

**Silver Queen West at Wilderrest
Condominium Association
Financial Statements
December 31, 2013**

Silver Queen West at Wilderrest - Condominium Association
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December 31, 2013

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Independent Accountant's Review Report

**To the Board of Directors
Silver Queen West at Wilderrest - Condominium Association
Silverthorne, Colorado**

We have reviewed the accompanying balance sheet of Silver Queen West at Wilderrest – Condominium Association as of December 31, 2013, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The prior year summarized comparative information has been derived from Silver Queen West at Wilderrest – Condominium Association's 2012 financial statements and, in our report dated October 17, 2013 we stated we were not aware of any material modifications that should be made to those financial statements.

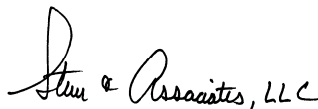
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation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

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The Schedule of Operating Fund Revenues and Expenses – Budget to Actual on page 9 is presented for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made to it.

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 10 be presented to supplement the basic financial statements. Such 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The required supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the required supplementary information and, accordingly, we do not express an opinion or provide any assurance on such required supplementary information.



**Stuhr and Associates, LLC
Frisco, Colorado
September 11, 2014**

Silver Queen West at Wildercrest - Condominium Association
Balance Sheets
December 31, 2013
(With Comparative Totals for 2012)

	2013			2012
	Operating Fund	Replacement Fund	Total	Total
ASSETS				
Cash and cash equivalents	\$ 77,113	95,005	172,118	219,365
Accounts receivable	8,925	-	8,925	5,258
Prepaid insurance	16,854	-	16,854	-
Due (to) from other fund	(15,567)	15,567	-	-
Special assessment receivable				
Short term	-	10,337	10,337	10,532
Long term	-	-	-	10,958
Property and equipment:				
Manager's unit	36,968	-	36,968	36,968
Equipment	67,941	-	67,941	67,941
Garage	16,687	-	16,687	16,687
	<u>121,596</u>	<u>-</u>	<u>121,596</u>	<u>121,596</u>
Less: Accumulated depreciation	(100,091)	-	(100,091)	(93,914)
Total Property and equipment	<u>21,505</u>	<u>-</u>	<u>21,505</u>	<u>27,682</u>
TOTAL ASSETS	<u>108,830</u>	<u>120,909</u>	<u>229,739</u>	<u>273,795</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	23,780	26,520	50,300	21,831
Accrued expenses	9,936	-	9,936	9,591
Accrued payroll and payroll taxes payable	6,341	-	6,341	5,319
Prepaid regular assessments	46,862	-	46,862	16,802
Prepaid special assessments	-	218,650	218,650	89,425
	<u>86,919</u>	<u>245,170</u>	<u>332,089</u>	<u>142,968</u>
TOTAL LIABILITIES	<u>86,919</u>	<u>245,170</u>	<u>332,089</u>	<u>142,968</u>
			-	
Fund balances	<u>21,911</u>	<u>(124,261)</u>	<u>(102,350)</u>	<u>130,827</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>108,830</u>	<u>120,909</u>	<u>229,739</u>	<u>273,795</u>

See accompanying Notes and Independent Accountant's Review Report

Silver Queen West at Wilderrest - Condominium Association
Statements of Revenues, Expenses, and Changes in Fund Balances
For the Year Ended December 31, 2013
(With Comparative Totals for 2012)

	2013			2012
	Operating Fund	Replacement Fund	Total	Total
REVENUES				
Regular assessments	\$ 343,236	141,972	485,208	485,208
Interest income	-	1,196	1,196	2,262
Laundry income	4,915	-	4,915	4,505
Closet rental	5,993	-	5,993	5,512
Garage reimbursements	7,200	-	7,200	7,200
Discounts on assessments	(8,848)	-	(8,848)	(7,988)
TOTAL REVENUES	352,496	143,168	495,664	496,699
EXPENSES				
Wages and related expenses:				
Manager's salary	50,345	-	50,345	47,089
Manager assistants and laborers	29,143	-	29,143	27,570
Payroll taxes	6,487	-	6,487	6,362
Insurance - worker's compensation	2,595	-	2,595	1,880
Insurance - employee health	22,325	-	22,325	21,332
Operating expenses:				
Accounting	14,400	-	14,400	13,200
Financial review	3,600	-	3,600	5,125
Bad debt expense	2,134	-	2,134	-
Bank service charges	148	-	148	153
Cable TV	44,731	-	44,731	42,823
Depreciation	6,177	-	6,177	6,383
Electricity and gas	43,345	-	43,345	37,214
Electricity - manager's unit	588	-	588	584
Insurance - building	35,285	-	35,285	30,975
Interest expense	-	-	-	1,418
Legal and collection	5,096	-	5,096	4,052
Office supplies and expense	849	-	849	1,200
Property taxes - manager's unit	1,308	-	1,308	1,293
Rent - garage	600	-	600	600
Repairs and maintenance	15,112	-	15,112	27,350
Sanitation	33,072	-	33,072	33,072
Snow removal	1,007	-	1,007	521
Telephone	1,295	-	1,295	1,900
Trash removal	7,080	-	7,080	7,505
Truck expenses	2,605	-	2,605	3,472
Water	17,808	-	17,808	17,819
Miscellaneous	980	-	980	979
Major repairs and replacements:				
Seal coat	-	-	-	13,100
Restoration	-	380,726	380,726	24,151
TOTAL EXPENSES	348,115	380,726	728,841	379,122
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES				
	4,381	(237,558)	(233,177)	117,577
Beginning Fund Balances (Deficit)	21,911	108,916	130,827	13,250
Transfer Fund Balance	(4,381)	4,381	-	-
ENDING FUND BALANCES	21,911	(124,261)	(102,350)	130,827

See accompanying Notes and Independent Accountant's Review Report

Silver Queen West at Wilderrest - Condominium Association
Statements of Cash Flows
For the Year Ended December 31, 2013
(With Comparative Totals for 2012)

	2013			2012
	Operating Fund	Replacement Fund	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from members	\$ 367,981	282,350	650,331	561,717
Interest income	-	1,196	1,196	2,262
Other cash receipts	10,908	-	10,908	10,017
Cash paid for goods and services	(270,523)	(354,206)	(624,729)	(218,540)
Cash paid for salaries and wages	(84,953)	-	(84,953)	(81,100)
Interfund transfers	13,614	(13,614)	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	37,027	(84,274)	(47,247)	274,356
CASH FLOWS FROM FINANCING ACTIVITIES				
Fund balance transfer	(4,381)	4,381	-	-
Principal repaid	-	-	-	(130,747)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(4,381)	4,381	-	(130,747)
NET INCREASE (DECREASE) IN CASH	32,646	(79,893)	(47,247)	143,609
CASH AT BEGINNING OF YEAR	44,467	174,898	219,365	75,756
CASH AT END OF YEAR	77,113	95,005	172,118	219,365
RECONCILIATION OF EXCESS (DEFICIENCY) OVER EXPENSE TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	4,381	(237,558)	(233,177)	117,577
Depreciation	6,177	-	6,177	6,383
(Increase) decrease in accounts receivable	(3,667)	-	(3,667)	(1,987)
(Increase) decrease in special assessment receivable	-	11,153	11,153	24,115
(Increase) decrease in prepaid insurance	(16,854)	-	(16,854)	28,731
Increase (decrease) in accounts payable	1,949	26,520	28,469	(29,171)
Increase (decrease) in payroll taxes payable	1,022	-	1,022	(80)
Increase (decrease) in accrued expenses	345	-	345	26
Increase (decrease) in prepaid regular assessments	30,060	-	30,060	(34,256)
Increase (decrease) in prepaid special assessment	-	129,225	129,225	89,425
Increase (decrease) in insurance claim fund	-	-	-	73,593
Increase (decrease) in due to (from) other fund	13,614	(13,614)	-	-
Total Adjustments	32,646	153,284	185,930	156,779
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	37,027	(84,274)	(47,247)	274,356

See accompanying Notes and Independent Accountant's Review Report

Silver Queen West at Wilderrest - Condominium Association
Notes to the Financial Statements
December 31, 2013

A. Nature of Organization

Silver Queen West at Wilderrest – Condominium Association (the “Association”) is a condominium association incorporated in November, 1973 as a Colorado non-profit corporation. The primary function of the Association is to maintain, preserve, and operate the common property of the Association in a fiduciary capacity for the benefit and enjoyment of the owners. The Association consists of 106 residential units in four buildings located in Silverthorne, Colorado.

B. Summary of Significant Accounting Policies

1. Basis of Accounting

The Association follows the accrual basis of accounting, whereby revenue is recognized when earned rather than received, and expenses are recognized when incurred rather than when paid.

2. Fund Accounting

Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund – This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund – This fund is used to accumulate financial resources designated for future major repairs and replacements.

3. Member assessments

Association members are subject to monthly assessments to provide funds for the Association’s operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association allocates specific funds from the budget for replacement reserves, and any additional income after the payment of normal operating expenses is also allocated to the replacement reserves for future projects. At December 31, 2013 the Association directors considered all assessments receivable to be collectible; therefore, no allowance for uncollectible accounts is deemed necessary.

The Association’s late payment policy is as follows: If the Association does not receive payment for any common expense in full on or before thirty (30) days after it becomes due, the delinquent member shall be liquidated damages for the Association’s time, inconvenience, and overhead in collecting the late payment, as follows:

- a) A \$10 per month late fee; and
- b) Interest at a 18% Annual Percentage Rate from the original dues date until the date of payment.

If an account contains delinquencies for more than sixty (60) days or has an outstanding balance of \$500 or more, the Association will give the member thirty (30) days notice to suspend any or all of the following privileges, if applicable:

- a) Voting privileges;
- b) Use of common amenities, if any.

Silver Queen West at Wilderrest - Condominium Association
Notes to the Financial Statements
December 31, 2013

B. Summary of Significant Accounting Policies (continued)

4. Interest income

Interest income is allocated to the replacement fund.

5. Income taxes

Condominium associations may be taxed either as homeowners' associations or as regular corporations. For the year ended December 31, 2013, the Association was taxed as a regular corporation and filed Form 1120. As a regular corporation, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its non-membership income, such as interest earnings, at regular federal and state corporate rates. The Association incurred no tax expense for the year ended December 31, 2013. The Association has a federal and state operating loss carry forward of \$13,025 as of December 31, 2013. This loss carry forward has not been recorded as a deferred income tax asset to these financial statements because of the uncertainty of future taxable income to apply the benefit.

The Association is subject to examination in the U.S. federal and Colorado state tax jurisdictions for the 2010 – 2012 tax years and 2011 – 2012 tax years, respectively. There are no current examinations of the Association's prior year tax returns. No changes in this position are expected in the next twelve months.

6. Property and equipment

The Association capitalizes all property and equipment to which it has title or other evidence of ownership with the exception of real property and all common property associated with the units. Common property provided by the developer is owned directly by the owners of the units. The Association is responsible for maintaining and replacing, but does not own common property, and therefore, such property is not reflected in these financial statements.

Depreciation is computed using the straight-line method over the estimated useful lives as follows:

	<u>Years</u>
Manager's unit	40
Equipment	5 – 12
Garage	40
Manager's Unit additions	7

Depreciation expense was \$6,177 for the year ended December 31, 2013.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Silver Queen West at Wilderrest - Condominium Association
Notes to the Financial Statements
December 31, 2013

C. Cash and cash equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. As of December 31, 2013 the Association's cash and cash equivalents consisted of checking accounts.

D. Fair Value Measurement of Financial Instruments

The Association's financial instruments consist of cash, receivables and payables. The carrying amount of these financial instruments approximates fair value because of the short-term nature of these items.

E. Concentration of Credit Risk

The Association's financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits in the operating and reserve bank accounts. At times, such investments may be in excess of the Federal Deposit Insurance Corporation ("FDIC") limit of \$250,000. The risk is managed by maintaining the funds in high quality institutions. At December 31, 2013 no Association funds were at risk.

F. Prepaid Assessments

Prepaid Regular Assessments

Prepaid assessments are amounts collected in advance by the Association on assessments for the subsequent fiscal year. Management adopted a 5% discount for all owners prepaying the annual assessment by the beginning of the fiscal year. Prepaid assessments as of December 31, 2013 totaled \$46,862.

Prepaid Special Assessment

The Association is planning for a special assessment due March 31, 2014 in the amount of \$1,750,000 for a building renovation project. The Association offered pre-payment and payment plan incentives in advance of the due date. The Prepaid special assessment balance of \$218,650 as of December 31, 2013 represents amounts collected from owners who have paid in advance of the due date toward the special assessment.

G. Accrued Compensated Absences

Effective September 1, 2006 the Association instituted an All Purpose Leave policy for full time and year around part-time employees. Under this policy, employees accrue hours of leave based on years of service and hours worked, of which not more than 160 hours may be carried over to the following calendar year. As of December 31, 2013 the accrued all purpose leave liability was \$9,936.

H. Commitments

The Association entered into a verbal agreement in 1999 with Mountain Systems, Inc. for administrative services. The Management Agreement ("Agreement") was formalized in writing effective September 1, 2006 through August 31, 2007. The Agreement automatically renews annually for consecutive one year periods beginning September 1, 2007. The Agreement is subject to notification by either party in writing with 30 days notice for cause or with 90 days notice without cause. Total fees for administrative services were \$14,400 for the year ended December 31, 2013. Fees at renewal are mutually agreed upon during the annual budget process.

Silver Queen West at Wilderrest - Condominium Association
Notes to the Financial Statements
December 31, 2013

I. Notes Payable

Effective October 25, 2010, the Association entered into a Credit Agreement ("Agreement") with Alpine Bank for a line of credit with a credit limit of \$172,500. Minimum payments are due monthly equal to the amount of accrued finance charges. Finance charges are calculated by applying a periodic rate. The periodic rate is determined by the prime rate based on the independent index of JP Morgan Chase Bank plus a margin, and is subject to change from time to time based on changes in the index. The line of credit has a maturity date of October 10, 2015, at which time all amounts advanced and any unpaid accrued interest, are due in full. The line of credit is secured by the Deed of Trust on the manager's unit owned by the Association. No amount was due on the line of credit as of December 31, 2013. Interest expense incurred with respect to this Agreement during the year ended December 31, 2013 was \$0.

K. Future Major Repairs and Replacements

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds are held in a separate savings account and generally are not available for expenditures for normal operations.

A study is conducted and reviewed annually by management and the Board to estimate the remaining useful lives and the replacement costs of the common property components. The Board is funding major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund.

The Association annually budgets, funds and incurs repairs and replacements deemed necessary to prolong the useful lives of the common area items. Actual expenses, however, may vary from the estimated amounts and the variations may be material. Therefore, funds may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments, or to delay major repairs and replacements until the funds are available. The Association also reserves the right to borrow against the manager's unit in the event of an unforeseen major expense that requires immediate action.

L. Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 3, 2014, the date that the financial statements were available to be issued.

Silver Queen West at Wilderrest - Condominium Association
Schedule of Operating Fund Revenues and Expenses - Budget and Actual
For the Year Ended December 31, 2013
(With Comparative Totals for 2012)

	<u>2013</u>		Variance Favorable (Unfavorable)	<u>2012</u>
	<u>Budget</u>	<u>Actual</u>		<u>Total</u>
REVENUES				
Regular assessments	\$ 343,236	343,236	-	343,236
Laundry	4,800	4,915	115	4,505
Closet rental	5,000	5,993	993	5,512
Garage reimbursements	7,200	7,200	-	7,200
Discounts on assessments	(8,000)	(8,848)	(848)	(7,988)
TOTAL REVENUES	<u>352,236</u>	<u>352,496</u>	<u>260</u>	<u>352,465</u>
EXPENSES				
Wages and related expenses:				
Manager's salary	49,000	50,345	(1,345)	47,089
Manager assistants and laborers	28,000	29,143	(1,143)	27,570
Payroll taxes	6,750	6,487	263	6,362
Insurance - worker's compensation	3,000	2,595	405	1,880
Insurance - employee health	22,000	22,325	(325)	21,332
Operating expenses:				
Accounting	14,400	14,400	-	13,200
Financial review	4,000	3,600	400	5,125
Bad debt expense	-	2,134	(2,134)	-
Bank service charges	-	148	(148)	153
Cable TV	45,000	44,731	269	42,823
Depreciation	-	6,177	(6,177)	6,383
Electricity and gas	42,000	43,345	(1,345)	37,214
Electricity - manager's unit	650	588	62	584
Insurance - building	36,000	35,285	715	30,975
Interest expense	-	-	-	1,418
Legal and collection	3,000	5,096	(2,096)	4,052
Miscellaneous	1,200	980	220	979
Office supplies and expense	1,500	849	651	1,200
Property taxes - manager's unit	1,300	1,308	(8)	1,293
Rent - garage	600	600	-	600
Repairs and maintenance	24,400	15,112	9,288	27,350
Sanitation	33,072	33,072	-	33,072
Snow removal	600	1,007	(407)	521
Telephone	1,860	1,295	565	1,900
Trash removal	8,200	7,080	1,120	7,505
Truck expenses	4,800	2,605	2,195	3,472
Water	17,808	17,808	-	17,819
TOTAL EXPENSES	<u>349,140</u>	<u>348,115</u>	<u>1,025</u>	<u>341,871</u>
EXCESS OF OPERATING FUND REVENUES OVER OPERATING FUND EXPENSES	<u>3,096</u>	<u>4,381</u>	<u>1,285</u>	<u>10,594</u>

See Independent Accountant's Review Report

Silver Queen West at Wilderrest – Condominium Association
Supplementary Information on Future Major Repairs and Replacements
December 31, 2013

The Association's management conducts an annual informal study to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs are based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

The Association's Board of Directors has not allocated the Replacement Fund Balance at December 31, 2013 or the 2013 funding requirement to each component of common property.

The following information is based on the study and presents significant information about the components of common property.

<u>Components</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Current Replacement Cost</u>
Parking/Building Walls		
Buildings A&B	18	\$35,000
Buildings C&D – upper	18	35,000
Buildings C&D – lower	9	13,000
Parking Lot replacement		
Upper A&B	9	68,000
Lower A&B	9	60,000
Upper C&D	9	55,000
Lower C&D	9	70,000
Dumpster pads	9	4,000
Parking Lot seal coat		
Upper lots	2	10,000
Lower lots	2	3,600
Roof replacement		
A Building	8	53,193
B Building	8	53,193
C Building	8	45,000
D Building	8	45,000
Garage	8	15,097
Building restoration		
Design	1	50,000
Phase 2	1	2,005,000
Boiler Replacement		
A Building	13	68,000
B Building	13	68,000
C Building	13	76,000
D Building	12	76,000
Vehicle replacement		
Truck		40,000
Backhoe		20,000
Service lines/drainage		
A/B	27	40,000
C/D	27	75,000
		<u>3,083,083</u>

See Independent Accountant's Review Report