

**GOLDEN RIDGE
CONDOMINIUM
ASSOCIATION,
INC.**

Financial Statements

April 30, 2011

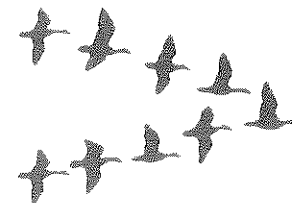
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Board of Directors
Golden Ridge Condominium Association, Inc.
Golden, Colorado

Independent Auditors' Report

We have audited the accompanying balance sheet of Golden Ridge Condominium Association, Inc. as of April 30, 2011 and the related statements of revenues, expenses and changes in fund balances 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Golden Ridge Condominium Association, Inc. as of April 30, 2011 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.

The schedule of future major repairs and replacements on page 10 is not a required part of the basic financial statements but is supplementary information required by the American Institute of Certified Public Accountants. We have compiled the schedule of future major repairs and replacements from information that is the representation of the management of the Association, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on it.

Dix Barrett & Stiltner P.C.

September 19, 2011

GOLDEN RIDGE CONDOMINIUM ASSOCIATION, INC.

Balance Sheets
 April 30, 2011
 (With Comparative Totals for 2010)

	Operating Fund	Replacement Fund	2011 Total	2010 Total
Assets				
Cash and cash equivalents	\$ 46,784	\$ 317,009	\$ 363,793	\$ 749,501
Investments	-	185,625	185,625	-
Assessments receivable, net	20,301	-	20,301	23,533
Prepaid expenses	23,359	-	23,359	15,573
Property and equipment, net	134,750	-	134,750	146,101
Total assets	\$ 225,194	\$ 502,634	\$ 727,828	\$ 934,708
 Liabilities and Homeowners' Equity				
Liabilities				
Accounts payable	\$ 43,708	\$ 6,740	\$ 50,448	\$ 43,991
Prepaid assessments	44,690	-	44,690	46,903
Income taxes payable	6,332	-	6,332	4,389
Deferred income	19,103	-	19,103	19,103
Unexpended insurance proceeds	24,255	-	24,255	-
Total liabilities	138,088	6,740	144,828	114,386
 Homeowners' equity				
Contributed capital	350,524	-	350,524	350,524
Unrealized loss on investments	-	(14,375)	(14,375)	-
Fund balance (deficit)	(263,418)	510,269	246,851	469,798
Total homeowners' equity	87,106	495,894	583,000	820,322
Total liabilities and homeowners' equity	\$ 225,194	\$ 502,634	\$ 727,828	\$ 934,708

See notes to financial statements.

GOLDEN RIDGE CONDOMINIUM ASSOCIATION, INC.

Statements of Revenues, Expenses and Changes in Fund Balances
For the Year Ended April 30, 2011
(With Comparative Totals for 2010)

	Operating Fund	Replacement Fund	2011 Total	2010 Total
Revenues				
Homeowner assessments, net	\$ 732,101	\$ 300,139	\$ 1,032,240	\$ 932,450
Rental income	-	-	-	2,000
Laundry income	16,946	-	16,946	15,830
Antenna lease income	40,160	-	40,160	40,160
Interest income	7	2,720	2,727	5,130
Other income	5,788	-	5,788	50,129
Total revenues	795,002	302,859	1,097,861	1,045,699
Expenses				
Administrative and office	20,995	150	21,145	23,711
Bad debt expense	9,165	-	9,165	6,384
Building maintenance	68,566	281,436	350,002	184,182
Depreciation	11,351	-	11,351	13,359
Equipment system maintenance	34,707	122,050	156,757	134,817
Gas and electric	182,910	-	182,910	178,827
Grounds maintenance	49,550	50,019	99,569	46,862
Income taxes	7,634	-	7,634	7,655
Insurance	54,295	-	54,295	39,406
Management fees	27,063	-	27,063	37,944
Manager payroll and benefits	169,886	-	169,886	136,156
Professional fees	66,570	-	66,570	25,593
Recreation facilities	5,568	3,500	9,068	15,417
Snow removal	7,418	-	7,418	14,716
Telephone	7,304	-	7,304	8,154
Trash service	27,390	-	27,390	27,281
Water and sewer	113,281	-	113,281	101,308
Total expenses	863,653	457,155	1,320,808	1,001,772
Excess (deficiency) of revenues over expenses	(68,651)	(154,296)	(222,947)	43,927
Fund balances (deficit) - beginning of year	(114,640)	584,438	469,798	425,871
Interfund transfers	(80,127)	80,127	-	-
Fund balances (deficit) - end of year	\$ (263,418)	\$ 510,269	\$ 246,851	\$ 469,798

See notes to financial statements.

GOLDEN RIDGE CONDOMINIUM ASSOCIATION, INC.

Statements of Cash Flows
For the Year Ended April 30, 2011
(With Comparative Totals for 2010)

	Operating Fund	Replacement Fund	2011 Total	2010 Total
Cash flows from operating activities:				
Excess (deficiency) of revenues over expenses	\$ (68,651)	\$ (154,296)	\$ (222,947)	\$ 43,927
Adjustments to reconcile to net cash provided (used) by operating activities:				
Depreciation expense	11,351	-	11,351	13,359
Interfund transfers	(80,127)	80,127	-	-
Decrease (increase) in:				
Assessments receivable	3,232	-	3,232	10,339
Prepaid expenses	(7,786)	-	(7,786)	(5,937)
Increase (decrease) in:				
Accounts payable	2,712	3,745	6,457	(7,558)
Prepaid assessments	(2,213)	-	(2,213)	10,825
Accrued insurance payable	-	-	-	(15,319)
Income taxes payable	1,943	-	1,943	2,050
Unexpended insurance proceeds	24,255	-	24,255	(5,000)
Cash provided (used) by operating activities	(115,284)	(70,424)	(185,708)	46,686
Cash flows from investing activities:				
Purchase of investments	-	(200,000)	(200,000)	-
Cash used by investing activities	-	(200,000)	(200,000)	-
Increase (decrease) in cash and cash equivalents	(115,284)	(270,424)	(385,708)	46,686
Cash and cash equivalents - beginning	162,068	587,433	749,501	702,815
Cash and cash equivalents - ending	\$ 46,784	\$ 317,009	\$ 363,793	\$ 749,501

See notes to financial statements.

GOLDEN RIDGE CONDOMINIUM ASSOCIATION, INC.

Notes to Financial Statements
April 30, 2011

Note 1: Organization

Golden Ridge Condominium Association, Inc. (the "Association") is a statutory condominium association incorporated in the State of Colorado on February 27, 1980. The Association, which has 372 residential units and is located in Golden, Colorado, was formed to maintain and preserve the common property.

Note 2: Date of Managements' Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 19, 2011, the date that the financial statements were available to be issued.

Note 3: Summary of Significant Accounting Policies

Basis of Presentation

The Association uses the fund method of reporting, which requires that funds, such as operating funds and funds for future major repairs and replacements, be classified separately for reporting purposes. Fund accounting is helpful in segregating funds having restrictions on their use. Disbursements from the operating fund are generally at the discretion of the Board of Directors. Disbursements from the replacement fund may be made only for designated purposes.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting. Revenues and expenses are recognized in the period earned or incurred, respectively.

Cash Equivalents

The Association considers all highly liquid investments with a maturity of three months or less at the date of acquisition, to be cash equivalents. Otherwise, they are classified as investments.

GOLDEN RIDGE CONDOMINIUM ASSOCIATION, INC.

Notes to Financial Statements
April 30, 2011

Note 3: Summary of Significant Accounting Policies (Continued)

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenses during the reported period. Actual results may differ from those estimates which may be material to the financial statements.

Property and Equipment

Property and equipment are recorded at acquisition cost. Depreciation is computed using the accelerated methods over the estimated useful lives of the assets which range from five to seven years. The child care center, which was received from the developer in settlement of a lawsuit, has been recorded as contributed capital on the financial statements at its appraised value as of the settlement date of \$300,000. The child care center and unit 10-306 are being depreciated using the straight line method over their estimated useful life of 30 years.

Property and equipment at April 30, 2011 consists of the following:

Child care center	\$ 300,000
Unit 10-306	58,568
Maintenance equipment	33,347
Clubhouse furnishings	33,552
Office furnishings and equipment	<u>10,704</u>
	436,171
Less accumulated depreciation	<u>301,421</u>
Net property and equipment	<u>\$ 134,750</u>

Contributed Capital

Working capital deposits are collected from homeowners at the initial closing for the use and benefit of the Association as it deems desirable and have been recorded as contributed capital of the operating fund.

GOLDEN RIDGE CONDOMINIUM ASSOCIATION, INC.

Notes to Financial Statements
April 30, 2011

Note 3: Summary of Significant Accounting Policies (Continued)

Financial Instruments

Unless otherwise disclosed, the carrying amount of financial instruments approximates their fair value because of their short-term nature.

Recognition of Assets Policy

Real and personal common property acquired by the original unit owners from the developer, as well as replacements and improvements thereto, is not recognized in the Association's financial statements because it is commonly owned by individual owners and its disposition by the Association's Board is restricted. Replacements and improvements to common property are not recognized as assets because their disposition is restricted.

Note 4: Supplemental Cash Flow Information

For the year ended April 30, 2011, the Association made income tax payments of \$5,691. No interest payments were made during the year. There were no non-cash investing or financing cash flow activities.

Note 5: Members' Assessments

Monthly assessments charged to owners ranged from \$172 to \$292 for the year ended April 30, 2011. The annual budget and assessments of owners are determined by the Board of Directors. The Association retains excess operating funds at the end of the fiscal year for use in future operating periods.

The Association's Declaration provides for various collection remedies for delinquent assessments including the filing of liens, foreclosing on the homeowner, and obtaining judgment on other assets of the homeowners.

As of April 30, 2011, the Association had recorded an allowance for doubtful accounts of \$18,000.

GOLDEN RIDGE CONDOMINIUM ASSOCIATION, INC.

Notes to Financial Statements
April 30, 2011

Note 6: Investments

As of April 30, 2011, the Association has invested in the following certificates of deposit:

	<u>Maturity Date</u>	<u>Balance</u>
Wells Fargo	11/07/14	\$ 47,125
Wells Fargo	05/07/15	92,875
Wells Fargo	05/06/16	<u>45,625</u>
		<u>\$185,625</u>

Note 7: Federal and State Income Taxes

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year ended April 30, 2011. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property. Net nonexempt function income, which includes earned interest and revenues received from nonmembers, is taxed at 30% by the federal government and at 4.63% by the State of Colorado.

On May 1, 2010, the Association adopted the new accounting for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns. The Association's tax filings are subject to audit by various taxing authorities. The Association's federal income tax returns for 2007, 2008 and 2009 remain open to examination by the Internal Revenue Service; state income tax returns for 2006, 2007, 2008 and 2009 are open to examination. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Note 8: 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 \$510,269 at April 30, 2011, are held in separate accounts and are generally not available for operating purposes.

GOLDEN RIDGE CONDOMINIUM ASSOCIATION, INC.

Notes to Financial Statements
April 30, 2011

Note 8: Future Major Repairs and Replacements (Continued)

The Association's property manager conducted a study in 2002 to estimate the remaining useful lives and the replacement costs of the common property components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures may vary from the estimated amounts, and the variation may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Note 9: Unexpended Insurance Proceeds

During the year ended April 30, 2011, the Association received insurance proceeds of \$224,220 related to claims for property damage. The Association expended \$199,965 of these funds during the year. The remaining unexpended insurance proceeds of \$24,255 will be spent in the subsequent year.

Note 10: Contingencies

The Association is a party to various legal actions normally associated with homeowner associations, such as the collection of delinquent assessments and covenant compliance matters, the aggregate effect of which, in management's opinion, would not be material to the future financial condition of the Association.

GOLDEN RIDGE CONDOMINIUM ASSOCIATION, INC.

Supplementary Information on Future Major
Repairs and Replacements
April 30, 2011
(Unaudited)

In 2002, the Association's property manager conducted a study to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

The following table is based on the plan and presents significant information about the components of common property.

<u>Components</u>	<u>Estimated Remaining Life (Years)</u>	<u>Estimated Replacement Cost</u>
Boilers	3 - 6	\$ 290,000
Electrical	0	8,000
Plumbing	6	2,000
Indoor pool/spa	0 - 4	29,000
Outdoor pool/pond	0 - 4	10,000
Elevators	0 - 2	38,000
Structures	0	62,000
Roofing	0 - 10	354,000
Exterior finish	0 - 4	82,000
Interior common finish	0 - 19	100,000
Repairs	0 - 3	153,000
Site improvements	0 - 4	<u>174,000</u>
		<u>\$ 1,302,000</u>