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STAGECOACH TOWNHOUSE
ASSOCIATION

FINANCIAL STATEMENTS
AND ACCOUNTANTS' REPORT

SEPTEMBER 30, 2006 AND 2005

Ingalls, Ingalls & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

November 10, 2009

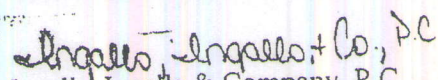
To the Board of Directors of Stagecoach Townhouse Association
Steamboat Springs, Colorado

We have audited the accompanying balance sheets of Stagecoach Townhouse Association as of September 30, 2006 and September 30, 2005, and the related statements of revenues, expenditures and changes in fund balance, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Stagecoach Townhouse Association has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented the schedule of future repairs and replacements that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be a part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stagecoach Townhouse Association as of September 30, 2006 and September 30, 2005, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.


Ingalls, Ingalls & Company, P.C.
Certified Public Accountants

**STAGECOACH TOWNHOUSE ASSOCIATION
BALANCE SHEETS AS OF
SEPTEMBER 30, 2006 and 2005**

<u>ASSETS</u>	<u>2006</u>			<u>2005</u>
	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>	<u>Total</u>
Cash, including interest bearing deposits	\$ 77,408	\$193,791	\$ 271,199	\$ 243,299
Accounts receivable net of allowance for doubtful accounts of \$-0-	12,787	-	12,787	10,524
Notes Receivable	-	6,398	6,398	11,573
Land	31,170	-	31,170	31,170
Total assets	<u>\$ 121,365</u>	<u>\$200,189</u>	<u>\$ 321,554</u>	<u>\$ 296,566</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Accounts payable	\$ 2,509	\$ -	\$ 2,509	\$ 9,266
Deposits	2,001	-	2,001	1,705
Total liabilities	4,510	-	4,510	10,971
 Fund balance	 116,855	 200,189	 317,044	 285,595
Total liabilities and fund balance	<u>\$ 121,365</u>	<u>\$200,189</u>	<u>\$ 321,554</u>	<u>\$ 296,566</u>

See accompanying notes to financial statements.

STAGECOACH TOWNHOUSE ASSOCIATION
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2006 and 2005

	<u>2006</u>		<u>2005</u>	
	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>	<u>Total</u>
REVENUES:				
Regular assessments	\$119,610	\$ 50,400	\$ 170,010	\$ 177,231
Late fees	1,802	-	1,802	2,384
Special assessments	-	21,600	21,600	18,710
Interest income	1,730	2,875	4,605	3,703
Miscellaneous	221	-	221	2,784
Total revenues	<u>123,363</u>	<u>74,875</u>	<u>198,238</u>	<u>204,812</u>
EXPENDITURES:				
Bank charges	302	-	302	365
Business manager	19,800	-	19,800	19,800
Early payment credit	7,805	-	7,805	7,387
Insurance	6,160	-	6,160	8,040
Lawn maintenance	10,205	-	10,205	9,510
Legal fees	1,367	-	1,367	5,923
Miscellaneous	347	-	347	911
Maintenance manager	12,000	-	12,000	12,000
Repairs and maintenance	11,062	-	11,062	7,385
Storage	100	-	100	-
Sewer maintenance	300	-	300	5,617
Snow removal	23,678	-	23,678	12,021
Telephone	1,521	-	1,521	1,236
Trash	16,045	-	16,045	15,677
Web page	1,047	-	1,047	-
Major maintenance	-	55,050	55,050	99,165
Total expenditures	<u>111,739</u>	<u>55,050</u>	<u>166,789</u>	<u>205,037</u>
Excess (deficiency) revenue over expenditures	11,624	19,825	31,449	(225)
Fund balance, beginning of year	105,231	180,364	285,595	309,765
Distribution to owners	-	-	-	(23,945)
Fund balance, end of year	<u>\$116,855</u>	<u>\$ 200,189</u>	<u>\$ 317,044</u>	<u>\$ 285,595</u>

See accompanying notes to financial statements.

STAGECOACH TOWNHOUSE ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2006 and 2005

	<u>2006</u>			<u>2005</u>
	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>	<u>Total</u>
Cash flows from operating activities:				
Excess revenues over (under) expenditures	\$ 11,624	\$ 19,825	\$ 31,449	\$ (225)
Adjustments to reconcile to cash flow:				
Changes in assets & liabilities:				
(Increase) decrease in accounts receivable	(2,263)	-	(2,263)	19,715
(Increase) decrease in prepaid expenses	-	-	-	22,690
(Increase) decrease in notes receivable	-	5,175	5,175	(3,454)
Increase (decrease) in accounts payable	2,339	(9,096)	(6,757)	(6,249)
Increase (decrease) in deposits	296	-	296	711
Net cash provided (used) in operating activities	<u>11,996</u>	<u>15,904</u>	<u>27,900</u>	<u>33,188</u>
Cash flows from financing activities:				
Distribution to owners	-	-	-	(23,945)
Net cash provided (used) in financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,945)</u>
Net increase (decrease) in cash	11,996	15,904	27,900	9,243
Cash, beginning of year	<u>65,412</u>	<u>177,887</u>	<u>243,299</u>	<u>234,056</u>
Cash, end of year	<u>\$ 77,408</u>	<u>\$ 193,791</u>	<u>\$ 271,199</u>	<u>\$ 243,299</u>
Supplemental disclosure				
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income tax	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

STAGECOACH TOWNHOUSE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2006 and September 30, 2005

Note 1. Nature of Organization.

The Association is a non-profit corporation, organized and operated solely to provide for construction, maintenance and management of all common area property at the Stagecoach Townhouses in Steamboat Springs, Colorado. The Stagecoach Townhouses consist of 90 units.

Note 2. Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 10, 2009, the date that the financial statements were available to be issued.

Note 3. Significant Accounting Policies Fund Accounting.

Fund Accounting

Fund accounting is used to properly account for restrictions on expenditures resulting from actions of the Board of Directors or of the Association voting membership. Substantial additions and improvements to common area property are recorded in the Replacement or Building fund. All other expenditures of the Association are recorded in the Operating fund.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principals 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 expenditures during the reporting period. Actual results could differ from those estimated.

Cash equivalent

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

STAGECOACH TOWNHOUSE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2006 and September 30, 2005

Note 1. Significant accounting policies (continued).

Concentration of Credit Risk

Financial instruments that potentially subject the Association to credit risk, consist primarily of the following:

Cash: The Association maintains its cash balances at several financial institutions in Colorado. From time to time the Association may maintain cash balances in a financial institution in excess of the FDIC insured limit.

Property and Equipment

Replacements and improvements to real property are not capitalized on the books of the Association, as they are owned by the owners in common and not by the Association.

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. Excess assessments at the end of the year are retained by the Association for the use in the succeeding year. The Association believes that all assessments due from members at September 30, 2006 are fully collectible and accordingly no allowance for uncollectible accounts has been recorded.

Income Taxes

Generally, condominium associations are not taxed on amounts received as assessments from owners. However, other amounts received by the Association, which do not qualify as membership income, are taxed net of related expenses, at normal corporate rates.

The Association had no income tax liability for the fiscal years ending September 30, 2006 and September 30, 2005.

Note 2. Management contract.

The Stagecoach Townhouses Association is operated and managed by Double H Management Group, Inc.

STAGECOACH TOWNHOUSE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2006 and September 30, 2005

Note 3. Future Major Repairs and Replacements.

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate approximately \$200,189 on September 30, 2006 and \$180,364 on September 30, 2005, are held in separate accounts and are generally not available for operating purposes.

The Association collects the funds separately for each of the fifteen buildings. The building owners governing documents allow the Association to assess the buildings' owners either \$50 per month or \$10 per month based on the amount in the individual buildings funds and approval of the majority of the building's owners.

An independent study to determine a current funding program for the future replacement of Association common areas has not been conducted. Accordingly, the current regular assessments and cash in savings may not be sufficient to meet all future replacement costs. Therefore, when replacements funds are needed, the Association has the right to increase the monthly assessments, pass special assessments, or delay improvements until funds are available.

For the year ended September 30, 2006 the Association assessed a special assessment to building #1 owners for \$21,600 for siding of the building.

STAGECOACH TOWNHOUSE ASSOCIATION
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2006 and September 30, 2005

Note 4. Notes receivable.

The Association had four notes receivable to owners. Notes #1 and #2 were originally for \$5,000 for five years at 7% interest. Note #3 was originally for \$4254 for 15 months at 8% interest. Note #4 was originally for \$3118 for five years at 7%. The balance due at September 30, 2006 and September 30, 2005 was:

	<u>2006</u>	<u>2005</u>
Note receivable #1	\$ 2,125	\$ 3,126
Note receivable #2	2,125	3,126
Note receivable #3	-	2,717
Note receivable #4	2,148	<u>2,603</u>
Total	<u>\$ 6,398</u>	<u>\$ 11,572</u>

Principal payments due for the next five years.

2007	\$ 2,756
2008	2,758
2009	701
2010	183
2011	<u>-</u>
Total	<u>\$ 6,398</u>

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INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION

To the Board of Directors of Stagecoach Townhouse Association

Our report on our audit of the basic financial statements of Stagecoach Townhouse Association as of September 30, 2006 and September 30, 2005 appears on page 3. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Building Fund Balances schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Ingalls, Ingalls, & Company, P.C.
Steamboat Springs, Colorado

November 10, 2009

STAGECOACH TOWNHOUSE ASSOCIATION
 BUILDING FUND BALANCES
 FYE 9/30/06

UNAUDITED

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL
BUILDING BALANCE 9/30/05	\$ 26,530	\$ 5,638	\$ 4,405	\$ 5,239	\$ 1,943	\$ 13,478	\$ 31,224	\$ 5,454	\$ 29,731	\$ 11,234	\$ 8,080	\$ 19,825	\$ 9,974	\$ 1,609	\$ 6,000	\$ 180,364
ADD:																
05/06 DUES OWNERS	3,600	2,880	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	720	3,600	3,600	50,400
INTEREST	274	102	87	100	49	227	501	103	478	192	125	325	158	43	111	2,875
SUBTOTAL	25,474	2,982	3,687	3,700	3,649	3,827	4,101	3,703	4,078	3,792	3,725	3,925	878	3,643	3,711	74,875
LESS:																
SIDING BLDG 1	(51,550)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(51,550)
TRIM BLDG 11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,500)
SUBTOTAL	(51,550)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(55,050)
BALANCE 9/30/06	\$ 454	\$ 8,620	\$ 8,092	\$ 8,939	\$ 5,592	\$ 17,305	\$ 35,325	\$ 9,157	\$ 33,809	\$ 15,026	\$ 8,305	\$ 23,750	\$ 10,852	\$ 5,252	\$ 9,711	\$ 200,189