

SILVER BOW CONDOMINIUM  
OWNERS ASSOCIATION

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

*Knaub & Company, P.C.*  
Certified Public Accountants

To the Board of Directors  
Silver Bow Condominium Owners' Association

Management is responsible for the accompanying financial statements of the **SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION** (a homeowner's corporation), which comprise the balance sheets as of September 30, 2015 and 2014, and the related statements of revenues and expenses and changes in fund balance – historical and budgeted (2015 only) for the years then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary budget information contained in the statements of revenues and expenses and the schedules of operating and reserve activity is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

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.***

December 9, 2015

**SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION**

**BALANCE SHEETS**

**SEPTEMBER 30, 2015 AND 2014**

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>CURRENT ASSETS:</b>		
BSWB operating account	\$ 1,864	1,008
BSWB interest bearing account	45,332	46,075
Certificates of Deposit	65,000	109,765
Total Cash accounts	112,196	156,848
Less Reserved Cash	(44,949)	(93,850)
Total Unreserved cash	67,247	62,998
Reserved cash	44,949	93,850
Assessments receivable	22,552	33,887
Less: Allowance for bad debts	(19,619)	(22,466)
Accrued interest receivable	50	175
Prepaid insurance and deposits	4,119	4,114
Total current assets	119,298	172,558
<b>TOTAL ASSETS</b>	<b>\$ 119,298</b>	<b>172,558</b>

**LIABILITIES AND FUND BALANCE**

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 12,654	32,163
Prepaid assessments	-	1,313
Income taxes payable	50	142
Current portion of long term debt	26,849	-
Accrued interest payable	279	-
Total current liabilities	39,832	33,618
<b>LONG TERM LIABILITIES:</b>		
BSWB Line of credit	113,345	-
Less current portion of long term debt	(26,849)	-
Total long term liabilities	86,496	-
<b>TOTAL LIABILITIES</b>	<b>126,328</b>	<b>33,618</b>
<b>FUND BALANCE:</b>		
Reserves	(49,595)	93,850
Retained assessments	42,565	45,090
Total fund balance	(7,030)	138,940
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 119,298</b>	<b>172,558</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, 2015 AND 2014

	<u>ACTUAL</u> <u>9/30/2015</u>	<u>BUDGET</u> <u>9/30/2015</u>	<u>ACTUAL</u> <u>9/30/2014</u>
<b>REVENUE:</b>			
Owners' assessments	\$ 192,300	192,300	264,540
Penalty & interest income	318	-	2,019
Investment interest income	333	-	455
Laundry income	<u>1,950</u>	<u>2,000</u>	<u>1,965</u>
<b>TOTAL REVENUE</b>	<u>194,901</u>	<u>194,300</u>	<u>268,979</u>
<b>OPERATING EXPENSES:</b>			
Administrative			
Accounting	6,960	6,960	6,960
Insurance	24,944	27,000	24,899
Manager	33,000	33,000	33,000
Office/Postage	516	500	263
Annual corporate report	15	15	15
Income tax expense	50	50	142
Interest expense	948	-	545
Loan fees	612	-	-
Collection fees	15	-	326
Bad debt expense	11,069	-	2,099
Maintenance			
Building maintenance	2,718	3,000	1,596
Window washing	2,000	2,000	2,000
Chimney maintenance	3,675	4,000	3,900
Trim and deck stain	15,000	20,000	19,500
Lawn maintenance & landscaping	19,281	21,000	21,353
Landscaping improvements	2,240	5,000	42,300
Recreation area			
Pool contract maintenance	21,050	18,000	15,000
Pool building maintenance	7,318	6,000	5,002
Pool supplies	4,280	2,500	2,696
Propane	4,476	5,000	4,764
Electricity - pool facility	4,328	5,000	5,128
Health dept. license	275	275	275
Security system	45	500	514
Telephone	431	500	392
Services			
Electricity	1,715	1,700	1,389
Garbage	10,084	11,000	10,051
Water and sewer	1,105	2,300	1,890
Snow shoveling	12,000	12,000	12,000
Snow plowing	<u>7,276</u>	<u>7,000</u>	<u>6,800</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>197,426</u>	<u>194,300</u>	<u>224,799</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>(2,525)</u>	<u>-</u>	<u>44,180</u>
Reserve additions			
Pool reserve	52,700	52,700	10,000
Re-siding reserve	20,000	20,000	10,000
Sprinkler replacement reserve	-	-	(20,000)
Roof reserve	<u>10,000</u>	<u>10,000</u>	<u>10,460</u>
<b>Total Reserve Additions</b>	82,700	82,700	10,460
Reserve expenditures	(226,145)	-	(20,329)
Fund balance at beginning of year	<u>138,940</u>	<u>138,940</u>	<u>104,629</u>
Fund balance at end of year	<u>\$ (7,030)</u>	<u>221,640</u>	<u>138,940</u>

See accountants' compilation report.

**SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION**

**SCHEDULE OF GENERAL OPERATING AND RESERVE ACTIVITY**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	General Operating	Reserves					Reserve Total	Total
		Roof	Pool	Sprinkler System	Re-Siding	Insurance		
<b>REVENUES:</b>								
Owners' assessments	\$ 192,300	10,000	52,700	-	20,000	-	82,700	275,000
Penalty & interest income	318	-	-	-	-	-	-	318
Investment interest income	333	-	-	-	-	-	-	333
Laundry income	1,950	-	-	-	-	-	-	1,950
<b>TOTAL REVENUE</b>	<b>194,901</b>	<b>10,000</b>	<b>52,700</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>82,700</b>	<b>277,601</b>
<b>OPERATING EXPENSES:</b>								
Administrative								
Accounting	6,960	-	-	-	-	-	-	6,960
Insurance	24,944	-	-	-	-	-	-	24,944
Manager	33,000	-	-	-	-	-	-	33,000
Office/Postage	516	-	-	-	-	-	-	516
Annual corporate report	15	-	-	-	-	-	-	15
Income tax expense	50	-	-	-	-	-	-	50
Interest Expense	948	-	-	-	-	-	-	948
Loan Fees	612	-	-	-	-	-	-	612
Collection Fees	15	-	-	-	-	-	-	15
Bad debt expense	11,069	-	-	-	-	-	-	11,069
Maintenance								
Building maintenance	2,718	-	-	-	-	-	-	2,718
Window washing	2,000	-	-	-	-	-	-	2,000
Chimney maintenance	3,675	-	-	-	-	-	-	3,675
Trim and deck stain	15,000	-	-	-	-	-	-	15,000
Lawn maintenance and landscaping	19,281	-	-	-	-	-	-	19,281
Landscaping improvements	2,240	-	-	-	-	-	-	2,240
Recreation area								
Pool contract maintenance	21,050	-	-	-	-	-	-	21,050
Pool building maintenance	7,318	-	-	-	-	-	-	7,318
Pool supplies	4,280	-	-	-	-	-	-	4,280
Propane	4,476	-	-	-	-	-	-	4,476
Electricity - Pool Building	4,328	-	-	-	-	-	-	4,328
Health dept. license	275	-	-	-	-	-	-	275
Security system	45	-	-	-	-	-	-	45
Telephone	431	-	-	-	-	-	-	431
Services								
Electricity	1,715	-	-	-	-	-	-	1,715
Garbage	10,084	-	-	-	-	-	-	10,084
Water and sewer	1,105	-	-	-	-	-	-	1,105
Snow shoveling	12,000	-	-	-	-	-	-	12,000
Snow plowing	7,276	-	-	-	-	-	-	7,276
<b>Total operating expenses</b>	<b>197,426</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197,426</b>
Reserve expenditures	-	-	226,145	-	-	-	226,145	226,145
<b>Total expenses</b>	<b>197,426</b>	<b>-</b>	<b>226,145</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>226,145</b>	<b>423,571</b>
Excess revenues over expenses	(2,525)	10,000	(173,445)	-	20,000	-	(143,445)	(145,970)
Fund balance at 9/30/14	45,090	14,179	59,671	-	10,000	10,000	93,850	138,940
<b>Fund balance at 9/30/15</b>	<b>\$ 42,565</b>	<b>24,179</b>	<b>(113,774)</b>	<b>-</b>	<b>30,000</b>	<b>10,000</b>	<b>(49,595)</b>	<b>(7,030)</b>

See accountants' compilation report.

**SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION**

**SCHEDULE OF GENERAL OPERATING AND RESERVE ACTIVITY**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	General Operating	Reserves					Reserve Total	Total
		Roof	Pool	Siding	Sprinkler System	Insurance		
<b>REVENUES:</b>								
Owners' assessments	\$ 264,540	10,460	-	-	-	-	10,460	275,000
Penalty & interest income	2,019	-	-	-	-	-	-	2,019
Investment interest income	455	-	-	-	-	-	-	455
Laundry income	1,965	-	-	-	-	-	-	1,965
<b>TOTAL REVENUE</b>	<b>268,979</b>	<b>10,460</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,460</b>	<b>279,439</b>
<b>OPERATING EXPENSES:</b>								
Administrative								
Accounting	6,960	-	-	-	-	-	-	6,960
Insurance	24,899	-	-	-	-	-	-	24,899
Manager	33,000	-	-	-	-	-	-	33,000
Office/Postage	263	-	-	-	-	-	-	263
Annual corporate report	15	-	-	-	-	-	-	15
Income tax expense	142	-	-	-	-	-	-	142
Interest Expense	545	-	-	-	-	-	-	545
Collection Fees	326	-	-	-	-	-	-	326
Bad debt expense	2,099	-	-	-	-	-	-	2,099
Maintenance								
Building maintenance	1,596	-	-	-	-	-	-	1,596
Window washing	2,000	-	-	-	-	-	-	2,000
Chimney maintenance	3,900	-	-	-	-	-	-	3,900
Trim and deck stain	19,500	-	-	-	-	-	-	19,500
Entry Sign Replacement	-	-	-	-	-	-	-	-
Lawn maintenance and landscaping	21,353	-	-	-	-	-	-	21,353
Landscaping improvements	42,300	-	-	-	-	-	-	42,300
Recreation area								
Pool contract maintenance	15,000	-	-	-	-	-	-	15,000
Pool building maintenance	5,002	-	-	-	-	-	-	5,002
Pool supplies	2,696	-	-	-	-	-	-	2,696
Propane	4,764	-	-	-	-	-	-	4,764
Electricity - Pool Building	5,128	-	-	-	-	-	-	5,128
Health dept. license	275	-	-	-	-	-	-	275
Security system	514	-	-	-	-	-	-	514
Telephone	392	-	-	-	-	-	-	392
Services								
Electricity	1,389	-	-	-	-	-	-	1,389
Garbage	10,051	-	-	-	-	-	-	10,051
Water and sewer	1,890	-	-	-	-	-	-	1,890
Snow shoveling	12,000	-	-	-	-	-	-	12,000
Snow plowing	6,800	-	-	-	-	-	-	6,800
Reserve expenditures	-	-	20,329	-	-	-	20,329	20,329
<b>TOTAL EXPENDITURES</b>	<b>224,799</b>	<b>-</b>	<b>20,329</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,329</b>	<b>245,128</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>44,180</b>	<b>10,460</b>	<b>(20,329)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,869)</b>	<b>34,311</b>
Fund balance at beginning of year	910	3,719	70,000	-	20,000	10,000	103,719	104,629
Transfers	-	-	10,000	10,000	(20,000)	-	-	-
Fund balance at end of year	<b>\$ 45,090</b>	<b>14,179</b>	<b>59,671</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>	<b>93,850</b>	<b>138,940</b>

See accountants' compilation report.