

**HIDEAWAY PARK CONDOMINIUMS
ASSOCIATION, INC.**

AUDITED FINANCIAL STATEMENTS

**For The Years Ended
September 30, 2008 and 2007**

HIDEAWAY PARK CONDOMINIUMS ASSOCIATION, INC.

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SEPTEMBER 30, 2008 and 2007

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Independent Auditors' Report

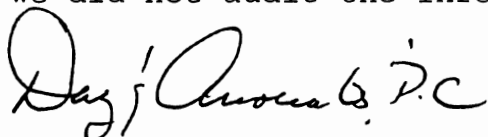
Board of Directors
Hideaway Park Condominiums Association, Inc.
Winter Park, CO

We have audited the accompanying balance sheets of Hideaway Park Condominiums Association, Inc. (the Association) as of September 30, 2008 and 2007, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the years 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the Association, as of September 30, 2008 and 2007, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The supplementary information on future repairs and replacements 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 applied certain limited procedures, which consisted principally of inquiries of Management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



Day & Associates, P.C.
December 30, 2008

HIDEAWAY PARK CONDOMINIUMS ASSOCIATION, INC.
BALANCE SHEETS
AS OF SEPTEMBER 30, 2008 AND 2007

	OPERATING FUND	REPLACEMENT FUND	TOTALS	
			2008	2007
ASSETS				
Cash	\$ 9,283	\$ 43,300	\$ 52,583	\$ 126,635
Certificates of deposit	---	106,454	106,454	53,703
Assessments receivable (no provision for bad debts)	83,546	---	83,546	30,047
Prepaid insurance	4,932	---	4,932	5,688
Due (to) from other fund	(18,164)	18,164	---	---
Property and equipment - net	85,556	---	85,556	88,389
TOTAL ASSETS	\$ 165,153	\$ 167,918	\$ 333,071	\$ 304,462
 LIABILITIES				
Accounts payable	\$ 38,951	\$ ---	\$ 38,951	\$ 17,272
Assessments received in advance	1,486	---	1,486	979
Income tax payable	1,382	---	1,382	1,183
Security deposit payable	800	---	800	800
TOTAL LIABILITIES	42,619	---	42,619	20,234
FUND BALANCES	122,534	167,918	290,452	284,228
TOTAL LIABILITIES AND FUND BALANCES	\$ 165,153	\$ 167,918	\$ 333,071	\$ 304,462

The accompanying notes are an integral
part of the financial statements.

HIDEAWAY PARK CONDOMINIUMS ASSOCIATION, INC.
STATEMENTS OF REVENUES AND EXPENSES
AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTALS</u>	
			<u>2008</u>	<u>2007</u>
REVENUES				
Regular assessments	\$ 240,948	\$ 60,162	\$ 301,110	\$ 284,232
Special assessments	---	54,945	54,945	17,175
Interest income				
Banks	34	4,065	4,099	3,872
Homeowners	1,009	---	1,009	1,059
Rental Income	9,600	---	9,600	9,600
Other income	<u>2,641</u>	<u>---</u>	<u>2,641</u>	<u>6,753</u>
TOTAL REVENUES	254,232	119,172	373,404	322,691
EXPENSES				
Accounting and legal fees	4,735	---	4,735	4,976
Cable	27,548	---	27,548	25,729
Depreciation expense	2,833	---	2,833	10,223
Electricity	9,235	---	9,235	11,837
Gas	8,767	---	8,767	7,779
Income taxes	1,412	---	1,412	1,504
Insurance	23,304	---	23,304	22,754
Management fees	95,160	---	95,160	87,300
Miscellaneous expense	659	---	659	219
Repairs and replacements	20,062	102,413	122,475	99,815
Trash removal	17,573	---	17,573	14,525
Tree removal and spraying	15,128	---	15,128	2,768
Water and sewer	<u>38,351</u>	<u>---</u>	<u>38,351</u>	<u>38,131</u>
TOTAL EXPENSES	<u>264,767</u>	<u>102,413</u>	<u>367,180</u>	<u>327,560</u>
Excess (deficiency) of revenues over expenses	(10,535)	16,759	6,224	(4,869)
Beginning fund balances	<u>133,069</u>	<u>151,159</u>	<u>284,228</u>	<u>289,097</u>
ENDING FUND BALANCES	<u>\$ 122,534</u>	<u>\$ 167,918</u>	<u>\$ 290,452</u>	<u>\$ 284,228</u>

The accompanying notes are an integral
part of the financial statements.

HIDEAWAY PARK CONDOMINIUMS ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	OPERATING FUND	REPLACEMENT FUND	TOTALS	
			2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:				
Excess (deficiency) of revenues over expenses	\$ (10,535)	\$ 16,759	\$ 6,224	\$ (4,869)
Adjustments to reconcile excess revenues over expenses to net cash provided by operating activities:				
Depreciation	2,833	---	2,833	10,223
(Increase) decrease in				
Assessments receivable	(53,499)	---	(53,499)	27,524
Interfund rec./payable	(27,306)	27,306	---	---
Prepaid insurance	756	---	756	16,947
Increase (decrease) in:				
Accounts payable	21,679	---	21,679	(29,352)
Assessments rec'd in adv.	507	---	507	(380)
Income taxes payable	<u>199</u>	<u>---</u>	<u>199</u>	<u>245</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	(65,366)	44,065	(21,301)	20,338
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment in certificates of deposit	<u>---</u>	<u>(52,751)</u>	<u>(52,751)</u>	<u>(2,443)</u>
NET CASH USED IN INVESTING ACTIVITIES	---	(52,751)	(52,751)	(2,443)
NET INCREASE (DECREASE) IN CASH	(65,366)	(8,686)	(74,052)	17,895
CASH AT BEGINNING OF YEAR	<u>74,649</u>	<u>51,986</u>	<u>126,635</u>	<u>108,740</u>
CASH AT END OF YEAR	<u>\$ 9,283</u>	<u>\$ 43,300</u>	<u>\$ 52,583</u>	<u>\$ 126,635</u>
SUPPLEMENTAL DISCLOSURES:				
Income taxes paid			\$ 1,213	\$ 1,259

The accompanying notes are an integral
part of the financial statements.

HIDEAWAY PARK CONDOMINIUMS ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007

Note 1: ORGANIZATION

Hideaway Park Condominiums Association, Inc. (the **A**ssociation[®]) is a statutory condominium association incorporated in the State of Colorado in August, 1965, as a non-profit corporation. It's purpose is to maintain the Association's common property, located in Winter Park, Colorado.

The Association is comprised of 97 residential units.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles as applied to non-profit organizations. The significant accounting policies followed are described below:

A: Fund Accounting

To record restrictions placed on the use of assets, the Association uses fund accounting. Separate accounts are maintained for each fund, and accordingly, all financial transactions have been recorded and reported by fund. The Association uses two funds as follows:

Operating Fund - to account for the operation and routine maintenance of the common property.

Replacement Fund - A Replacement Fund is used to account for the major repairs and future replacement of the common property. Separate revenues, expenses, and fund balances are maintained for each building, which results in varying assessments.

B: Cash and Cash Equivalents

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

C: Uninsured Cash Balances

The Association maintains its cash balances at two financial institutions which were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 as of September 30, 2008. Uninsured balances were \$49,754 and \$5,689 at September 30, 2008 and 2007. In October, 2008, the FDIC insurance limit was increased to \$250,000.

HIDEAWAY PARK CONDOMINIUMS ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D: Recognition of Assets and Depreciation Policy

The Association recognizes real and personal property assets to which it has title at cost, or fair market value if the property was transferred to the Association by the Developer. The property is depreciated over its estimated useful life using the straight-line method of depreciation. Improvements are depreciated over 30 years and furniture and fixtures are depreciated over 5 to 10 years.

Depreciation expense incurred for the years ended September 30, 2008 and 2007 was \$2,833 and \$10,223, respectively.

The components of property and equipment as of September 30, 2008 and 2007 are as follows:

	2008	2007
Land and improvements	\$ 371,084	\$ 371,084
Furniture and equipment	20,000	20,000
	391,084	391,084
Accumulated depreciation	(305,528)	(302,695)
	\$ 85,556	\$ 88,389

Real and personal common property acquired by the original unit owners from the Developer is not recognized in the Association's financial statements because it is owned by the individual owners and its disposition by the Association's Board of Directors is restricted. Similarly, replacements and improvements to common property are not recognized.

E: Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3: OWNERS' 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. The annual budget and owners' assessments are determined by the Board of Directors. The Association retains excess operating funds at the end of the operating year, if any, for use in future operation periods.

HIDEAWAY PARK CONDOMINIUMS ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007

Note 4: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association accumulates funds for future major repairs and replacements. The funds are accumulated by building. Accumulated funds, which aggregate \$167,918 and \$151,159 at September 30, 2008 and 2007, are held in separate accounts and are generally not available for operating purposes.

A study was conducted by the Association's Board of Directors and Management Company in 2008 to estimate the remaining useful lives and replacement costs of the components of common property. Sources for the data were contractors and past costs incurred by the Association or similar developments. The estimates were based on 2008 estimated replacement costs.

Actual expenditures may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, the Board has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements.

Note 5: INCOME TAXES

For the years ended September 30, 2008 and 2007, the Association elected to be taxed as a condominium association as defined by Internal Revenue Code Section 528. Generally, the Association is subject to tax only on non-exempt function income, which generally includes: earned interest, rental income, and revenues from non-members. For the years ended September 30, 2008 and 2007, the Association incurred income tax expense of \$1,412 and \$1,504.

Note 6: ASSESSMENTS RECEIVABLE

The Association's policy is to retain counsel and place liens on properties of owners whose assessments are ninety days or more delinquent. As of September 30, 2008, and 2007, the Association had assessments receivable of \$83,546 and \$30,047, of which \$822 and \$1,015 were more than ninety days delinquent. It is the opinion of the Board of Directors that the Association will ultimately prevail against all owners; therefore, no provision for bad debts has been established.

HIDEAWAY PARK CONDOMINIUMS ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007

Note 7: MANAGEMENT COMPANY

The day-to-day operations of the Association are contracted to Condominium Management Company, Inc., under the direction of the Board of Directors. This contract establishes the basic services to the Association as well as specifying service and material charges which the Management Company may pass on to the Association. The Management Company provides staff necessary for administration, accounting, supervision and maintenance, and the Association, therefore, has no employees.

The following are the charges by the Management Company for the years ended September 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Administrative	\$ 304	\$ 108
Common area maintenance	5,444	5,020
Property management	95,160	87,300
Recreation building	12,089	6,022
Replacement fund expenses	22,829	22,256
Tree removal	<u>1,370</u>	<u>---</u>
Total Management Company Charges	\$ 137,196	\$ 120,706

Note 8: SPECIAL ASSESSMENTS

During the years ended September 30, 2008 and 2007, the Association specially assessed \$54,945 and \$17,175, respectively, for purposes of repairs on specific buildings.

Note 9: LEASE

In September 2007, the Association entered into a one-year lease for the apartment unit located in the recreation center. The lease calls for monthly payments of \$800 and expired September 30, 2008. The lease was renewed on October 1, 2008 and extends until September 30, 2009. Monthly payments remain at \$800.

SUPPLEMENTARY INFORMATION

HIDEAWAY PARK CONDOMINIUMS ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS
AND REPLACEMENTS (UNAUDITED)
SEPTEMBER 30, 2008

The Association's Management Company conducted a study in 2008 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 as of the date of the study.

The following information is based on the study and presents significant information about the components of common property as of the study date.

<u>COMPONENT</u>	<u>ESTIMATED REMAINING USEFUL LIFE (YEARS)</u>	<u>ESTIMATED CURRENT REPLACEMENT COST</u>
Roofs	1-27	396,000
Painting and siding	1-8	160,000
Walkways	1-14	83,000
Furniture and fixtures	1-3	21,000
Pool and hot tubs	1-9	45,000
Driveway asphalt	1-7	20,000
Drainage	1-3	<u>13,000</u>
Total		<u>\$ 738,000</u>
Amounts designated for future repairs and replacements		<u>\$ 167,918</u>

See accountants' report.