

**Silver Queen West at Wilderrest  
Condominium Association  
Financial Statements  
August 31, 2009**

**Silver Queen West at Wilderrest - Condominium Association**  
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**August 31, 2009**

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**Accountant's Report**

**To the Board of Directors  
Silver Queen West at Wilderndest - Condominium Association  
Silverthorne, Colorado**

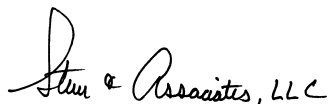
We have reviewed the accompanying balance sheets of Silver Queen West at Wilderndest - Condominium Association as of August 31, 2009, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of management of Silver Queen West at Wilderndest - Condominium Association.

A review consists principally of inquiries of Association personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with 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 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 generally accepted accounting principles. The Budget to Actual Comparison on page 8 is presented for supplementary analysis purposes. 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 supplementary information about future repairs and replacements on page 9 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 of Silver Queen West at Wilderndest - Condominium Association, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.



**Stuhr and Associates, LLC  
Frisco, Colorado  
April 20, 2010**

**Silver Queen West at Wilderrest - Condominium Association**  
**Balance Sheets**  
**August 31, 2009**  
**(With Comparative Totals as of August 31, 2008)**

	<b>2009</b>		<b>2008</b>	
	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,224	\$ 24,600	\$ 33,824	\$ 45,305
Assessments receivable	12,456	-	12,456	7,914
Other receivable	-	4,865	4,865	-
Due (to) from other fund	9,401	(9,401)	-	-
Property and equipment:				
Manager's unit	36,968	-	36,968	36,968
Equipment	87,371	-	87,371	58,678
Garage	16,687	-	16,687	16,687
	<u>141,026</u>	<u>-</u>	<u>141,026</u>	<u>112,333</u>
Less: Accumulated depreciation	(97,856)	-	(97,856)	(91,559)
Total Property and equipment	<u>43,170</u>	<u>-</u>	<u>43,170</u>	<u>20,774</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 74,251</u></b>	<b><u>\$ 20,064</u></b>	<b><u>\$ 94,315</u></b>	<b><u>\$ 73,993</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	\$ 12,983	\$ -	\$ 12,983	\$ 13,532
Accrued payroll and payroll taxes payable	5,934	-	5,934	6,178
Accrued compensated absences	6,621	-	6,621	6,450
Prepaid assessments	2,233	-	2,233	3,300
	<u>27,771</u>	<u>-</u>	<u>27,771</u>	<u>29,460</u>
<b>TOTAL LIABILITIES</b>	<b>27,771</b>	<b>-</b>	<b>27,771</b>	<b>29,460</b>
Fund balances	<u>46,480</u>	<u>20,064</u>	<u>66,544</u>	<u>44,533</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 74,251</u></b>	<b><u>\$ 20,064</u></b>	<b><u>\$ 94,315</u></b>	<b><u>\$ 73,993</u></b>

See accompanying Notes and Accountant's Report

**Silver Queen West at Wilderrest - Condominium Association**  
**Statements of Revenues, Expenses, and Changes in Fund Balances**  
**For the Year Ended August 31, 2009**  
**(With Comparative Totals for the Year Ended August 31, 2008)**

	<b>2009</b>			<b>2008</b>
	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>	<b>Total</b>
<b>REVENUES</b>				
Regular assessments	\$ 358,128	70,392	\$ 428,520	411,381
Interest income	-	355	355	2,995
Laundry	7,833	-	7,833	8,001
Late charges and interest	-	-	-	100
Closet rental	4,880	-	4,880	4,900
Garage reimbursements	7,200	-	7,200	3,600
Miscellaneous income	200	-	200	-
Discounts on assessments	(5,004)	-	(5,004)	(4,726)
<b>TOTAL REVENUES</b>	<b>373,237</b>	<b>70,747</b>	<b>443,984</b>	<b>426,251</b>
<b>EXPENSES</b>				
Wages and related expenses:				
Manager's salary	44,882	-	44,882	44,960
Manager assistants and laborers	19,539	-	19,539	23,496
Payroll taxes	5,683	-	5,683	5,825
Insurance - worker's compensation	952	-	952	3,899
Insurance - employee health	19,356	-	19,356	17,564
Operating expenses:				
Accounting	11,700	-	11,700	11,100
Financial review	3,700	-	3,700	3,750
Bank service charges	156	-	156	172
Cable TV	36,717	-	36,717	31,580
Depreciation	6,297	-	6,297	1,719
Electricity and gas	60,638	-	60,638	75,989
Electricity - manager's unit	544	-	544	605
Insurance - building	28,877	-	28,877	26,444
Legal and collection	100	-	100	1,275
Office supplies and expense	1,413	-	1,413	1,871
Property taxes - manager's unit	1,018	-	1,018	940
Rent - garage	600	-	600	600
Repairs and maintenance	25,360	-	25,360	41,143
Sanitation	30,528	-	30,528	30,528
Snow removal	-	-	-	318
Telephone	1,678	-	1,678	1,409
Trash removal	7,110	-	7,110	7,404
Truck expenses	10,833	-	10,833	4,741
Water	17,808	-	17,808	17,808
Miscellaneous	1,414	-	1,414	105
Major repairs and replacements:				
Painting	-	6,762	6,762	5,260
Garage door replacement	-	-	-	22,637
Balcony replacement	-	9,570	9,570	-
Boiler replacement	-	68,738	68,738	-
<b>TOTAL EXPENSES</b>	<b>336,903</b>	<b>85,070</b>	<b>421,973</b>	<b>383,142</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>				
	36,334	(14,323)	22,011	43,109
Beginning Fund Balances	17,788	26,745	44,533	1,424
Transfer Fund Balance	(7,642)	7,642	-	-
<b>ENDING FUND BALANCES</b>	<b>\$ 46,480</b>	<b>\$ 20,064</b>	<b>\$ 66,544</b>	<b>\$ 44,533</b>

See accompanying Notes and Accountant's Report

**Silver Queen West at Wilderrest - Condominium Association**  
**Statements of Cash Flows**  
**For the Year Ended August 31, 2009**  
**(With Comparative Totals for the Year Ended August 31, 2008)**

	<b>2009</b>		<b>2008</b>	
	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from members	\$ 359,595	\$ 70,392	\$ 429,987	\$ 405,223
Interest income	-	355	355	2,995
Other cash receipts	8,033	-	8,033	12,901
Cash paid for goods and services	(266,734)	(89,935)	(356,669)	(383,753)
Cash paid for salaries and wages	(64,494)	-	(64,494)	(69,915)
Interfund transfers	(1,720)	1,720	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>34,680</b>	<b>(17,468)</b>	<b>17,212</b>	<b>(32,549)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Equipment purchases	-	(28,693)	(28,693)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Fund balance transfer	(36,335)	36,335	-	-
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(1,655)</b>	<b>(9,826)</b>	<b>(11,481)</b>	<b>(32,549)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>10,879</b>	<b>34,426</b>	<b>45,305</b>	<b>77,854</b>
<b>CASH AT END OF YEAR</b>	<b>9,224</b>	<b>24,600</b>	<b>33,824</b>	<b>45,305</b>
<b>RECONCILIATION OF EXCESS (DEFICIENCY) OVER EXPENSE TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>36,334</b>	<b>(14,323)</b>	<b>22,011</b>	<b>43,109</b>
Depreciation	6,297	-	6,297	1,719
(Increase) decrease in assessments receivable	(4,542)	-	(4,542)	(1,413)
(Increase) decrease in other receivable	-	(4,865)	(4,865)	-
Increase (decrease) in accounts payable	(549)	-	(549)	(74,172)
Increase (decrease) in payroll taxes payable	(244)	-	(244)	(512)
Increase (decrease) in accrued expenses	171	-	171	2,439
Increase (decrease) in prepaid assessments	(1,067)	-	(1,067)	(3,719)
Increase (decrease) in due to (from) other fund	(1,720)	1,720	-	-
Total Adjustments	(1,654)	(3,145)	(4,799)	(75,658)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 34,680</b>	<b>\$ (17,468)</b>	<b>\$ 17,212</b>	<b>\$ (32,549)</b>

See accompanying Notes and Accountant's Report

**Silver Queen West at Wildernest - Condominium Association**  
**Notes to the Financial Statements**  
**August 31, 2009**

**A. Nature of Organization**

Silver Queen West at Wildernest – Condominium Association (the “Association”) is a condominium association incorporated in November, 1973 as a Colorado non-profit corporation. The primary function of the Association is to maintain, preserve, and operate the common property of the Association in a fiduciary capacity for the benefit and enjoyment of the owners. The Association consists of 106 residential units in four buildings located in Silverthorne, Colorado.

**B. Summary of Significant Accounting Policies**

**1. Basis of Accounting**

The Association follows the accrual basis of accounting, whereby revenue is recognized when earned rather than received, and expenses are recognized when incurred rather than when paid.

**2. Fund Accounting**

Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund – This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund – This fund is used to accumulate financial resources designated for future major repairs and replacements.

**3. Member assessments**

Association members are subject to monthly assessments to provide funds for the Association’s operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association allocates specific funds from the budget for replacement reserves, and any additional income after the payment of normal operating expenses is also allocated to the replacement reserves for future projects. At August 31, 2009, the Association directors considered all assessments receivable to be collectible; therefore, no allowance for uncollectible accounts is deemed necessary.

**4. Interest income**

Interest income is allocated to the replacement fund.

**5. Income taxes**

Condominium associations may be taxed either as homeowners’ associations or as regular corporations. For the year ended August 31, 2009, the Association was taxed as a regular corporation and filed Form 1120. As a regular corporation, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its non-membership income, such as interest earnings, at regular federal and state corporate rates. The Association incurred no tax expense for the year ended August 31, 2009.

**Silver Queen West at Wilderrest - Condominium Association**  
**Notes to the Financial Statements**  
**August 31, 2009**  
**(continued)**

**B. Summary of Significant Accounting Policies (continued)**

**6. Property and equipment**

The Association capitalizes all property and equipment to which it has title or other evidence of ownership with the exception of real property and all common property associated with the units. Common property provided by the developer is owned directly by the owners of the units. The Association is responsible for maintaining and replacing, but does not own common property, and therefore, such property is not reflected in these financial statements.

Depreciation is computed using the straight-line method over the estimated useful lives as follows:

	<u>Years</u>
Manager's unit	40
Equipment	5 – 12
Garage	40
Manager's Unit additions	7

Depreciation expense was \$6,297 for the year ended August 31, 2009.

**7. Estimates**

The preparation of financial statements in conformity with 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 the reporting period. Actual results may differ from those estimates.

**C. Comparative Totals**

The financial statements include certain prior year comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended August 31, 2008, from which the comparative totals were derived.

**D. Cash and cash equivalents**

For purposes of the statement of cash flows, the Association considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**E. Concentration of Credit Risk**

The Association's financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits in the operating and money market accounts. At times, such investments may be in excess of the Federal Deposit Insurance Corporation ("FDIC") limit of \$100,000. The risk is managed by maintaining the funds in high quality institutions. At August 31, 2009, no funds were at risk. On October 3, 2008, the FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009. On May 20, 2009, the increase was extended through December 31, 2013.

**Silver Queen West at Wildernest - Condominium Association**  
**Notes to the Financial Statements**  
**August 31, 2009**  
**(continued)**

**F. Prepaid Assessments**

Prepaid assessments are amounts collected in advance by the Association on assessments for the subsequent fiscal year. Management adopted a 5% discount for all owners prepaying the annual assessment by September. Prepaid assessments as of August 31, 2009 were \$2,233.

**G. Accrued Compensated Absences**

Effective September 1, 2006 the Association instituted an All Purpose Leave policy for full time and year around part-time employees. Under this policy, employees accrue hours of leave based on years of service and hours worked, of which not more than 160 hours may be carried over to the following calendar year. As of August 31, 2009, the accrued all purpose leave liability was \$6,621.

**H. Commitments**

The Association entered into a verbal agreement in 1999 with Mountain Systems, Inc. for administrative services. The Management Agreement ("Agreement") was formalized in writing effective September 1, 2006 through August 31, 2007. The Agreement will automatically renew annually for consecutive one year periods beginning September 1, 2007. The Agreement is subject to notification by either party in writing with 30 days notice for cause or with 90 days notice without cause. Total fees for administrative services were \$11,700 for the year ended August 31, 2009. Fees at renewal will be mutually agreed upon during the annual budget process.

**I. Future Major Repairs and Replacements**

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds are held in a separate savings account and generally are not available for expenditures for normal operations.

A study is conducted and reviewed annually by management and the Board to estimate the remaining useful lives and the replacement costs of the common property components. The Board is funding major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund.

The Association annually budgets, funds and incurs repairs and replacements deemed necessary to prolong the useful lives of the common area items. Actual expenses, however, may vary from the estimated amounts and the variations may be material. Therefore, funds may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments, or to delay major repairs and replacements until the funds are available. The Association also reserves the right to borrow against the manager's unit in the event of an unforeseen major expense that requires immediate action.

**Silver Queen West at Wilderrest - Condominium Association**  
**Schedule of Operating Fund Revenues and Expenses - Budget and Actual**  
**For the Year Ended August 31, 2009**  
**(With Comparative Actual Totals for the Year Ended August 31, 2008)**

	<b>2009</b>		<b>Variance Favorable (Unfavorable)</b>	<b>2008</b>
	<b>Budget</b>	<b>Actual</b>		<b>Total</b>
<b>REVENUES</b>				
Regular assessments	\$ 358,128	\$ 358,128	\$ -	\$ 341,381
Laundry	7,200	7,833	633	8,001
Late charges and interest	-	-	-	100
Closet rental	5,000	4,880	(120)	4,900
Garage reimbursements	7,200	7,200	-	3,600
Discounts on assessments	(5,000)	(5,004)	(4)	(4,726)
<b>TOTAL REVENUES</b>	<b>372,528</b>	<b>373,237</b>	<b>709</b>	<b>353,256</b>
<b>EXPENSES</b>				
Wages and related expenses:				
Manager's salary	43,680	44,882	(1,202)	44,960
Manager assistants and laborers	30,000	19,539	10,461	23,496
Payroll taxes	6,500	5,683	817	5,825
Insurance - worker's compensation	4,500	952	3,548	3,899
Insurance - employee health	18,520	19,356	(836)	17,564
Operating expenses:				
Accounting	11,700	11,700	-	11,100
Financial review	4,000	3,700	300	3,750
Bank service charges	-	156	(156)	172
Cable TV	33,967	36,717	(2,750)	31,580
Depreciation	-	6,297	(6,297)	1,719
Electricity and gas	90,000	60,638	29,362	75,989
Electricity - manager's unit	650	544	106	605
Insurance - building	27,000	28,877	(1,877)	26,444
Income taxes	500	-	500	-
Legal and collection	500	100	400	1,275
Miscellaneous	1,000	1,414	(414)	105
Office supplies and expense	2,400	1,413	987	1,871
Property taxes - manager's unit	940	1,018	(78)	940
Rent - garage	600	600	-	600
Repairs and maintenance	29,400	25,359	4,041	41,143
Sanitation	30,528	30,528	-	30,528
Snow removal	500	-	500	318
Telephone	1,600	1,678	(78)	1,409
Trash removal	8,000	7,110	890	7,404
Truck expenses	3,500	10,833	(7,333)	4,741
Water	17,808	17,808	-	17,808
<b>TOTAL EXPENSES</b>	<b>367,793</b>	<b>336,902</b>	<b>30,891</b>	<b>355,245</b>
<b>EXCESS OF OPERATING FUND REVENUES OVER OPERATING FUND EXPENSES</b>	<b>\$ 4,735</b>	<b>\$ 36,335</b>	<b>\$ 31,600</b>	<b>\$ (1,989)</b>

See Accountant's Report

**Silver Queen West at Wilderrest - Condominium Association**  
**Supplementary Information on Future Major Repairs and Replacements**  
**August 31, 2009**

The Association's management conducts an annual informal study to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs are based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

The Association's Board of Directors has not allocated the Replacement Fund Balance at August 31, 2009 or the 2009 funding requirement to each component of common property.

The following information is based on the study and presents significant information about the components of common property.

Components	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Cost
Parking/Building Walls		
Buildings A & B	1	\$ 15,900
Buildings C & D – upper	1	35,000
Buildings C & D – lower	12	13,000
Parking Lot replacement		
Upper A & B	12	68,000
Upper C & D	12	55,000
Dumpster pads	12	4,000
Parking Lot Seal Coat		
Upper lots	1	5,000
Lower lots	1	3,600
Roof replacement		
A Building	11	53,193
B Building	11	53,193
C Building	11	45,000
D Building	11	45,000
Garage	11	15,097
Building Upgrade	4	1,000,000
Boiler replacement		
A Building	1	68,000
B Building	1	68,000
C Building	1	76,000
D Building	15	76,000
Studio Units		
Roof & Wall replacement	3	40,000
Sidewalk replacement	3	13,400
Balcony replacement	1	15,000
Common Entryways		
Upper	2 – 5	36,000
Lower	4 – 5	44,000
Sidewalks – A/B	1	20,000
Sidewalks – C/D	1	20,000
Vehicle replacement	5	30,000
Maintenance facility	Inactive	10,000
Tennis court		
Surface	Inactive	2,500
Fence	Inactive	4,000
Service lines		
A & B	2	35,000
C & D	30	23,182
		<u>\$ 1,992,065</u>

See Accountant's Report