

Spalding Management Services, LLC
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August 31, 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 nine months ended July 31, 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
Nine Months Ended July 31, 2009

Operating Results

The Operating expenses of the Shadow Mountain Townhome Association totaled \$225,872 for the nine months ended July 31, 2009, which was \$31,181 under budget. The component parts of the operating expenses included the following:

1. Owners were assessed \$237,750 for operating expenses. Rental income of \$1,800 was received for Unit A. Finance charges against a late paying owner totaled \$55.
2. Administrative Expenses of \$50,318 were \$17,865 under budget for the period.
 - a. Account 6010 – Administration Fee was on budget at \$16,875.
 - b. Account 6020 – Condominium Association Costs of \$13,876 was \$1,576 over 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. Board teleconference calls cost \$244. Two sets of monitoring the inclinometers cost \$7,993, which was paid to Michael West & Associates.
 - c. Account 6030 – Insurance costs of \$14,272 was \$2,264 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 \$5,295 for Declarations work, which was \$21,705 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 \$116,457, which was \$8,694 under budget.
 - a. Account 6110 – Building Maintenance costs of \$58,500 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 \$20,201 were \$3,201 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 \$640.
 - Roto Rooter was paid \$2,613 for routine drain clearing.
 - Culvert painting cost \$3,800.
 - Exterior windows were washed at a cost of \$1,095.
 - Borkovec Management was paid \$2,211 for repairs to units 16 and 17's decks, which was outside the scope of their monthly contracted services.
- c. Account 6130 – Supplies costs totaled \$5,594, which was \$344 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 6150 – Grounds expenses totaled \$4,555 which was \$945 under budget. This was paid to Ladybug Landscape Artist for the purchase and planting of the flowers. They have not yet billed the Association for the June and July maintenance thereof.
- f. Account 6175 – Tram expenses of \$6,478 were \$1,178 over budget. \$3,500 was spent for two sets of brake testing and the design of the torque test kit.
- g. Account 6180 – Pool expenses totaled \$2,663 which was \$413 over budget. It cost \$850 to repair the pool pump.
- h. Account 6190 – Security costs of \$2,250 were on budget.
4. Utilities expenses totaled \$59,098 for the nine months, which was \$122 under budget. Gas costs totaled \$20,117 during the period which was \$2,117 over budget; electricity cost \$15,354 and was \$2,146 under budget. Water totaled \$3,175; cable television service cost \$8,028. Sewer costs totaled \$3,449. Trash removal cost \$3,786. The tram phone cost \$514. High speed internet service cost \$4,674.
5. No expenses were charged against the operating reserve.

Capital Reserve Results

Capital Reserve assessment income totaled \$27,000 for the nine months. Interest income of \$11,332 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. Engineering done by Martin/Martin for the potential deck replacement project cost \$3,360.

Balance Sheet

The operating account bank balance was \$42,529 as of July 31. The total in the capital reserve accounts as of July 31, 2009 was \$407,184. All internal loans have been repaid.

Accounts Receivable

An accounts receivable listing is included for your review. Three owners have not yet paid the 4th quarter assessment, which was due August 1, 2009. They have been sent reminder invoices.

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Accrual Basis

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

	Nov '08 - Jul 09	Budget	\$ Over Budget
Income			
4100 · Common Assessments	237,750.00	237,750.00	0.00
4120 · Finance Charges - Assessments	54.96	0.00	54.96
4300 · Rental Income	1,800.00	1,800.00	0.00
Total Income	<u>239,604.96</u>	<u>239,550.00</u>	<u>54.96</u>
Expense			
Administration			
6010 · Administration Fee	16,875.00	16,875.00	0.00
6020 · Condominium Assoc. Cost	13,876.17	12,300.00	1,576.17
6030 · Insurance	14,271.66	12,008.00	2,263.66
6040 · Legal & Professional	5,295.00	27,000.00	-21,705.00
Total Administration	<u>50,317.83</u>	<u>68,183.00</u>	<u>-17,865.17</u>
Maintenance			
6110 · Building	58,500.00	58,500.00	0.00
6120 · Outside Services	20,201.25	17,000.00	3,201.25
6130 · Supplies	5,593.89	5,250.00	343.89
6140 · Snow Removal	16,215.00	29,100.00	-12,885.00
6150 · Grounds	4,555.00	5,500.00	-945.00
6175 · Tram	6,478.23	5,300.00	1,178.23
6180 · Pool	2,663.13	2,250.00	413.13
6190 · Security	2,250.00	2,250.00	0.00
Total Maintenance	<u>116,456.50</u>	<u>125,150.00</u>	<u>-8,693.50</u>
Utilities			
6210 · Electric	15,353.76	17,500.00	-2,146.24
6220 · Water	3,175.31	3,500.00	-324.69
6230 · Common Gas	20,117.42	18,000.00	2,117.42
6240 · Cable Television Service	8,028.31	7,980.00	48.31
6250 · Sewer	3,448.74	3,450.00	-1.26
6260 · Trash Removal	3,786.03	3,900.00	-113.97
6270 · Tram Phone	514.19	570.00	-55.81
6280 · High Speed Internet	4,674.17	4,320.00	354.17
Total Utilities	<u>59,097.93</u>	<u>59,220.00</u>	<u>-122.07</u>
Other Expenses			
6310 · Operating Reserve	0.00	4,500.00	-4,500.00
Total Other Expenses	<u>0.00</u>	<u>4,500.00</u>	<u>-4,500.00</u>
Total Expense	<u>225,872.26</u>	<u>257,053.00</u>	<u>-31,180.74</u>
Net Income	<u><u>13,732.70</u></u>	<u><u>-17,503.00</u></u>	<u><u>31,235.70</u></u>

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Accrual Basis

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

	<u>Nov '08 - Jul 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Income			
4200 · Capital Assessments	27,000.00	27,000.00	0.00
4210 · Interest Income Cap Res	11,331.57	0.00	11,331.57
Total Income	<u>38,331.57</u>	<u>27,000.00</u>	<u>11,331.57</u>
Expense			
6500 · Capital Reserve Expenses			
6511 · Inclinometer Project	47,607.90		
6512 · Deck Replacement	3,360.00		
6540 · High Speed Internet	5,681.00		
Total 6500 · Capital Reserve Expenses	<u>56,648.90</u>		
Total Expense	<u>56,648.90</u>		
Net Income	<u>-18,317.33</u>	<u>27,000.00</u>	<u>-45,317.33</u>

1:47 PM
09/01/09
Accrual Basis

Shadow Mountain Townhomes
Balance Sheet
As of July 31, 2009

	<u>Jul 31, 09</u>
ASSETS	
Current Assets	
Checking/Savings	
1050 · Management Escrow Account	42,528.57
1060 · Capital Reserve Account	5,448.16
1062 · Alpine Bank Cap Res CD	102,190.57
1063 · Alpine Bank Cap Res Mny Mkt	54,079.51
1066 · Comm Bank Cap Res CD #2	245,465.83
Total Checking/Savings	449,712.64
Accounts Receivable	
1200 · Accounts Receivable - Owners	40,505.60
Total Accounts Receivable	40,505.60
Other Current Assets	
1235 · Prepaid Insurance	5,791.34
1240 · Prepaid Taxes	1,980.00
Total Other Current Assets	7,771.34
Total Current Assets	497,989.58
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	9,156.39
TOTAL ASSETS	<u>507,145.97</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2101 · Accts Payable - Mgt Escrow	3,148.33
2102 · Accts Payable - Cap Reserve	1,120.00
Total Accounts Payable	4,268.33
Other Current Liabilities	
2130 · Deferred Assessments	88,250.00
Total Other Current Liabilities	88,250.00
Total Current Liabilities	92,518.33
Total Liabilities	92,518.33
Equity	
3100 · Capital Reserve Owners Equity	419,212.27
Net Income	-4,584.63
Total Equity	414,627.64
TOTAL LIABILITIES & EQUITY	<u>507,145.97</u>

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Shadow Mountain Townhomes
A/R Aging Summary
As of September 1, 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	0.00	8,676.00	0.00	0.00	8,676.00
SM11 - Leonard-Peck	0.00	0.00	1,989.35	0.00	0.00	1,989.35
SM13 - Carroccio	0.00	0.00	3,978.70	0.00	0.00	3,978.70
TOTAL	<u>0.00</u>	<u>0.00</u>	<u>14,644.05</u>	<u>0.00</u>	<u>0.00</u>	<u>14,644.05</u>