

Spalding Management Services, LLC
P.O. Box 49
Aspen, Colorado 81612
(970) 925-9131 telephone; (970) 925-1811 fax
spalding3@comcast.net

May 12, 2009

Board of Directors
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 six months ended April 30, 2009. 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
Six Months Ended April 30, 2009

Operating Results

The Operating expenses of the Shadow Mountain Townhome Association totaled \$156,649 for the six months ended April 30, 2009, which was \$29,023 under budget. The component parts of the operating expenses included the following:

1. Owners were assessed \$158,500 for operating expenses. Rental income of \$1,200 was received for Unit A. Finance charges against a late paying owner totaled \$126.
2. Administrative Expenses of \$29,529 were \$20,403 under budget for the period.
 - a. Account 6010 – Administration Fee was on budget at \$11,250.
 - b. Account 6020 – Condominium Association Costs of \$5,639 was \$1,061 under budget. \$845 was spent for preparation of the annual tax return. Room rental and packet production for the annual Owners’ meeting cost \$365. Staff bonuses totaled \$1,500. Board gifts to members who helped with the neighborhood planning process cost \$785. Food for the annual owner dinner cost \$1,232.
 - c. Account 6030 – Insurance costs of \$9,928 was \$1,946 over budget due to the insurance premiums being higher than originally quoted and incorporated into the budget. Additionally, excess Difference in Conditions coverage was purchased at a cost of \$1,242 to bring the coverage up to the same level as the master policy.
 - d. Account 6040 - Legal fees totaled \$2,712 for Declarations work, which was \$21,288 under budget. The neighborhood development plan was removed from the May election ballot, which obviated the need for the Association to hire an attorney to explore its options.
3. Building Maintenance expenses for the period totaled \$82,631, which was \$6,469 under budget.
 - a. Account 6110 – Building Maintenance costs of \$39,000 were on budget. This account represents the monies paid to Borkovec Management LLC for maintenance of the property, including snow shoveling.
 - b. Account 6120 – Outside Services costs of \$14,820 were \$3,820 over budget. Services provided by outside vendors included the following:
 - Annual maintenance of the Association’s fire extinguishers cost \$410.
 - Heat tape replacements cost \$8,214.
 - Pest control services cost \$310.
 - Roto Rooter was paid \$2,613 for routine drain clearing.
 - Michael West & Associates were paid \$3,273 for monitoring the inclinometers in January/February.

- c. Account 6130 – Supplies costs totaled \$4,256, which was \$756 over budget. The cost to purchase carbon monoxide detectors for all units was \$1,602.
 - d. Account 6140 – Snow Removal costs of \$16,215 were \$12,885 under budget. It cost \$13,690 to shovel the roof, whereas \$25,000 had been budgeted for it. Borkovec Management helped to keep the price down as their staff monitored the snow removal company's workers and helped with the process.
 - e. Account 6175 – Tram expenses of \$6,371 were \$2,871 over budget. \$3,500 was spent for two sets of brake testing and the design of the torque test kit.
 - f. Account 6180 – Pool expenses totaled \$469 which was \$1,031 under budget.
 - g. Account 6190 – Security costs of \$1,500 were on budget.
4. Utilities expenses totaled \$44,488 for the six months, which was \$848 over budget. Gas costs totaled \$16,431 during the period; electricity cost \$12,488. Water totaled \$1,884; cable television service cost \$5,295. Sewer costs totaled \$2,299. Trash removal cost \$2,516. The tram phone cost \$342. High speed internet service cost \$3,233.
5. No expenses were charged against the operating reserve.

Capital Reserve Results

Capital Reserve assessment income totaled \$18,000 for the six months. Interest income of \$7,590 was received on the Capital Reserve bank accounts.

Capital expenditures included \$47,608 for the installation of the three inclinometers in the parking area. The installation of wireless high speed internet cost \$5,681.

Balance Sheet

The operating account bank balance was \$22,296 as of April 30. The total in the capital reserve accounts as of April 30, 2009 was \$388,465. The unpaid balance of the internal loan for operating expenses was \$7,000. This balance was paid on May 12, 2009.

Accounts Receivable

An accounts receivable listing is included for your review. A number of owners have not yet paid the 3rd quarter assessment, which was due May 1, 2009. One owner has not paid the 2nd quarter assessment in full. The owner has been formally notified that the balance must be paid by May 22, 2009, or a lien will be filed against the unit.

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Accrual Basis

Shadow Mountain Townhomes Operating Budget vs. Actual November 2008 through April 2009

	Nov '08 - Apr 09	Budget	\$ Over Budget
Income			
4100 · Common Assessments	158,500.00	158,500.00	0.00
4120 · Finance Charges - Assessments	126.35	0.00	126.35
4300 · Rental Income	1,200.00	1,200.00	0.00
Total Income	<u>159,826.35</u>	<u>159,700.00</u>	<u>126.35</u>
Expense			
Administration			
6010 · Administration Fee	11,250.00	11,250.00	0.00
6020 · Condominium Assoc. Cost	5,639.33	6,700.00	-1,060.67
6030 · Insurance	9,928.16	7,982.00	1,946.16
6040 · Legal & Professional	2,712.00	24,000.00	-21,288.00
Total Administration	<u>29,529.49</u>	<u>49,932.00</u>	<u>-20,402.51</u>
Maintenance			
6110 · Building	39,000.00	39,000.00	0.00
6120 · Outside Services	14,820.26	11,000.00	3,820.26
6130 · Supplies	4,255.83	3,500.00	755.83
6140 · Snow Removal	16,215.00	29,100.00	-12,885.00
6175 · Tram	6,370.73	3,500.00	2,870.73
6180 · Pool	469.32	1,500.00	-1,030.68
6190 · Security	1,500.00	1,500.00	0.00
Total Maintenance	<u>82,631.14</u>	<u>89,100.00</u>	<u>-6,468.86</u>
Utilities			
6210 · Electric	12,487.90	12,900.00	-412.10
6220 · Water	1,883.87	2,300.00	-416.13
6230 · Common Gas	16,431.00	15,000.00	1,431.00
6240 · Cable Television Service	5,294.59	5,280.00	14.59
6250 · Sewer	2,299.16	2,300.00	-0.84
6260 · Trash Removal	2,515.78	2,600.00	-84.22
6270 · Tram Phone	342.30	380.00	-37.70
6280 · High Speed Internet	3,233.36	2,880.00	353.36
Total Utilities	<u>44,487.96</u>	<u>43,640.00</u>	<u>847.96</u>
Other Expenses			
6310 · Operating Reserve	0.00	3,000.00	-3,000.00
Total Other Expenses	<u>0.00</u>	<u>3,000.00</u>	<u>-3,000.00</u>
Total Expense	<u>156,648.59</u>	<u>185,672.00</u>	<u>-29,023.41</u>
Net Income	<u><u>3,177.76</u></u>	<u><u>-25,972.00</u></u>	<u><u>29,149.76</u></u>

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Accrual Basis

Shadow Mountain Townhomes
Capital Reserve Budget vs. Actual
November 2008 through April 2009

	<u>Nov '08 - Apr 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Income			
4200 · Capital Assessments	18,000.00	18,000.00	0.00
4210 · Interest Income Cap Res	7,589.82	0.00	7,589.82
Total Income	<u>25,589.82</u>	<u>18,000.00</u>	<u>7,589.82</u>
Expense			
6500 · Capital Reserve Expenses			
6511 · Inclinometer Project	47,607.90		
6540 · High Speed Internet	5,681.00		
Total 6500 · Capital Reserve Expenses	<u>53,288.90</u>		
Total Expense	<u>53,288.90</u>		
Net Income	<u>-27,699.08</u>	<u>18,000.00</u>	<u>-45,699.08</u>

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Accrual Basis

Shadow Mountain Townhomes
Balance Sheet
As of April 30, 2009

	<u>Apr 30, 09</u>
ASSETS	
Current Assets	
Checking/Savings	
1050 · Management Escrow Account	22,295.91
1060 · Capital Reserve Account	2,128.80
1062 · Alpine Bank Cap Res CD	101,363.54
1063 · Alpine Bank Cap Res Mny Mkt	42,330.74
1066 · Comm Bank Cap Res CD #2	242,641.96
Total Checking/Savings	<u>410,760.95</u>
Accounts Receivable	
1200 · Accounts Receivable - Owners	56,322.60
Total Accounts Receivable	<u>56,322.60</u>
Other Current Assets	
1235 · Prepaid Insurance	10,134.84
1240 · Prepaid Taxes	1,320.00
1270 · Due from Mgt Esc to Cap Reserve	7,000.00
Total Other Current Assets	<u>18,454.84</u>
Total Current Assets	<u>485,538.39</u>
Fixed Assets	
1510 · Unit #1AB & C Construction Remo	14,259.00
1511 · Accumulated Depr Units A, B, C	-5,102.00
1600 · Unit 1ABC- Furniture & Fixtures	6,614.39
1601 · Accum Depr -Unit 1ABC Furniture	-6,615.00
Total Fixed Assets	<u>9,156.39</u>
TOTAL ASSETS	<u>494,694.78</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2101 · Accts Payable - Mgt Escrow	4,753.83
Total Accounts Payable	<u>4,753.83</u>
Other Current Liabilities	
2130 · Deferred Assessments	88,250.00
2170 · Due to Cap Res from Mgt Escrow	7,000.00
Total Other Current Liabilities	<u>95,250.00</u>
Total Current Liabilities	<u>100,003.83</u>
Total Liabilities	100,003.83
Equity	
3100 · Capital Reserve Owners Equity	419,212.27
Net Income	-24,521.32
Total Equity	<u>394,690.95</u>
TOTAL LIABILITIES & EQUITY	<u>494,694.78</u>

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Shadow Mountain Townhomes
A/R Aging Summary
As of May 12, 2009

	<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	8,676.00	0.00	0.00	0.00	8,676.00
SM05 - Klindworth	0.00	3,978.70	0.00	0.00	0.00	3,978.70
SM06 - Klindworth	0.00	3,978.70	0.00	0.00	0.00	3,978.70
SM07 - Ellis	0.00	3,978.70	0.00	0.00	0.00	3,978.70
SM08 - Pinniger	0.00	3,978.70	0.00	0.00	0.00	3,978.70
SM09 - Kaufman	0.00	3,978.70	0.00	0.00	0.00	3,978.70
SM11 - Leonard-Peck	0.00	4,035.06	71.39	1,809.51	0.00	5,915.96
SM15 - Seelbach	0.00	3,978.70	0.00	0.00	0.00	3,978.70
SM18 - Harvey	0.00	3,978.70	0.00	0.00	0.00	3,978.70
TOTAL	0.00	40,561.96	71.39	1,809.51	0.00	42,442.86