

STAGECOACH TOWNHOUSE  
ASSOCIATION

FINANCIAL STATEMENTS  
AND ACCOUNTANTS' REPORT

SEPTEMBER 30, 2004

**STAGECOACH TOWNHOUSE ASSOCIATION  
TABLE OF CONTENTS  
SEPTEMBER 30, 2004**

**TABLE OF CONTENTS**

Accountants' report .....	3
Balance sheets .....	4
Statements of revenues, expenditures and Changes in fund balance .....	5
Statement of cash flows .....	6
Notes to financial statements .....	7

# **Ingalls, Ingalls & Company, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

405 SOUTH LINCOLN, PO BOX 774924, STEAMBOAT SPRINGS, CO 80477  
(970) 879-2977 FAX (970)879-5796

October 31, 2006

Board of Directors  
Stagecoach Townhouse Association  
Steamboat Springs, Colorado

We have reviewed the accompanying balance sheet of Stagecoach Townhouse Association as of September 30, 2004, and the related statements of revenues, expenditures and changes in fund balance, and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accounts. All information included in these financial statements is the representation of management of Stagecoach Townhouse Association.

A review consists principally of inquiries of management and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly we do not express such an opinion.

As more fully explained in note 3 to the financial statements, the Association does not have a replacement funding program for selected common areas. Accordingly, as repairs and replacement become necessary, the Association may increase regular assessments, pass special assessments or delay improvements until funds are available.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

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

**STAGECOACH TOWNHOUSE ASSOCIATION  
BALANCE SHEET AS OF  
SEPTEMBER 30, 2004**

**REVIEWED**

<b><u>ASSETS</u></b>	<b>2004</b>		
	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Cash, including interest bearing deposits	\$ 18,348	\$215,708	\$234,056
Accounts receivable net of allowance for doubtful accounts of \$-0-	30,239	-	30,239
Prepaid expenses	-	22,690	22,690
Notes Receivable	-	8,119	8,119
Land	31,170	-	31,170
Total assets	<u>\$ 79,757</u>	<u>\$246,517</u>	<u>\$326,274</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Accounts payable	\$ 135	\$ 15,380	\$ 15,515
Deposits	994	-	994
Total Liabilities	1,129	15,380	16,509
Fund balance	<u>78,628</u>	<u>231,137</u>	<u>309,765</u>
Total liabilities and fund balance	<u>\$ 79,757</u>	<u>\$246,517</u>	<u>\$326,274</u>

See notes and accountant's review report.

**STAGECOACH TOWNHOUSE ASSOCIATION  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

**REVIEWED**

	<b>2004</b>		
	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>REVENUES:</b>			
Regular assessments	\$118,800	\$ 51,120	\$169,920
Late fees	3,012	-	3,012
Special assessments	-	25,706	25,706
Interest income	411	1,227	1,638
Miscellaneous	314	-	314
Total revenues	<u>122,537</u>	<u>78,053</u>	<u>200,590</u>
<b>EXPENDITURES:</b>			
Bank charges	297	-	297
Business manager	18,000	-	18,000
Early payment credit	7,497	-	7,497
Electric	65	-	65
Insurance	7,581	-	7,581
Lawn maintenance	9,590	-	9,590
Legal fees	528	-	528
Miscellaneous	385	-	385
Property manager	12,000	-	12,000
Repairs and maintenance	6,823	-	6,823
Storage	100	-	100
Sewer maintenance	12,500	-	12,500
Snow removal	17,815	-	17,815
Telephone	1,187	-	1,187
Trash	14,338	-	14,338
Major maintenance	-	42,700	42,700
Total expenditures	<u>108,706</u>	<u>42,700</u>	<u>151,406</u>
Excess (deficiency) revenue over expenditures	13,831	35,353	49,184
Fund balance, beginning of year	<u>64,797</u>	<u>195,784</u>	<u>260,581</u>
Fund balance, end of year	<u>\$ 78,628</u>	<u>\$ 231,137</u>	<u>\$309,765</u>

See notes and accountant's review report.

**STAGECOACH TOWNHOUSE ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

**REVIEWED**

	<b>2004</b>
Cash flows from operating activities:	
Excess revenues over (under) expenditures	\$ 49,184
Adjustments to reconcile to cash flow:	
Changes in assets & liabilities:	
(Increase) decrease in accounts receivable	(14,771)
(Increase) decrease in prepaid expenses	810
(Increase) decrease in notes receivable	6,672
Increase (decrease) in accounts payable	6,602
Increase (decrease) in deposits	494
Net cash provided (used) in operating activities	48,991
Net increase (decrease) in cash	48,991
Cash, beginning of year	185,065
Cash, end of year	\$234,056
Supplemental disclosure	
Cash paid for interest	\$ -
Cash paid for income tax	\$ -

See notes and accountant's review report.

**STAGECOACH TOWNHOUSE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004**

**REVIEWED**

**Note 1. Significant accounting policies.**

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.

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 Major Maintenance fund. All other expenditures of the Association are recorded in the Operating fund.

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.

The Association bills the owners one month in advance for assessments. These prebilled assessments are recorded in accounts receivable and shown as an offset on the balance sheet as prepaid assessments.

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, 2004**

**REVIEWED**

**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. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to \$100,000. Uninsured balances are approximately \$75,700 at September 30, 2004.

**Note 2. Management contract.**

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

**Note 3. Replacement reserves.**

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 replacement funds are needed, the Association has the right to increase the monthly assessments, pass special assessments, or delay improvements until funds are available.

**Note 4. 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 year ending September 30, 2004.



**STAGECOACH TOWNHOUSE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004**

**REVIEWED**

**Note 5. Special member assessments.**

In addition to the quarterly assessments, the Association may levy special assessments for capital improvements, provided the assessment is approved by a majority of voting members. For the year ended September 30, 2004, the Association assessed a special assessment of \$50 per month per unit for all buildings except building #13. This building was assessed \$10 per month per unit since they came in during the year. The total assessed was \$51,120. In addition the Association assessed building #4 owners \$25,706 for siding the building.

**Note 6. Related party transactions.**

The Association paid the following owners for services during the year ended September 30, 2004. Chad Rose was paid \$41,500 for building #4 siding project. Bjorn Hinders was paid \$22,690 for building #2 siding project. Jeff Erickson was paid \$35,650 for property maintenance, lawn maintenance, snow removal and various repairs.

**Note 7. Notes receivable.**

The Association had two notes receivable to two unit owners for the siding project. Each not was originally for \$5,000 for five years at 7% interest. The balance due at September 30, 2004, was:

Note receivable #1	\$ 4,059
Note receivable #2	<u>4,060</u>
Total	<u>\$ 8,119</u>

Principal payments due for the next five years:

2005	\$ 1,900
2006	2,038
2007	2,184
2008	1,997
2009	<u>-</u>
Total	<u>\$ 8,119</u>