

**SILVER BOW CONDOMINIUM
OWNERS' ASSOCIATION
FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010**

Knaub & Company, P.C.
Certified Public Accountants

ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors
Silver Bow Condominium Owners' Association.

We have compiled the accompanying balance sheets of **SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION**. (a homeowners' corporation) as of September 30, 2011 and 2010, and the related statements of revenues and expenses and changes in fund balance - historical and budgeted and supplementary schedules of reserve activity for the years then ended. The budgeted revenue and expense statement information and supplementary schedules of reserve activity are presented for supplementary analysis purposes only. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Association's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Accounting principles generally accepted in the United States of America mandate that supplementary information about future major repairs and replacements of common property is required to supplement, but not required to be a part of, the basic financial statements. The Association has not presented this supplementary information.

We are not independent with respect to Silver Bow Condominium Owners' Association.

Knaub & Company, P.C.

December 20, 2011

SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION

BALANCE SHEETS

SEPTEMBER 30, 2011 AND 2010

	<u>ASSETS</u>	
	<u>2011</u>	<u>2010</u>
CURRENT ASSETS:		
BSWB operating account	\$ 158	\$ 263
BSWB interest bearing account	29,669	88,948
Certificates of Deposit	420,000	280,000
Assessments receivable	43,526	40,302
Less: Allowance for bad debts	(9,827)	(5,727)
Receivable from 3 Rivers Telephone	-	1,961
Receivable from Northwestern Energy	-	1,304
Accrued interest receivable	2,269	2,634
Prepaid insurance and deposits	<u>4,684</u>	<u>5,112</u>
Total current assets	<u>490,479</u>	<u>414,797</u>
TOTAL ASSETS	<u>\$ 490,479</u>	<u>\$ 414,797</u>

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES:		
Accounts payable	\$ 33,245	\$ 28,560
Income taxes payable	<u>50</u>	<u>2,880</u>
Total current liabilities	<u>33,295</u>	<u>31,440</u>
TOTAL LIABILITIES	<u>33,295</u>	<u>31,440</u>
FUND BALANCE:		
Reserves	421,082	296,572
Retained assessments - prior years	36,785	56,217
Retained assessments - current year	<u>(683)</u>	<u>30,568</u>
Total fund balance	<u>457,184</u>	<u>383,357</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 490,479</u>	<u>\$ 414,797</u>

See accountants' compilation report.

SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	<u>ACTUAL</u> <u>9/30/2011</u>	<u>BUDGET</u> <u>9/30/2011</u>	<u>ACTUAL</u> <u>9/30/2010</u>
REVENUE:			
Owners' assessments	\$ 200,679	200,490	201,079
Penalty & interest income	4,400	-	6,090
Investment interest income	5,010	-	8,393
Laundry income	<u>2,178</u>	<u>-</u>	<u>2,461</u>
TOTAL REVENUE	<u>212,267</u>	<u>200,490</u>	<u>218,023</u>
OPERATING EXPENSES:			
Administrative			
Accounting	6,570	6,000	6,000
Insurance	28,768	32,500	30,539
Manager	34,667	32,000	24,000
Office/Postage	3,035	1,000	819
Annual corporate report	15	15	15
Meeting costs	83	100	77
Income tax expense	50	2,000	2,880
Legal fees	253	1,000	7
Bad debt expense	4,100	-	5,727
Maintenance			
Building maintenance	4,875	3,000	2,689
Window washing	2,000	2,000	2,000
Exterior utility enclosures	-	-	1,045
Chimney maintenance	3,025	3,100	3,100
Trim and deck stain	20,000	20,000	17,500
Lawn maintenance & landscaping	24,092	20,000	19,905
Landscaping improvements	12,092	5,000	-
Recreation area			
Pool contract maintenance	15,000	15,000	15,000
Pool building maintenance	5,416	5,000	7,025
Pool supplies	3,142	3,000	2,148
Propane	9,091	8,000	7,874
Health dept. license	275	275	275
Security system	487	500	1,120
Telephone	734	1,200	1,146
Services			
Electricity	7,931	9,000	7,868
Garbage	9,401	9,000	8,819
Water and sewer	1,648	1,800	2,177
Snow shoveling	12,000	13,000	12,200
Snow plowing	<u>4,200</u>	<u>7,000</u>	<u>5,500</u>
TOTAL OPERATING EXPENSES	<u>212,950</u>	<u>200,490</u>	<u>187,455</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(683)	-	30,568
Reserve additions			
Pool reserve	10,000	10,000	10,000
Roof	<u>64,510</u>	<u>64,510</u>	<u>64,110</u>
TOTAL RESERVE ADDITIONS	74,510	74,510	74,110
Fund balance at beginning of year	<u>383,357</u>	<u>383,357</u>	<u>278,679</u>
Fund balance at end of year	<u>\$ 457,184</u>	<u>457,867</u>	<u>383,357</u>

See accountants' compilation report.

SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION

SCHEDULE OF GENERAL OPERATING AND RESERVE ACTIVITY

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>General Operating</u>	<u>Roof</u>	<u>Wireless Internet</u>	<u>Pool</u>	<u>Sprinkler System</u>	<u>Insurance</u>	<u>Reserve Total</u>	<u>Total</u>
REVENUES:								
Owners' assessments	\$ 200,679	64,510	-	10,000	-	-	74,510	275,189
Penalty & interest income	4,400	-	-	-	-	-	-	4,400
Investment interest income	5,010	-	-	-	-	-	-	5,010
Laundry income	2,178	-	-	-	-	-	-	2,178
TOTAL REVENUE	<u>212,267</u>	<u>64,510</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>74,510</u>	<u>286,777</u>
OPERATING EXPENSES:								
Administrative								
Accounting	6,570	-	-	-	-	-	-	6,570
Insurance	28,768	-	-	-	-	-	-	28,768
Manager	34,667	-	-	-	-	-	-	34,667
Office/Postage	3,035	-	-	-	-	-	-	3,035
Annual corporate report	15	-	-	-	-	-	-	15
Meeting costs	83	-	-	-	-	-	-	83
Income tax expense	50	-	-	-	-	-	-	50
Legal fees	253	-	-	-	-	-	-	253
Bad debt expense	4,100	-	-	-	-	-	-	4,100
Maintenance								
Building maintenance	4,875	-	-	-	-	-	-	4,875
Window washing	2,000	-	-	-	-	-	-	2,000
Chimney maintenance	3,025	-	-	-	-	-	-	3,025
Trim and deck stain	20,000	-	-	-	-	-	-	20,000
Lawn maintenance and landscaping	24,092	-	-	-	-	-	-	24,092
Landscaping improvements	12,092	-	-	-	-	-	-	12,092
Recreation area								
Pool contract maintenance	15,000	-	-	-	-	-	-	15,000
Pool building maintenance	5,416	-	-	-	-	-	-	5,416
Pool supplies	3,142	-	-	-	-	-	-	3,142
Propane	9,091	-	-	-	-	-	-	9,091
Health dept. license	275	-	-	-	-	-	-	275
Security system	487	-	-	-	-	-	-	487
Telephone	734	-	-	-	-	-	-	734
Services								
Electricity	7,931	-	-	-	-	-	-	7,931
Garbage	9,401	-	-	-	-	-	-	9,401
Water and sewer	1,648	-	-	-	-	-	-	1,648
Snow shoveling	12,000	-	-	-	-	-	-	12,000
Snow plowing	4,200	-	-	-	-	-	-	4,200
TOTAL EXPENSES	<u>212,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,950</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(683)</u>	<u>64,510</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>74,510</u>	<u>73,827</u>
Fund balance at beginning of year	86,785	243,072	3,500	20,000	20,000	10,000	296,572	383,357
Transfers	(50,000)	53,500	(3,500)	-	-	-	50,000	-
Fund balance at end of year	<u>\$ 36,102</u>	<u>361,082</u>	<u>-</u>	<u>30,000</u>	<u>20,000</u>	<u>10,000</u>	<u>421,082</u>	<u>457,184</u>

See accountants' compilation report.

SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION

SCHEDULE OF GENERAL OPERATING AND RESERVE ACTIVITY

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	General Operating	Roof	Wireless Internet	Pool	Sprinkler System	Insurance	Reserve Total	Total
REVENUES:								
Owners' assessments	\$ 201,079	64,110	-	10,000	-	-	74,110	275,189
Penalty & interest income	6,090	-	-	-	-	-	-	6,090
Investment interest income	8,393	-	-	-	-	-	-	8,393
Laundry income	2,461	-	-	-	-	-	-	2,461
TOTAL REVENUE	218,023	64,110	-	10,000	-	-	74,110	292,133
OPERATING EXPENSES:								
Administrative								
Accounting	6,000	-	-	-	-	-	-	6,000
Insurance	30,539	-	-	-	-	-	-	30,539
Manager	24,000	-	-	-	-	-	-	24,000
Office/Postage	819	-	-	-	-	-	-	819
Annual corporate report	15	-	-	-	-	-	-	15
Meeting costs	77	-	-	-	-	-	-	77
Income tax expense	2,880	-	-	-	-	-	-	2,880
Legal fees	7	-	-	-	-	-	-	7
Bad debt expense	5,727	-	-	-	-	-	-	5,727
Maintenance								
Building maintenance	2,689	-	-	-	-	-	-	2,689
Window washing	2,000	-	-	-	-	-	-	2,000
Exterior utility enclosures	1,045	-	-	-	-	-	-	1,045
Chimney maintenance	3,100	-	-	-	-	-	-	3,100
Trim and deck stain	17,500	-	-	-	-	-	-	17,500
Lawn maintenance and landscaping	19,905	-	-	-	-	-	-	19,905
Recreation area								
Pool contract maintenance	15,000	-	-	-	-	-	-	15,000
Pool building maintenance	7,025	-	-	-	-	-	-	7,025
Pool supplies	2,148	-	-	-	-	-	-	2,148
Propane	7,874	-	-	-	-	-	-	7,874
Health dept. license	275	-	-	-	-	-	-	275
Laundry room	-	-	-	-	-	-	-	-
Security system	1,120	-	-	-	-	-	-	1,120
Telephone	1,146	-	-	-	-	-	-	1,146
Services								
Electricity	7,868	-	-	-	-	-	-	7,868
Garbage	8,819	-	-	-	-	-	-	8,819
Water and sewer	2,177	-	-	-	-	-	-	2,177
Snow shoveling	12,200	-	-	-	-	-	-	12,200
Snow plowing	5,500	-	-	-	-	-	-	5,500
TOTAL EXPENSES	187,455	-	-	-	-	-	-	187,455
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	30,568	64,110	-	10,000	-	-	74,110	104,678
Fund balance at beginning of year	56,217	178,962	3,500	10,000	20,000	10,000	222,462	278,679
Fund balance at end of year	\$ 86,785	243,072	3,500	20,000	20,000	10,000	296,572	383,357

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