

**Spalding Management Services, LLC**  
**P.O. Box 49**  
**Aspen, Colorado 81612**  
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**[spalding3@comcast.net](mailto:spalding3@comcast.net)**

December 20, 2007

Shadow Mountain Townhomes Owners  
Aspen, Colorado

Dear Homeowner:

Attached you will find the approved budget and explanation for the Shadow Mountain Townhomes Association for the year ending October 31, 2008. Please feel free to contact me at (970) 925-9131 or via e-mail at [spalding3@comcast.net](mailto:spalding3@comcast.net) with any questions you might have. Please note that we will review this budget at the February 6, 2008 annual meeting. Thank you.

Sincerely,

*Susan*

Susan W. Spalding

Attachment

**SHADOW MOUNTAIN TOWNHOMES ASSOCIATION**

**APPROVED BUDGET**

**YEAR ENDING OCTOBER 31, 2008**

**SHADOW MOUNTAIN TOWNHOMES ASSOCIATION  
BUDGET EXPLANATION  
YEAR ENDING OCTOBER 31, 2008**

The operating expense budget for the Shadow Mountain Townhomes Association for the year ending October 31, 2008 totals \$268,400. The operating assessments total \$266,000 which is \$1,000 greater than last year due to the increased insurance coverage for the property. In 2006 the Board decided to temporarily suspend the annual Capital Reserve assessment given the sale of Unit 1 in 2005. The Board voted to reinstate the Capital Reserve assessment at the 2005 level of \$36,000.

1. Operating Income: Operating assessments have been budgeted at \$266,000 for the year. The operating expenses are budgeted at \$268,400, and the assessments have been reduced by the anticipated \$2,400 of Unit A rental income.
  
2. Administration Expenses:  
Administration expenses have been budgeted at \$55,550 for the year.
  - a. Account 6010 - Administration fee of \$21,900 represents the monies paid to Spalding Management Services for administrative management and accounting services and includes a three percent increase.
  - b. Account 6020 – Condominium Association Costs is budgeted at \$4,700. This includes monies for tax return preparation, rental of the conference room for the annual meeting and meeting minute preparation, Board conference call expenses, monies for check stock and federal filing fees that occur during the year, and other miscellaneous administrative expenses.
  - c. Account 6030 – Insurance is budgeted at \$16,950 for the year. Component parts include the master policy (\$12,974), directors and officer's (\$1,441), difference in conditions (\$1,848), and \$833 for umbrella coverage of \$25 million. The master policy price increased \$800 as coverage was increased to \$372 per square foot.
  - d. Account 6040 – Legal is budgeted at \$12,000 for the year for issues concerning the neighborhood development.
  - e. No monies have been budgeted for income taxes yet they will be incurred given that the Association is earning interest income on the capital reserve accounts and it must pay taxes on this income, as well as on the rental income for unit A (a nominal amount). The taxes due on interest income will be paid out of the interest income by reclassifying it from Capital Reserve to Operating income.
  
3. Maintenance Expenses:  
Maintenance expenses have been budgeted at \$147,580 for the year.
  - a. Account 6110 – Building represents monies paid to Patrick Jones for maintaining the property. He is paid a fixed rate of \$6,215 per month (for a total of \$74,580) to do all maintenance on the property, including monitoring the tram and shoveling snow.
  - b. Account 6120 – Outside Services is budgeted at \$23,000. This represents monies paid to outside vendors for work done to maintain the building.

- c. Account 6130 – Supplies is budgeted at \$7,000.
- d. Account 6140 – Snow Removal is budgeted at \$22,500 for the year. The base rate for the season for snow plowing is \$1,525, and Valley Plowing charges for extra days of plowing and hauling snow from the parking lot. Snow shoveling is covered in the building maintenance account as described above. Approximately \$20,000 is in the budget to pay for potential shoveling of the roof, the need for which is unknown at this time. Two years ago the roof was shoveled at a negotiated cost of \$15,000 (versus the billed amount of \$23,895). The roof snow levels will need to be monitored so as not to void the roof warranty with Basalt Roofing.
- e. Account 6150 – Grounds is budgeted at \$7,500 for flowers and their maintenance.
- f. Account 6175 – Tram is budgeted at \$7,000. This represents the costs to pay outside vendors for tram maintenance, along with any supplies that are purchased for the tram, and all licensing fees incurred.
- g. Account 6180 – Pool is budgeted at \$3,000 for the year. This is paid to outside vendors for pool repairs and supplies.
- h. Account 6190 – Security is paid to Aspen Patrol Security Company for nightly security services. This has been budgeted at \$3,000 for the year.

4. Utilities:

Total utilities are budgeted at \$64,270 for the year.

- a. Account 6210 – Electric is budgeted at \$15,500 based upon actual costs incurred during the prior year.
- b. Account 6220 – Water is budgeted at \$4,500, which is slightly increased from 2007.
- c. Account 6230 – Common Gas is budgeted at \$18,000 given the prior year actual expense. This is budgeted \$8,000 less than the prior year due to the installation of the new pool boiler and the resulting savings.
- d. Account 6240 – Cable Television Service is budgeted at \$10,400.
- e. Account 6250 – Sewer is budgeted at \$4,600.
- f. Account 6260 – Trash Removal is budgeted at \$4,800.
- g. Account 6270 – Tram Phone is budgeted at \$770.
- h. Account 6280 – High Speed Internet is budgeted at \$5,700 for service to the units.

5. Operating Reserve:

The operating reserve has been budgeted at \$1,000 which is unchanged from the prior year.

6. Unit A Expenses:

Unit A rental income is budgeted at \$2,400 for the year, which is included in the operating income section above. Expenses for the unit have been marginal at most so they have been included in maintenance expenses above. Depreciation is a non-cash expense which will be booked at the end of the year.

10:22 AM  
12/20/07  
Accrual Basis

# Shadow Mountain Townhomes Profit & Loss Budget Overview November 2007 through October 2008

	<u>Nov '07 - Oct 08</u>
<b>Income</b>	
4100 · Common Assessments	266,000.00
4200 · Capital Assessments	36,000.00
4210 · Interest Income Cap Res	0.00
4300 · Rental Income	2,400.00
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<b>Total Income</b>	304,400.00
<b>Expense</b>	
<b>Administration</b>	
6010 · Administration Fee	21,900.00
6020 · Condominium Assoc. Cost	4,700.00
6030 · Insurance	16,950.00
6040 · Legal & Professional	12,000.00
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<b>Total Administration</b>	55,550.00
<b>Maintenance</b>	
6110 · Building	74,580.00
6120 · Outside Services	23,000.00
6130 · Supplies	7,000.00
6140 · Snow Removal	22,500.00
6150 · Grounds	7,500.00
6175 · Tram	7,000.00
6180 · Pool	3,000.00
6190 · Security	3,000.00
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<b>Total Maintenance</b>	147,580.00
<b>Utilities</b>	
6210 · Electric	15,500.00
6220 · Water	4,500.00
6230 · Common Gas	18,000.00
6240 · Cable Television Service	10,400.00
6250 · Sewer	4,600.00
6260 · Trash Removal	4,800.00
6270 · Tram Phone	770.00
6280 · High Speed Internet	5,700.00
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<b>Total Utilities</b>	64,270.00
<b>Other Expenses</b>	
6310 · Operating Reserve	1,000.00
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<b>Total Other Expenses</b>	1,000.00
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<b>Total Expense</b>	268,400.00
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<b>Net Income</b>	<b>36,000.00</b>