

SILVER BOW CONDOMINIUM  
OWNERS ASSOCIATION

FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

*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, 2013 and 2012, and the related statements of revenues and expenses and changes in fund balance – historical and budgeted (2013 only) 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 11, 2013

**SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION**

**BALANCE SHEETS**

**SEPTEMBER 30, 2013 AND 2012**

	<b><u>2013</u></b>	<b><u>2012</u></b>
<b>CURRENT ASSETS:</b>		
BSWB operating account	\$ 234	1,610
BSWB interest bearing account	61,974	13,690
Certificates of Deposit	<u>100,411</u>	<u>80,000</u>
Total Cash accounts	162,619	95,300
Less Reserved Cash	<u>(103,719)</u>	<u>(31,299)</u>
Total Unreserved cash	58,900	64,001
Reserved cash	103,719	31,299
Assessments receivable	34,475	44,606
Less: Allowance for bad debts	(20,367)	(17,051)
Accrued interest receivable	168	204
Prepaid insurance and deposits	<u>4,098</u>	<u>5,241</u>
 Total current assets	 <u>180,993</u>	 <u>128,300</u>
 <b>TOTAL ASSETS</b>	 <b><u>\$ 180,993</u></b>	 <b><u>128,300</u></b>

**LIABILITIES AND FUND BALANCE**

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 33,680	63,379
Accrued interest payable	342	110
Prepaid assessments	3,220	-
Income taxes payable	50	50
BSWB Line of credit	<u>39,072</u>	<u>31,847</u>
 Total current liabilities	 <u>76,364</u>	 <u>95,386</u>
 <b>TOTAL LIABILITIES</b>	 <u>76,364</u>	 <u>95,386</u>
 <b>FUND BALANCE:</b>		
Reserves	103,719	31,299
Retained assessments	<u>910</u>	<u>1,615</u>
 Total fund balance	 <u>104,629</u>	 <u>32,914</u>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b><u>\$ 180,993</u></b>	 <b><u>128,300</u></b>

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, 2013 AND 2012

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
	<u>9/30/2013</u>	<u>9/30/2013</u>	<u>9/30/2012</u>
<b>REVENUE:</b>			
Owners' assessments	\$ 202,580	202,580	184,630
Penalty & interest income	2,889	1,000	3,762
Investment interest income	460	-	2,874
Laundry income	<u>2,434</u>	<u>1,500</u>	<u>2,256</u>
<b>TOTAL REVENUE</b>	<u>208,363</u>	<u>205,080</u>	<u>193,522</u>
<b>OPERATING EXPENSES:</b>			
Administrative			
Accounting	6,840	6,840	6,840
Insurance	24,464	25,000	22,860
Manager	33,000	33,000	33,000
Office/Postage	416	500	667
Annual corporate report	15	15	15
Income tax expense	50	50	50
Interest expense	3,054	4,500	110
Collection fees	1,286	-	2,766
Loan fees	-	-	512
Contingency	-	500	-
Bad debt expense	5,120	-	7,224
Maintenance			
Building maintenance	3,648	3,000	2,906
Window washing	2,000	2,000	2,000
Chimney maintenance	4,000	3,000	3,887
Trim and deck stain	17,500	20,000	15,410
Entry Sign Replacement	2,875	10,000	-
Lawn maintenance & landscaping	20,119	22,000	19,713
Landscaping improvements	13,800	5,000	928
Recreation area			
Pool contract maintenance	15,000	15,000	15,000
Pool building maintenance	9,255	10,000	16,552
Pool supplies	2,574	2,500	1,672
Propane	4,104	5,000	6,879
Electricity - pool facility	4,574	5,000	5,694
Health dept. license	275	275	275
Security system	2,125	500	225
Telephone	430	500	454
Services			
Electricity	1,606	2,000	1,795
Garbage	10,419	9,500	9,454
Water and sewer	3,119	2,000	1,874
Snow shoveling	12,000	12,000	12,000
Snow plowing	<u>5,400</u>	<u>5,400</u>	<u>5,400</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>209,068</u>	<u>205,080</u>	<u>196,162</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>(705)</u>	<u>-</u>	<u>(2,640)</u>
Reserve additions			
Pool reserve	20,000	20,000	20,000
Roof	<u>52,420</u>	<u>70,370</u>	<u>70,370</u>
<b>Total Reserve Additions</b>	72,420	90,370	90,370
Reserve expenditures			
Roof replacement	-	-	(512,000)
Fund balance at beginning of year	<u>32,914</u>	<u>32,914</u>	<u>457,184</u>
Fund balance at end of year	<u>\$ 104,629</u>	<u>123,284</u>	<u>32,914</u>

See accountants' compilation report.

**SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION**

**SCHEDULE OF GENERAL OPERATING AND RESERVE ACTIVITY**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	General Operating	Reserves				Reserve Total	Total
		Roof	Pool	Sprinkler System	Insurance		
<b>REVENUES:</b>							
Owners' assessments	\$ 202,580	52,420	20,000	-	-	72,420	275,000
Penalty & interest income	2,889	-	-	-	-	-	2,889
Investment interest income	460	-	-	-	-	-	460
Laundry income	2,434	-	-	-	-	-	2,434
<b>TOTAL REVENUE</b>	<b>208,363</b>	<b>52,420</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>72,420</b>	<b>280,783</b>
<b>OPERATING EXPENSES:</b>							
Administrative							
Accounting	6,840	-	-	-	-	-	6,840
Insurance	24,464	-	-	-	-	-	24,464
Manager	33,000	-	-	-	-	-	33,000
Office/Postage	416	-	-	-	-	-	416
Annual corporate report	15	-	-	-	-	-	15
Income tax expense	50	-	-	-	-	-	50
Interest Expense	3,054	-	-	-	-	-	3,054
Collection Fees	1,286	-	-	-	-	-	1,286
Bad debt expense	5,120	-	-	-	-	-	5,120
Maintenance							
Building maintenance	3,648	-	-	-	-	-	3,648
Window washing	2,000	-	-	-	-	-	2,000
Chimney maintenance	4,000	-	-	-	-	-	4,000
Trim and deck stain	17,500	-	-	-	-	-	17,500
Entry Sign Replacement	2,875	-	-	-	-	-	2,875
Lawn maintenance and landscaping	20,119	-	-	-	-	-	20,119
Landscaping improvements	13,800	-	-	-	-	-	13,800
Recreation area							
Pool contract maintenance	15,000	-	-	-	-	-	15,000
Pool building maintenance	9,255	-	-	-	-	-	9,255
Pool supplies	2,574	-	-	-	-	-	2,574
Propane	4,104	-	-	-	-	-	4,104
Electricity - Pool Building	4,574	-	-	-	-	-	4,574
Health dept. license	275	-	-	-	-	-	275
Security system	2,125	-	-	-	-	-	2,125
Telephone	430	-	-	-	-	-	430
Services							
Electricity	1,606	-	-	-	-	-	1,606
Garbage	10,419	-	-	-	-	-	10,419
Water and sewer	3,119	-	-	-	-	-	3,119
Snow shoveling	12,000	-	-	-	-	-	12,000
Snow plowing	5,400	-	-	-	-	-	5,400
<b>TOTAL EXPENSES</b>	<b>209,068</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209,068</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>(705)</b>	<b>52,420</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>72,420</b>	<b>71,715</b>
Fund balance at beginning of year	1,615	(48,701)	50,000	20,000	10,000	31,299	32,914
Transfers	-	-	-	-	-	-	-
Fund balance at end of year	<b>\$ 910</b>	<b>3,719</b>	<b>70,000</b>	<b>20,000</b>	<b>10,000</b>	<b>103,719</b>	<b>104,629</b>

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		
<b>REVENUES:</b>							
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
<b>TOTAL REVENUE</b>	<b>193,522</b>	<b>70,370</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>90,370</b>	<b>283,892</b>
<b>OPERATING EXPENSES:</b>							
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
<b>TOTAL EXPENDITURES</b>	<b>196,162</b>	<b>512,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>512,000</b>	<b>708,162</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>(2,640)</b>	<b>(441,630)</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>(421,630)</b>	<b>(424,270)</b>
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	<b>\$ 1,615</b>	<b>(48,701)</b>	<b>50,000</b>	<b>20,000</b>	<b>10,000</b>	<b>31,299</b>	<b>32,914</b>

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