

SILVER BOW CONDOMINIUM
OWNERS ASSOCIATION

FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Knaub & Company, P.C.
Certified Public Accountants

ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Silver Bow Condominium Owners' Association

We have compiled the accompanying balance sheets of the **SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION** (a homeowners corporation) as of September 30, 2012 and 2011, and the related statements of revenues and expenses and changes in fund balance – historical and budgeted for the years then ended. The budgeted revenue and expense statement information and supplementary schedule of reserves is 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 statements of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statements 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, these financial statements are not designed for those who are not informed about such matters.

Management has omitted supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Knaub & Company, P.C.

November 13, 2012

SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION

BALANCE SHEETS

SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS:		
BSWB operating account	\$ 1,610	158
BSWB interest bearing account	13,690	29,669
Certificates of Deposit	80,000	420,000
Assessments receivable	44,606	43,526
Less: Allowance for bad debts	(17,051)	(9,827)
Accrued interest receivable	204	2,269
Prepaid insurance and deposits	<u>5,241</u>	<u>4,684</u>
Total current assets	<u>128,300</u>	<u>490,479</u>
TOTAL ASSETS	<u>\$ 128,300</u>	<u>490,479</u>

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES:		
Accounts payable	\$ 63,379	33,245
Accrued interest payable	110	-
Income taxes payable	50	50
BSWB Line of credit	<u>31,847</u>	<u>-</u>
Total current liabilities	<u>95,386</u>	<u>33,295</u>
TOTAL LIABILITIES	<u>95,386</u>	<u>33,295</u>
FUND BALANCE:		
Reserves	31,299	421,082
Retained assessments	<u>1,615</u>	<u>36,102</u>
Total fund balance	<u>32,914</u>	<u>457,184</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 128,300</u>	<u>490,479</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, 2012 AND 2011

	<u>ACTUAL</u> <u>9/30/2012</u>	<u>BUDGET</u> <u>9/30/2012</u>	<u>ACTUAL</u> <u>9/30/2011</u>
REVENUE:			
Owners' assessments	\$ 184,630	184,630	200,679
Penalty & interest income	3,762	-	4,400
Investment interest income	2,874	5,000	5,010
Laundry income	2,256	1,500	2,178
	<u>193,522</u>	<u>191,130</u>	<u>212,267</u>
TOTAL REVENUE			
	193,522	191,130	212,267
OPERATING EXPENSES:			
Administrative			
Accounting	6,840	6,840	6,570
Insurance	22,860	25,000	28,768
Manager	33,000	33,000	34,667
Office/Postage	667	500	3,035
Annual corporate report	15	15	15
Meeting costs	-	-	83
Income tax expense	50	-	50
Legal fees	-	500	253
Interest expense	110	-	-
Collection fees	2,766	-	-
Loan fees	512	-	-
Bad debt expense	7,224	-	4,100
Maintenance			
Building maintenance	2,906	3,000	4,875
Window washing	2,000	2,000	2,000
Chimney maintenance	3,887	3,100	3,025
Trim and deck stain	15,410	20,000	20,000
Lawn maintenance & landscaping	19,713	20,000	24,092
Landscaping improvements	928	5,000	12,092
Recreation area			
Pool contract maintenance	15,000	15,000	15,000
Pool building maintenance	16,552	7,500	5,416
Pool supplies	1,672	2,500	3,142
Propane	6,879	6,200	9,091
Electricity - pool facility	5,694	6,000	-
Health dept. license	275	275	275
Security system	225	500	487
Telephone	454	400	734
Services			
Electricity	1,795	3,000	7,931
Garbage	9,454	9,000	9,401
Water and sewer	1,874	1,800	1,648
Snow shoveling	12,000	13,000	12,000
Snow plowing	5,400	7,000	4,200
	<u>196,162</u>	<u>191,130</u>	<u>212,950</u>
TOTAL OPERATING EXPENSES			
	196,162	191,130	212,950
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(2,640)</u>	<u>-</u>	<u>(683)</u>
Reserve additions			
Pool reserve	20,000	20,000	10,000
Roof	70,370	70,370	64,510
	<u>90,370</u>	<u>90,370</u>	<u>74,510</u>
Total Reserve Additions			
	90,370	90,370	74,510
Reserve expenditures			
Roof replacement	(512,000)	-	-
	<u>457,184</u>	<u>383,357</u>	<u>383,357</u>
Fund balance at beginning of year			
	457,184	383,357	383,357
Fund balance at end of year	<u>\$ 32,914</u>	<u>473,727</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, 2012

	General Operating	Reserves				Reserve Total	Total
		Roof	Pool	Sprinkler System	Insurance		
REVENUES:							
Owners' assessments	\$ 184,630	70,370	20,000	-	-	90,370	275,000
Penalty & interest income	3,762	-	-	-	-	-	3,762
Investment interest income	2,874	-	-	-	-	-	2,874
Laundry income	2,256	-	-	-	-	-	2,256
TOTAL REVENUE	193,522	70,370	20,000	-	-	90,370	283,892
OPERATING EXPENSES:							
Administrative							
Accounting	6,840	-	-	-	-	-	6,840
Insurance	22,860	-	-	-	-	-	22,860
Manager	33,000	-	-	-	-	-	33,000
Office/Postage	667	-	-	-	-	-	667
Annual corporate report	15	-	-	-	-	-	15
Income tax expense	50	-	-	-	-	-	50
Interest expense	110	-	-	-	-	-	110
Collection fees	2,766	-	-	-	-	-	2,766
Loan fees	512	-	-	-	-	-	512
Bad debt expense	7,224	-	-	-	-	-	7,224
Maintenance							
Building maintenance	2,906	-	-	-	-	-	2,906
Window washing	2,000	-	-	-	-	-	2,000
Chimney maintenance	3,887	-	-	-	-	-	3,887
Trim and deck stain	15,410	-	-	-	-	-	15,410
Lawn maintenance & landscaping	19,713	-	-	-	-	-	19,713
Landscaping improvements	928	-	-	-	-	-	928
Recreation area							
Pool contract maintenance	15,000	-	-	-	-	-	15,000
Pool building maintenance	16,552	-	-	-	-	-	16,552
Pool supplies	1,672	-	-	-	-	-	1,672
Propane	6,879	-	-	-	-	-	6,879
Electricity - pool facility	5,694	-	-	-	-	-	5,694
Health dept. license	275	-	-	-	-	-	275
Security system	225	-	-	-	-	-	225
Telephone	454	-	-	-	-	-	454
Services							
Electricity	1,795	-	-	-	-	-	1,795
Garbage	9,454	-	-	-	-	-	9,454
Water and sewer	1,874	-	-	-	-	-	1,874
Snow shoveling	12,000	-	-	-	-	-	12,000
Snow plowing	5,400	-	-	-	-	-	5,400
Reserve expenditures	-	512,000	-	-	-	512,000	512,000
TOTAL EXPENDITURES	196,162	512,000	-	-	-	512,000	708,162
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(2,640)	(441,630)	20,000	-	-	(421,630)	(424,270)
Fund balance at beginning of year	36,102	361,082	30,000	20,000	10,000	421,082	457,184
Loan proceeds used to fund reserves	(31,847)	31,847	-	-	-	31,847	-
Fund balance at end of year	\$ 1,615	(48,701)	50,000	20,000	10,000	31,299	32,914

See accountants' compilation report.

SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION

SCHEDULE OF GENERAL OPERATING AND RESERVE ACTIVITY

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	General Operating	Reserves					Reserve Total	Total
		Roof	Wireless Internet	Pool	Sprinkler System	Insurance		
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	212,267	64,510	-	10,000	-	-	74,510	286,777
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	212,950	-	-	-	-	-	-	212,950
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(683)	64,510	-	10,000	-	-	74,510	73,827
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	\$ 36,102	361,082	-	30,000	20,000	10,000	421,082	457,184

See accountants' compilation report.