% depending on unit size beginning March 2010. Owners will have the option of paying the repair assessment in full or by a payment plan through the Association. The budget approved by the Board is attached and is being submitted to Owners for approval. Please complete and return the ballot at the end of the report.

IF YOU DID NOT RECEIVE THIS BUDGET REPORT VIA EMAIL THE ASSOCIATION DOES NOT HAVE YOUR EMAIL. PLEASE PROVIDE YOUR EMAIL TO bob@mtn-sys.com.

THE SQW ANNUAL MEETING WILL BE SATURDAY, OCTOBER 24TH AT 11 AM AT THE SILVERTHORNE LIBRARY. A PIZZA LUNCH WILL BE PROVIDED.

The following is information that may be helpful in your understanding of the 2009/2010 Budget and projected 2008/2009 financial summary of the Association. The budget process attempts to anticipate the high end of expenses with the objective that savings can be realized in operations allowing increased funding of reserves.

Assessments. To accomplish replacement of the heating systems of the buildings with high efficiency boilers and to correct drainage problems affecting the stability of the structures, an assessment is required. The assessment to cover the cost of boiler replacement and drainage improvements will be due March 1, 2010. The heating system replacement is expected to result in substantially reduced utility cost in the future. The amount of the monthly dues will remain the same for the six months September 2009 through February 2010. Beginning in March 2010 the dues will be reduced by 10% to 13% depending on unit size. The reduction reflects lower utility costs and a reduction of the monthly reserve contribution. **A detail of the assessments by unit is included on an attached page.**

Discount. The Board has approved the continuation of the 5% discount for payment of your dues in one annual payment. The attached assessment by unit summary provides the annual payment amount by unit type. To receive the discount the annual payment must be made no later than the end of September 2009.

Maintenance. This category includes all general maintenance on the buildings, grounds, boilers, laundry and snow removal. Truck expenses in the fiscal year 2008/2009 were higher due to comprehensive maintenance to the backhoe. Boiler expenses were higher due to required maintenance to the system for code compliance and to prepare the system for the 2008/2009 winter season. The 2009/2010 fiscal year budget for maintenance anticipates routine expenditures.

Salary & Wages. There were lower than anticipated expenditures on salaries and wages mostly from a reduction of assistant labor. Some wages paid that are directly associated to reserve fund projects are allocated in that area.

Financial & Legal. The financial operations of the Association are reviewed annually by a CPA. The Reviews (and all financial information) are available at www.silverqueenwest.com. The Administration cost is to Mountain Systems that includes maintenance of all Association bank accounts, assessment receipts, payment of bills, preparation of accrual accounting records, financial summaries, budgets, newsletters, reporting to title companies and lenders, and the overall supervision of the operations of the Association at the direction of the Board.

Insurance. The insurance of the Association is through Farmers. The master policy covers the buildings, Association liability and the operations of the Board of Directors. The deductible on the Association master policy is \$5,000. Per the Declaration, individual owners are responsible for the deductible portion of any claim involving their unit. Individual owners should have an HO6 policy for the contents and liability inside of their units that includes building coverage of at least \$5,000. Individual HO6 policies are available through most insurance companies, including Farmers. Generally these policies have an annual cost of approximately \$100. A simple way to understand the insurance coverage is the master policy of the Association would pay to restore a unit totally destroyed to the condition it was when the first purchaser walked in the door (subject to the deductible). The Association's insurance provides no coverage for your contents even if the origination of the damage (fire, water) is from outside the unit.

Utility costs. The utility category is the largest allocation of costs paid for by dues from owners. When comparing dues, owners are reminded that SQW is different in that the SQW dues include some costs generally billed individually to owners in other condo associations. These include water, sewer, trash, Cable TV, hot water and heat. The gas and electric cost for the 2008/2009 fiscal year were sharply lower due to reduced rates and the reduction of usage from the boiler replacement in Building D in June 2009. The budget projects a continuation of nominal utility rates and the lowered usage from replaced boilers in Buildings C & D prior to the winter heating season. Owners can help utility costs by making sure your heat is at a reasonable setting. As with any building, heat rises, so many upper units may have a problem with too much heat rather than not enough. Cable TV is provided at half the cost compared to individual rates. Owners have the ability to add optional cable services, including Internet service, directly through the cable provider Comcast. The cost of cable service is subject to annual rate changes based on the percentage change to Summit County individual Comcast users. Trash removal costs are expected to remain similar to the prior year. Water and sewer is subject to the rates imposed by the Buffalo Mountain Metro District that are determined by them on a calendar year basis. The budget allocated by building results in the cost of Cable TV, water and sewer being transferred to each unit as billed (an equal amount to each unit regardless of size).

Other expenses. This category includes the discount provided owners who prepay the dues annually and expenses not otherwise categorized. The Association is a non-profit corporation. However, non-assessment income, such as interest and laundry income, is subject to normal taxes. Some of the taxes can be offset by an allocation of some administration and management costs towards the income. No income taxes were paid by the Association during the 2008/2009 fiscal year.

Reserve fund. The Association had a professional review of the building completed in the spring of 2009. The report confirmed the necessity to replace the original boiler systems in all buildings prior to a system failure. Factors in the boiler replacement was obtaining favorable bids, the potential high cost of boiler repairs that would only be a temporary solution, and the utility savings from the original 60% efficient boilers to new technology of 90%+ efficient boilers. The Building D boiler system was replaced in June 2009. The Building C system is scheduled for replacement in September 2009. Replacement of the boiler systems in Buildings A and B is anticipated in June 2010. Multiple unit systems are being used and they provide both heat and hot water. The sizing varies by building needs. The projected total cost of the boiler system replacement in all buildings will be \$290,000.

The building study indicated known drainage problems posed a structural support problem in the buildings. A drainage system to remove both ground and roof drainage will be installed in Buildings C and D in September 2009. The drainage work necessitates the replacement of the upper parking lot retaining wall, access stairways, and some concrete walkways. The drainage work in Buildings A and B will be done in 2010. Total cost of the drainage work is projected at \$243,000.

The Board felt the above work was absolutely necessary to maintain the functionality of the buildings. The assessment due March 1, 2010 will cover the cost of the boiler replacements and drainage improvements. The lowest cost financing of repair assessments is through equity loans obtained by individual owners. However, the Association will obtain financing for owners unable to obtain their own financing arrangements for their share of the assessment. Of the various assessment payment options that will be available, one will maintain a monthly cost similar to the current dues.

The Board will begin consideration of the second phase of necessary repairs on the 40 year old buildings that are anticipated to include replacement of the exterior siding, windows, doors, and railings necessary to retain the building livability for the long-term. The second phase is projected to begin in the next 3 to 5 years with a repair assessment potentially twice the 2010 assessment.

Questions regarding the repair work and assessment will be addressed at the Annual Meeting or you can contact Bob Polich at (970) 668-5500 Ext 12 or bob@mtn-sys.com.

Association Contact Information			
Silver Queen West PO Box 627 Frisco, CO 80443 (970) 668-5500 bob@mtn-sys.com		Site Manager Tom Brennan PO Box 23910 Silverthorne, CO 80498 toomuchcoffee@comcast.net	
Board of Directors			
Dennis Minder (2010)	7223	President	dmin737@aol.com
Doug Foote (2009)	7137	Vice-President	doug@foote.net
Dawn Zoni (2009)	7135	Vice-President	dmzoni@comcast.net
Paul Gottler (2010)	7013	Secretary	cologottler@earthlink.net
Chuck Hakkarinen (2011)	7327	Treasurer	chakkarinen@comcast.net
Annual Meeting	Saturday October 24, 2009	11:00 AM	Silverthorne Library
Web site	www.silverqueenwest.com		

SILVER QUEEN WEST CONDOMINIUM ASSOCIATION

Fiscal Year September 2009 – August 2010 Monthly Assessments

Below are the monthly assessment amounts for the Silver Queen West Condominium Association based on unit size. Depending if you have a garage and/or storage closet, your monthly dues would include additional charges. **As explained in the budget information there will be a repair assessment due March 1, 2010.** The monthly assessments beginning with March 2010 are reduced by 10% to 13% depending on unit size. **The actual monthly amount paid by each owner will depend on if the repair assessment is deferred to a time payment through the Association.**

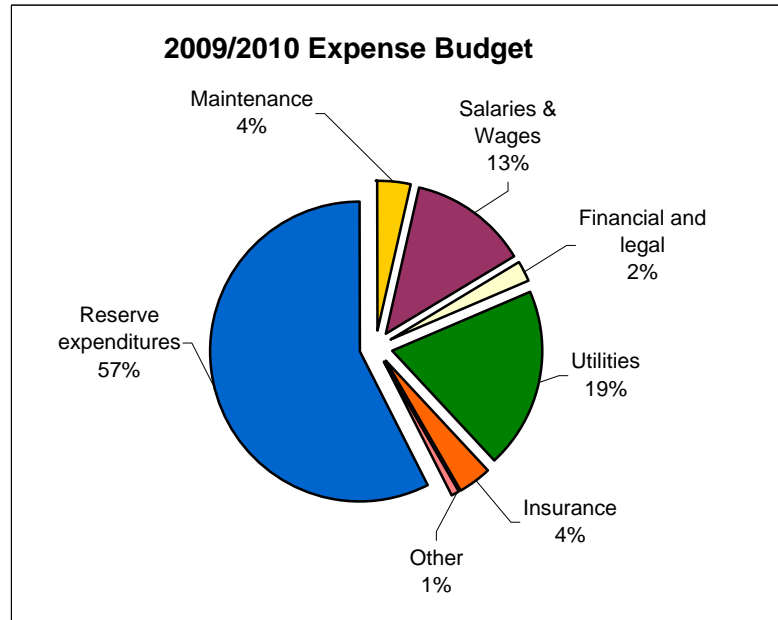
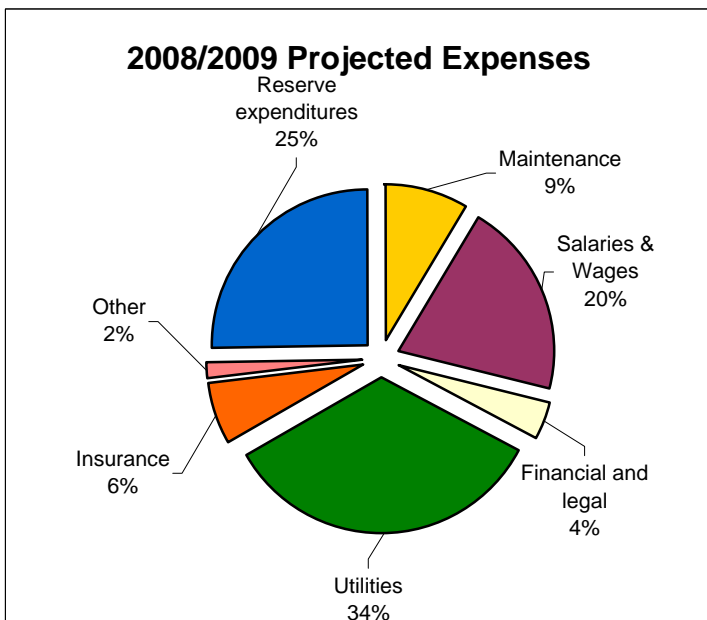
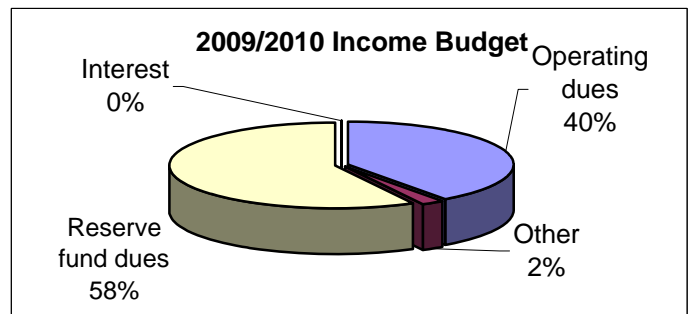
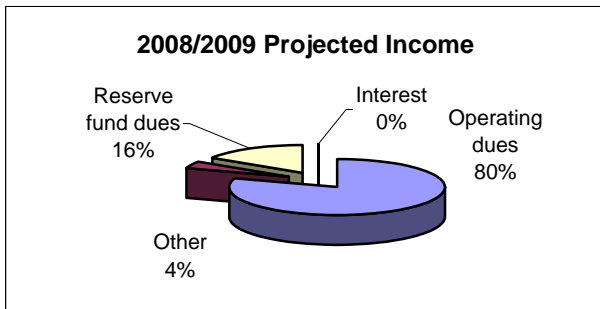
The Association allows a 5% discount for a payment of annual dues in advance if paid by September 30, 2009. The annual payment for each unit type (plus garage and storage if applicable) is reflected below.

On the chart below, your unit type can be determined by the address. The first two numbers of your unit address represent the building. A=70 B=71 C=72 D=73. The last two numbers (listed below) reflect the unit type. For example 7332 is a two bedroom / loft unit in Building D.

	Operating	Reserves	Sept 2009 Dues	March 2010 Dues	Annual Payment	March 2010 Assessment
One bedroom 11,17,21,27	249	47	\$296	\$261	\$3,174.90	\$3,668
One bedroom / loft 31,37	343	70	\$413	\$360	\$4,406.10	\$5,531
Two bedroom 12-16 & 22-26	308	62	\$370	\$323	\$3,950.10	\$4,833
Two bedroom / loft 32-36	364	76	\$440	\$382	\$4,685.40	\$5,939
Large studio 00,10	205	36	\$241	\$216	\$2,604.90	\$2,795
Small studio 01-09	170	27	\$197	\$178	\$2,137.50	\$2,096
Garage			\$20	\$20	228.00	
Storage closet			\$20	\$20	228.00	

SILVER QUEEN WEST
Fiscal Year Ending Aug 31, 2009
11 Months ending July 2009

	2007/2008	2008/2009	2008/2009			2009/2010	
	Actual	Budget	Projected	%	Variance	Budget	%
INCOME							
Operating dues	341,381	358,128	358,128	79.9%	0	340,632	39.9%
Other	16,601	19,400	19,457	4.3%	57	19,400	2.3%
Reserve fund dues	70,000	70,392	70,392	15.7%	0	493,000	57.8%
Interest	2,995	1,250	449	0.1%	(801)	600	0.1%
TOTAL INCOME	430,976	449,170	448,426	100.0%	(744)	853,632	100.0%
EXPENSES							
Maintenance	46,202	33,400	39,852	8.9%	(6,452)	30,400	3.6%
Salaries & Wages	93,223	103,200	93,095	20.8%	10,105	107,000	12.5%
Financial and legal	17,996	18,600	17,024	3.8%	1,576	18,900	2.2%
Utilities	165,324	182,553	156,204	34.8%	26,349	161,786	19.0%
Insurance	26,444	27,000	28,758	6.4%	(1,758)	30,000	3.5%
Other	6,544	8,040	7,229	1.6%	811	8,300	1.0%
Reserve expenditures	27,897	60,086	116,433	26.0%	(56,347)	480,000	56.2%
TOTAL EXPENSES	383,630	432,879	458,594	102.3%	(25,715)	836,386	98.0%
INCREASE(DECREASE) RESERVES	47,346	16,291	(10,169)	-2.3%	(26,460)	17,246	2.0%
ENDING RESERVE BALANCE	32,798	49,089	22,630	5.0%		39,876	4.7%



SILVER QUEEN WEST - INCOME SUMMARY

11 Months ending July 2009

Fiscal Year Ending Aug 31, 2009

INCOME	2007/2008	2008/2009	11	11	11	1	2009/2010	Allocation by						
	Actual	Budget	Month	Month	Month	Month		Budget	%	Building	Building	Building	Factor	
Dues	341,381	358,128	328,284	328,284	0	29,844	358,128	94.8%	0	340,632	94.6%	149,808	190,824	
Garage	3,600	7,200	6,600	6,600	0	600	7,200	1.9%	0	7,200	2.0%	4,800	2,400	
Laundry	8,001	7,200	6,600	6,697	97	600	7,297	1.9%	97	7,200	2.0%	3,600	3,600	50.0%
Storage	4,900	5,000	4,600	4,560	(40)	400	4,960	1.3%	(40)	5,000	1.4%	2,500	2,500	50.0%
Miscellaneous	100	0	0	0	0	0	0	0.0%	0	0	0.0%	0	0	50.0%
TOTAL INCOME	357,982	377,528	346,084	346,141	57	31,444	377,585	100.0%	57	360,032	100.0%	160,708	199,324	
EXPENSES														
Snow removal	318	500	500	0	500	0	0	0.0%	500	500	0.1%	250	250	50.0%
Truck expenses	6,003	3,500	3,250	10,833	(7,583)	250	11,083	2.9%	(7,583)	3,500	1.0%	1,750	1,750	50.0%
Repairs & maintenance - building	14,598	15,000	13,000	10,393	2,607	2,000	12,393	3.3%	2,607	12,000	3.3%	5,436	6,564	45.3%
Repairs & maintenance - boilers	13,406	7,500	6,875	11,125	(4,250)	625	11,750	3.1%	(4,250)	7,500	2.1%	3,750	3,750	50.0%
Repairs & maintenance - grounds	8,683	4,500	3,750	3,350	400	750	4,100	1.1%	400	4,500	1.2%	2,250	2,250	50.0%
Repairs & maintenance - laundry	3,194	2,400	2,200	326	1,874	200	526	0.1%	1,874	2,400	0.7%	1,200	1,200	50.0%
SUB-TOTAL Maintenance	46,202	33,400	29,575	36,027	(6,452)	3,825	39,852	10.6%	(6,452)	30,400	8.4%	14,636	15,764	
Manager's salary	42,521	43,680	40,262	41,294	(1,032)	3,418	44,712	11.8%	(1,032)	46,000	12.8%	20,838	25,162	45.3%
Payroll taxes	5,744	6,500	5,900	5,164	736	600	5,764	1.5%	736	6,500	1.8%	2,945	3,556	45.3%
Insurance - workmen's comp	3,899	4,500	4,500	952	3,548	0	952	0.3%	3,548	4,500	1.2%	2,039	2,462	45.3%
Insurance - manager	17,564	18,520	16,930	17,606	(676)	1,590	19,196	5.1%	(676)	20,000	5.6%	9,060	10,940	45.3%
Manager assistance & laborers	23,496	30,000	26,000	18,471	7,529	4,000	22,471	6.0%	7,529	30,000	8.3%	13,590	16,410	45.3%
SUB-TOTAL Salary & Wages	93,223	103,200	93,592	83,487	10,105	9,608	93,095	24.7%	10,105	107,000	29.7%	48,471	58,529	
Financial Review / Tax return	3,750	4,000	4,000	3,700	300	0	3,700	1.0%	300	4,000	1.1%	2,000	2,000	50.0%
Administration	11,100	11,700	10,725	10,725	0	975	11,700	3.1%	0	12,000	3.3%	6,000	6,000	50.0%
Office supplies & expenses	1,871	2,400	2,300	1,384	916	100	1,484	0.4%	916	2,400	0.7%	1,200	1,200	50.0%
Legal & collection	1,275	500	460	100	360	40	140	0.0%	360	500	0.1%	250	250	50.0%
SUB-TOTAL Financial & Legal	17,996	18,600	17,485	15,909	1,576	1,115	17,024	4.5%	1,576	18,900	5.2%	9,450	9,450	
Cable T.V.	31,580	33,967	31,044	33,573	(2,529)	2,923	36,496	9.7%	(2,529)	38,000	10.6%	15,048	22,952	39.6%
Electricity and gas	75,989	90,000	87,000	59,039	27,961	3,000	62,039	16.4%	27,961	65,000	18.1%	29,445	35,555	45.3%
Trash Removal	7,404	8,000	7,500	6,575	925	500	7,075	1.9%	925	8,000	2.2%	4,000	4,000	50.0%
Telephone	1,409	1,600	1,467	1,572	(105)	133	1,705	0.5%	(105)	1,800	0.5%	900	900	50.0%
Water	17,808	17,808	16,324	16,324	0	1,484	17,808	4.7%	0	17,808	4.9%	7,052	10,756	39.6%
Sanitation	30,528	30,528	27,984	27,984	0	2,544	30,528	8.1%	0	30,528	8.5%	12,089	18,439	39.6%
Manager's electricity	605	650	595	497	98	55	552	0.1%	98	650	0.2%	294	356	45.3%
SUB-TOTAL Utilities	165,324	182,553	171,914	145,565	26,349	10,639	156,204	41.4%	26,349	161,786	44.9%	68,829	92,957	
Insurance - buildings	26,444	27,000	24,689	26,447	(1,758)	2,311	28,758	7.6%	(1,758)	30,000	8.3%	13,590	16,410	45.3%
SUB-TOTAL Insurance	26,444	27,000	24,689	26,447	(1,758)	2,311	28,758	7.6%	(1,758)	30,000	8.3%	13,590	16,410	
Garage rent	600	600	550	550	0	50	600	0.2%	0	600	0.2%	300	300	50.0%
Manager's unit property taxes	940	940	940	1,018	(78)	0	1,018	0.3%	(78)	1,200	0.3%	544	656	45.3%
Miscellaneous	279	1,000	950	556	394	50	606	0.2%	394	1,000	0.3%	453	547	45.3%
Director mileage reimbursement	0	0	0	0	0	0	0	0.0%	0	0	0.0%	0	0	45.3%
Discount on assessments	4,726	5,000	5,000	5,004	(4)	0	5,004	1.3%	(4)	5,000	1.4%	2,265	2,735	45.3%
Income taxes	0	500	500	0	500	0	0	0.0%	500	500	0.1%	227	274	45.3%
SUB-TOTAL Other	6,544	8,040	7,940	7,129	811	100	7,229	1.9%	811	8,300	2.3%	3,788	4,512	
TOTAL EXPENSES	355,733	372,793	345,195	314,563	30,632	27,598	342,161	90.6%	30,632	356,386	99.0%	158,764	197,622	
NET OPERATIONS	2,249	4,735	889	31,578	30,689	3,846	35,424	9.4%	30,689	3,646	1.0%	1,944	1,702	

SILVER QUEEN WEST - INCOME SUMMARY

Fiscal Year Ending Aug 31, 2009

REPLACEMENT RESERVES

	11	11	11	11	11	1	1							
	2007/2008	2008/2009	Month	Month	Month	Month	Month	2009/2010						
	Actual	Budget	Budget	Actual	Variance	Estimate	Projected	Budget	Variance					
NET (LOSS) FROM OPERATIC	2,249	4,735	889	31,578	30,689	3,846	35,424	3,646	9.4%	30,689	1.0%	1,944	1,702	
Reserve Fund Assessments	70,000	70,392	64,526	64,526	0	5,866	70,392	35,000	18.6%	9.7%	15,855	19,145	45.3%	
Special assessment	0	0	0	0	0	0	0	458,000	0		207,474	250,526	45.3%	
Interest income	2,995	1,250	1,150	349	(801)	100	449	600	(801)		300	300	50.0%	
EXPENDITURES														
Painting	5,260	3,540	2,540	6,762	(4,222)	1,000	7,762	5,000	(4,222)		2,265	2,735	45.3%	
Seal coat	0	11,546	11,546	0	11,546	0	0	12,000	11,546		5,436	6,564	45.3%	
Roof replacement	0	0	0	0	0	0	0	0	0		0	0	45.3%	
Boiler replacement	0	0	0	73,603	(73,603)	0	73,603	215,000	(73,603)		97,395	117,605	45.3%	
Studio units wall replacement	0	0	0	0	0	0	0	0	0		0	0	45.3%	
Studio units sidewalk	0	0	0	0	0	0	0	0	0		0	0	45.3%	
Balcony replacement	0	5,000	2,500	6,375	(3,875)	0	6,375	5,000	(1,375)		2,265	2,735	45.3%	
Entryway replacement	0	0	0	0	0	0	0	0	0		0	0	45.3%	
Vehicles / backhoe	0	20,000	20,000	28,693	(8,693)	0	28,693	0	(8,693)		0	0	45.3%	
Maintenance facility/garage	0	0	0	0	0	0	0	0	0		0	0	45.3%	
Service line / drainage	0	20,000	5,000	0	5,000	0	0	243,000	20,000		110,079	132,921	45.3%	
Garage	22,637	0	0	0	0	0	0	0	0		0	0	45.3%	
TOTAL RESERVES EXPENSE	27,897	60,086	41,586	115,433	(73,847)	1,000	116,433	480,000	(56,347)		217,440	262,560		
CHANGE IN RESERVES	47,346	16,291	24,979	(18,981)	(43,960)	8,812	(10,169)	17,246	(26,460)		8,133	9,113		
STARTING RESERVES	(14,548)	32,798	32,798	32,798			32,798	22,630						
ENDING RESERVES	32,798	49,089	57,777	13,818	(43,960)		22,630	39,876	(26,460)					

CASH POSITION

	Aug-08	Current
Operating accounts	5,005	11,979
Manager accounts	5,008	2,863
Reserve accounts	67,842	24,596
TOTAL	77,855	39,439

CHANGES IN CASH POSITION

	Aug-08	Current
Total Cash	77,855	39,439
Add: Accounts receivable	6,501	12,173
Prepaid expenses	0	0
Sub-total additions	6,501	12,173
Less: Accounts payable	87,704	21,475
Accrued expenses	0	6,450
Deferred fees	7,019	12,712
Taxes payable	2,711	2,085
Accruals payable	3,979	4,113
Sub-total subtractions	101,413	46,835
NET CASH AVAILABLE	(17,057)	4,778

Silver Queen West

Replacement Reserve Schedule

Jul-09

3.00% Inflation

4.00% Interest

	Estimate		Estimate Scheduled Replacement														
	Cost	Date	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Building Painting (Annual)																	
Materials	2,000	2008	2,440	2,180	2,240	2,300	2,360	2,420	2,480	2,540	2,600	2,660	2,720	2,780	2,840	2,900	
Labor	1,000	2008	4,873	2,820	1,120	1,150	1,180	1,210	1,240	1,270	1,300	1,330	1,360	1,390	1,420	1,450	
Parking/Building wall																	
A & B	15,900	1998		20,000													
C & D - upper	35,000	2009		35,000													
C & D - lower	13,000	2000															
Parking Lot Replacement																	
Upper A & B	68,000	2005															
Upper C & D	55,000	2007															
Dumpster pads	4,000	2007															
Parking Lot Seal Coat																	
Upper Lots	5,000	2005		6,711				6,650				7,250				7,550	
Lower Lots	3,600	2005		5,289				4,788				5,220				5,436	
Roof Replacement																	
A building	53,193	2002												85,109			
B building	53,193	2002												85,109			
C building	45,000	2004												69,300			
D building	45,000	2004												69,300			
Garage	15,097	2007												21,891			
Building upgrade																	
Garage doors		2008					1,000,000										
Insulation																	
Siding replacement																	
Window replacement																	
Boiler Replacement																	
Building A	68,000	2009		68,000													
Building B	68,000	2009		68,000													
Building C	76,000	2009		79,000													
Building D	76,000	2009	73,670														
Studio Units																	
Roof & Wall replacement	40,000	1998															
Sidewalk replacement	13,400	1998															
Balcony Replacement																	
5 per year	7,500	2001	5,564	5,000													
Common Entryways																	
Upper - cost per building	9,000	1998															
Lower - per building (2)	11,000	1998															
Sidewalks - A/B				20,000													
Sidewalks - C/D	20,000	2009		20,000													
Vehicle Replacement																	
Truck	25,000	2009	28,693														
Backhoe	20,000	2000															
Maintenance facility																	
Annual payments	10,000	1998															
Service lines / drainage																	
A/B	20,000	2003		76,000													
C/D	75,000	2009		72,000													
Annual Requirement			115,240	480,000	3,360	3,450	1,003,540	15,068	3,720	3,810	3,900	16,460	4,080	334,878	4,170	17,246	4,350
Reserve Contribution			70,392	493,000	70,000	70,000	900,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Operations income			35,424	3,646	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest earned			449	600	2,643	5,414	8,293	4,483	6,459	8,969	11,575	14,282	16,595	19,496	9,280	11,885	14,070
Accumulated Reserves	32,798		23,823	41,069	110,352	182,316	87,068	136,483	199,222	264,381	332,056	389,879	462,394	207,011	272,122	326,761	396,481

