

SILVER BOW CONDOMINIUM
OWNERS ASSOCIATION

FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

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, 2016 and 2015, and the related statements of revenues and expenses and changes in fund balance – historical and budgeted (2016 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.

October 31, 2016

SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION

BALANCE SHEETS

SEPTEMBER 30, 2016 AND 2015

	<u>ASSETS</u>	
	<u>2016</u>	<u>2015</u>
CURRENT ASSETS:		
BSWB operating account	\$ 3,529	1,864
BSWB interest bearing account	30,721	45,332
Certificates of Deposit	<u>95,133</u>	<u>65,000</u>
Total Cash accounts	129,383	112,196
Less Reserved Cash	<u>(25,405)</u>	<u>(44,949)</u>
Total Unreserved cash	103,978	67,247
Reserved cash	25,405	44,949
Assessments receivable	30,634	22,552
Less: Allowance for bad debts	(19,619)	(19,619)
Accrued interest receivable	92	50
Prepaid insurance and deposits	<u>4,859</u>	<u>4,119</u>
Total current assets	<u>145,349</u>	<u>119,298</u>
TOTAL ASSETS	<u>\$ 145,349</u>	<u>119,298</u>

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES:		
Accounts payable	\$ 25,861	12,654
Income taxes payable	50	50
Current portion of long term debt	20,010	26,849
Accrued interest payable	<u>-</u>	<u>279</u>
Total current liabilities	<u>45,921</u>	<u>39,832</u>
LONG TERM LIABILITIES:		
BSWB note payable	50,000	113,345
Less current portion of long term debt	<u>(20,010)</u>	<u>(26,849)</u>
Total long term liabilities	<u>29,990</u>	<u>86,496</u>
TOTAL LIABILITIES	<u>75,911</u>	<u>126,328</u>
FUND BALANCE:		
Reserves	25,405	(49,595)
Retained assessments	<u>44,033</u>	<u>42,565</u>
Total fund balance	<u>69,438</u>	<u>(7,030)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 145,349</u>	<u>119,298</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, 2016 AND 2015

	<u>ACTUAL</u> <u>9/30/2016</u>	<u>BUDGET</u> <u>9/30/2016</u>	<u>ACTUAL</u> <u>9/30/2015</u>
REVENUE:			
Owners' assessments	\$ 200,000	200,000	\$ 192,300
Penalty & interest income	2,019	-	318
Investment interest income	241	200	333
Legal fee reimbursement	680	-	-
Laundry and miscellaneous income	<u>1,951</u>	<u>1,800</u>	<u>1,950</u>
TOTAL REVENUE	<u>204,891</u>	<u>202,000</u>	<u>194,901</u>
OPERATING EXPENSES:			
Administrative			
Accounting	6,960	6,960	6,960
Insurance	28,646	27,000	24,944
Legal fees	1,433	2,000	-
Manager	33,000	33,000	33,000
Office/Postage	423	500	516
Annual corporate report	20	15	15
Income tax expense	50	50	50
Interest expense	3,973	5,000	948
Loan fees	-	-	612
Collection fees	-	-	15
Bad debt expense	-	-	11,069
Maintenance			
Building maintenance	6,029	3,000	2,718
Window washing	2,000	2,000	2,000
Chimney maintenance	4,155	4,000	3,675
Trim and deck stain	17,500	20,000	15,000
Lawn maintenance & landscaping	22,744	22,500	19,281
Landscaping improvements	325	2,500	2,240
Recreation area			
Pool contract maintenance	18,600	19,000	21,050
Pool building maintenance	10,827	6,000	7,318
Pool supplies	5,208	3,000	4,280
Propane	3,101	5,000	4,476
Electricity - pool facility	4,970	5,000	4,328
Health dept. license	275	275	275
Security system	-	500	45
Telephone	465	500	431
Services			
Electricity	1,418	1,700	1,715
Garbage	10,385	11,000	10,084
Water and sewer	1,640	2,000	1,105
Snow shoveling	12,000	12,000	12,000
Snow plowing	<u>7,276</u>	<u>7,500</u>	<u>7,276</u>
TOTAL OPERATING EXPENSES	<u>203,423</u>	<u>202,000</u>	<u>197,426</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>1,468</u>	<u>-</u>	<u>(2,525)</u>
Reserve additions			
Pool reserve	40,000	40,000	52,700
Re-siding reserve	15,000	15,000	20,000
Landscaping reserve	5,000	5,000	-
Roof reserve	<u>15,000</u>	<u>15,000</u>	<u>10,000</u>
Total Reserve Additions	75,000	75,000	82,700
Reserve expenditures	-	-	(226,145)
Fund balance at beginning of year	<u>(7,030)</u>	<u>(7,030)</u>	<u>138,940</u>
Fund balance at end of year	<u>\$ 69,438</u>	<u>67,970</u>	<u>\$ (7,030)</u>

See accountants' compilation report.

SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION

SCHEDULE OF GENERAL OPERATING AND RESERVE ACTIVITY

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General Operating	Reserves					Reserve Total	Total
		Roof	Pool	Re-Siding	Insurance	Landscaping		
REVENUES:								
Owners' assessments	\$ 200,000	15,000	40,000	15,000	-	5,000	75,000	275,000
Penalty & interest income	2,019	-	-	-	-	-	-	2,019
Investment interest income	241	-	-	-	-	-	-	241
Legal fee reimbursement	680	-	-	-	-	-	-	680
Miscellaneous income	70	-	-	-	-	-	-	70
Laundry income	1,881	-	-	-	-	-	-	1,881
TOTAL REVENUE	204,891	15,000	40,000	15,000	-	5,000	75,000	279,891
OPERATING EXPENSES:								
Administrative								
Accounting	6,960	-	-	-	-	-	-	6,960
Insurance	28,646	-	-	-	-	-	-	28,646
Legal fees	1,433	-	-	-	-	-	-	1,433
Manager	33,000	-	-	-	-	-	-	33,000
Office/Postage	423	-	-	-	-	-	-	423
Annual corporate report	20	-	-	-	-	-	-	20
Income tax expense	50	-	-	-	-	-	-	50
Interest expense	3,973	-	-	-	-	-	-	3,973
Maintenance								
Building maintenance	6,029	-	-	-	-	-	-	6,029
Window washing	2,000	-	-	-	-	-	-	2,000
Chimney maintenance	4,155	-	-	-	-	-	-	4,155
Trim and deck stain	17,500	-	-	-	-	-	-	17,500
Lawn maintenance & landscaping	22,744	-	-	-	-	-	-	22,744
Landscaping improvements	325	-	-	-	-	-	-	325
Recreation area								
Pool contract maintenance	18,600	-	-	-	-	-	-	18,600
Pool building maintenance	10,827	-	-	-	-	-	-	10,827
Pool supplies	5,208	-	-	-	-	-	-	5,208
Propane	3,101	-	-	-	-	-	-	3,101
Electricity - pool facility	4,970	-	-	-	-	-	-	4,970
Health dept. license	275	-	-	-	-	-	-	275
Security system	-	-	-	-	-	-	-	-
Telephone	465	-	-	-	-	-	-	465
Services								
Electricity	1,418	-	-	-	-	-	-	1,418
Garbage	10,385	-	-	-	-	-	-	10,385
Water and sewer	1,640	-	-	-	-	-	-	1,640
Snow shoveling	12,000	-	-	-	-	-	-	12,000
Snow plowing	7,276	-	-	-	-	-	-	7,276
Total operating expenses	203,423	-	-	-	-	-	-	203,423
Reserve expenditures	-	-	-	-	-	-	-	-
Total expenses	203,423	-	-	-	-	-	-	203,423
Excess revenues over expenses	1,468	15,000	40,000	15,000	-	5,000	75,000	76,468
Fund balance at 9/30/15	42,565	24,179	(113,774)	30,000	10,000	-	(49,595)	(7,030)
Fund balance at 9/30/16	\$ 44,033	39,179	(73,774)	45,000	10,000	5,000	25,405	69,438

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		
REVENUES:								
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
TOTAL REVENUE	194,901	10,000	52,700	-	20,000	-	82,700	277,601
OPERATING EXPENSES:								
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
Total operating expenses	197,426	-	-	-	-	-	-	197,426
Reserve expenditures	-	-	226,145	-	-	-	226,145	226,145
Total expenses	197,426	-	226,145	-	-	-	226,145	423,571
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
Fund balance at 9/30/15	\$ 42,565	24,179	(113,774)	-	30,000	10,000	(49,595)	(7,030)

See accountants' compilation report.