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February 18, 2011

Board of Managers
Shadow Mountain Townhomes Association
Aspen, CO 81611

Dear Board Member:

Enclosed you will find the financial statements for the Shadow Mountain Townhome Association for the first quarter ended January 31, 2011. Items of interest are explained in the attached notes to the financial statements.

Please feel free to call me with any questions that you might have. I can be reached at (970) 925-9131 or via e-mail at spalding3@comcast.net.

Sincerely,

Susan

Susan W. Spalding

Enclosure

SHADOW MOUNTAIN TOWNHOMES ASSOCIATION
Notes to the Financial Statements
First Quarter Ended January 31, 2011

Operating Results

The Operating expenses of the Shadow Mountain Townhome Association totaled \$74,990 for the first quarter which ended January 31, 2011, and were \$6,515 under budget. The component parts of the operating expenses included the following:

1. Owners were assessed \$73,500 for operating expenses. Rental income of \$600 was received for Unit A. The operating account earned \$83 of interest income.
2. Administrative Expenses of \$13,950 were \$4,120 under budget for the first quarter.
 - a. Account 6010 – Administration Fee was on budget at \$6,075.
 - b. Account 6020 – Condominium Association Costs of \$2,989 was \$2,611 under budget. \$870 was spent for preparation of the annual tax return. Room rental for the annual Owners’ meeting cost \$175. Staff Christmas gifts cost \$1,024. Martin/Martin charged \$880 to review the cracks in Unit 5/6.
 - c. Account 6030 – Insurance costs of \$4,887 was on budget.
 - d. No legal fees were incurred which are tracked in Account 6040 – Legal.
3. Building Maintenance expenses for the first quarter totaled \$31,528, which was \$2,747 under budget.
 - a. Account 6110 – Building Maintenance costs of \$18,500 were on budget. This account represents the monies paid to Summit Property Management for maintenance of the property, including snow shoveling.
 - b. Account 6120 – Outside Services costs of \$8,056 were \$1,056 over budget. Services provided by outside vendors included the following:
 - Furnaces for all units were cleaned at a cost of \$1,570.
 - Exterior windows were washed in December for \$1,235.
 - Roto Rooter did routine maintenance which cost \$2,613.
 - Additional radon testing for Unit 16 cost \$350.
 - Pest control services cost \$110 for November.
 - Resealing of the parking lot cost \$1,964.
 - c. Account 6130 – Supplies costs totaled \$1,061 which was \$739 under budget.
 - d. Account 6140 – Snow Removal costs of \$2,043 were \$857 under budget.

- e. No expenses were incurred for Account 6150 – Grounds.
 - f. Account 6175 – Tram expenses of \$573 were \$1,927 under budget. This was the cost of the annual license fee.
 - g. Account 6180 – Pool expenses totaled \$470 which was \$279 under budget.
 - h. Account 6190 – Security costs of \$825 were on budget.
4. Utilities expenses totaled \$21,137 for the first quarter, which was \$23 under budget. Utility costs included:
- Electricity cost \$6,563 which was \$713 over budget.
 - Water costs totaled \$975 which was \$426 under budget.
 - Gas totaled \$6,257 for the quarter which was \$343 under budget.
 - Cable television service cost \$2,787.
 - Sewer costs totaled \$1,377.
 - Trash removal cost \$1,483.
 - The tram phone cost \$161.
 - High speed internet service cost \$1,525.
5. Other expenses totaled \$18,283 for the water leak outside of Unit 2. The insurance company reimbursed the Association \$9,908, which left the net expense to the Association of \$8,375. Of this, \$5,000 was for the deductible. The remaining \$3,375 was for non-covered items, such as the cost to move occupants to rented condominiums while the water was turned off.

Capital Reserve Results

Owners were assessed \$9,000 for Capital Reserves. Interest income of \$1,516 was received on the Capital Reserve bank accounts.

Capital expenditures totaled \$38,057. Expenses included \$25,399 for installation of the pool fence which was required by Fireman's Fund. Installing waterproofing around the exterior of Units 2, 3, and 4 cost \$12,658.

Balance Sheet

The Operating account bank balance was \$28,174 as of January 31. The total in the Capital Reserve accounts was \$390,230, with an additional \$30,000 due from the Operating to the Capital Reserve account due to the income reclassification from 2010.

The account balances were comprised of the following:

- Account 1052 – Alpine Bank Operating CD 2 matures May 14, 2012 and is earning 1.65% interest. Its balance was \$20,221 as of January 31.
- Account 1061 – Alpine Bank Capital Reserve Money Market – earns approximately .5% interest and had a balance of \$54,969.
- Account 1062 – Alpine Bank Capital Reserve CD – earns 1% and matures on 6/9/12. Its balance was \$105,019.
- Account 1064 – Community Bank Capital Reserve CD 1 – earns 1.25%, matures 11/19/11 and had a balance of \$100,207. Given that Community

Bank has encountered equity problems, this money may be moved to U.S. Bank so as to establish a banking relationship with them.

- Account 1065 – Community Bank Capital Reserve CD 2 – earns 2.25% and matures on 2/17/12. Its balance was \$129,933.

Accounts Receivable

A number of Owners have not paid the second quarter assessment which was due on February 1. An Accounts Receivable listing is included for review.

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Accrual Basis

Shadow Mountain Townhomes Operating Budget vs. Actual November 2010 through January 2011

	Nov '10 - Jan 11	Budget	\$ Over Budget
Income			
4100 · Common Assessments	73,500.00	73,500.00	0.00
4130 · Interest Income -Operating Acct	83.41	0.00	83.41
4300 · Rental Income	600.00	600.00	0.00
Total Income	74,183.41	74,100.00	83.41
Expense			
Administration			
6010 · Administration Fee	6,075.00	6,075.00	0.00
6020 · Condominium Assoc. Cost	2,988.91	5,600.00	-2,611.09
6030 · Insurance	4,887.00	4,896.00	-9.00
6040 · Legal & Professional	0.00	1,500.00	-1,500.00
Total Administration	13,950.91	18,071.00	-4,120.09
Maintenance			
6110 · Building	18,500.00	18,500.00	0.00
6120 · Outside Services	8,055.95	7,000.00	1,055.95
6130 · Supplies	1,060.83	1,800.00	-739.17
6140 · Snow Removal	2,042.50	2,900.00	-857.50
6175 · Tram	573.00	2,500.00	-1,927.00
6180 · Pool	470.59	750.00	-279.41
6190 · Security	825.00	825.00	0.00
Total Maintenance	31,527.87	34,275.00	-2,747.13
Utilities			
6210 · Electric	6,562.67	5,850.00	712.67
6220 · Water	974.27	1,400.00	-425.73
6230 · Common Gas	6,257.07	6,600.00	-342.93
6240 · Cable Television Service	2,786.67	2,790.00	-3.33
6250 · Sewer	1,376.68	1,325.00	51.68
6260 · Trash Removal	1,492.83	1,500.00	-7.17
6270 · Tram Phone	161.23	165.00	-3.77
6280 · High Speed Internet	1,525.23	1,530.00	-4.77
Total Utilities	21,136.65	21,160.00	-23.35
Other Expenses			
6310 · Operating Reserve	0.00	8,000.00	-8,000.00
6315 · Water Leak - Unit 2 Exterior	8,374.69		
Total Other Expenses	8,374.69	8,000.00	374.69
Total Expense	74,990.12	81,506.00	-6,515.88
Net Income	-806.71	-7,406.00	6,599.29

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Accrual Basis

Shadow Mountain Townhomes
Capital Reserve Budget vs. Actual
November 2010 through January 2011

	<u>Nov '10 - Jan 11</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Income			
4200 · Capital Assessments	9,000.00	9,000.00	0.00
4210 · Interest Income Cap Res	1,515.76	0.00	1,515.76
Total Income	<u>10,515.76</u>	<u>9,000.00</u>	<u>1,515.76</u>
Expense			
6500 · Capital Reserve Expenses			
6510 · Pool Deck Work	25,399.00		
6513 · Exterior Drainage Repair	12,657.70		
Total 6500 · Capital Reserve Expenses	<u>38,056.70</u>		
Total Expense	<u>38,056.70</u>		
Net Income	<u>-27,540.94</u>	<u>9,000.00</u>	<u>-36,540.94</u>

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Accrual Basis

Shadow Mountain Townhomes
Balance Sheet
As of January 31, 2011

	<u>Jan 31, 11</u>
ASSETS	
Current Assets	
Checking/Savings	
1050 - Management Escrow Account	7,952.60
1052 - Alpine Bank Operating CD 2	20,221.36
1060 - Capital Reserve Checking	100.00
1061 - Alpine Bank Cap Res Mny Mkt	54,969.46
1062 - Alpine Bank Cap Res CD	105,019.36
1064 - Comm Bank Cap Res CD 1	100,207.34
1065 - Comm Bank Cap Res CD 2	129,933.12
Total Checking/Savings	<u>418,403.24</u>
Accounts Receivable	
1200 - Accounts Receivable - Owners	56,463.71
Total Accounts Receivable	<u>56,463.71</u>
Other Current Assets	
1235 - Prepaid Insurance	16,140.00
1240 - Prepaid Taxes	1,085.00
1270 - Due from Mgt Esc to Cap Reserve	30,000.00
Total Other Current Assets	<u>47,225.00</u>
Total Current Assets	522,091.95
Fixed Assets	
1510 - Unit #1AB & C Construction Remo	14,259.00
1511 - Accumulated Depr Units A, B, C	-5,834.61
1600 - Unit 1ABC- Furniture & Fixtures	6,614.39
1601 - Accum Depr -Unit 1ABC Furniture	-6,614.39
Total Fixed Assets	<u>8,424.39</u>
TOTAL ASSETS	<u>530,516.34</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2101 - Accts Payable - Mgt Escrow	150.40
Total Accounts Payable	<u>150.40</u>
Other Current Liabilities	
2130 - Deferred Assessments	82,500.00
2140 - Security Deposits	2,500.00
2170 - Due to Cap Res from Mgt Escrow	30,000.00
Total Other Current Liabilities	<u>115,000.00</u>
Total Current Liabilities	<u>115,150.40</u>
Total Liabilities	115,150.40
Equity	
3000 - Operating Acct Owners Equity	-3,756.62
3100 - Capital Reserve Owners Equity	447,470.21
Net Income	-28,347.65
Total Equity	<u>415,365.94</u>
TOTAL LIABILITIES & EQUITY	<u>530,516.34</u>

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Shadow Mountain Townhomes
A/R Aging Summary
As of February 18, 2011

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>> 90</u>	<u>TOTAL</u>
SM01 - Prunskis	0.00	8,110.60	0.00	0.00	0.00	8,110.60
SM02 - Hang Ten	0.00	3,719.47	0.00	0.00	0.00	3,719.47
SM05 - Klindworth	0.00	3,719.47	0.00	0.00	0.00	3,719.47
SM06 - Klindworth	0.00	3,719.47	0.00	0.00	0.00	3,719.47
SM07 - Ellis	0.00	3,719.47	0.00	0.00	0.00	3,719.47
SM12 - Brown	0.00	3,719.47	0.00	0.00	0.00	3,719.47
SM14 - Tucker	0.00	3,719.47	0.00	0.00	0.00	3,719.47
SM20 - Aerie Partnership	0.00	3,719.47	0.00	0.00	0.00	3,719.47
TOTAL	0.00	34,146.89	0.00	0.00	0.00	34,146.89