

**Park Plaza Condominium Association**  
(A Colorado Non-Profit Corporation)

Financial Statements and  
Supplementary Information  
November 30, 2013 and 2012

**Park Plaza Condominium Association**  
(A Colorado Non-Profit Corporation)  
November 30, 2013 and 2012

Table of Contents

	<u>Page</u>
Accountant's Compilation Report	1
Balance Sheets	2
Statements of Revenues, Expenses and Changes in Fund Balance	3 - 4
Supplementary Information: Comparison of Actual and Budgeted Expenses, Year Ended November 30, 2013	5 - 6



NOVOSAD ♦ LYLE

♦ ASSOCIATES, P.C. ♦

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*Certified Public Accountants*

*Stephanie Novosad, C.P.A.  
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ACCOUNTANT'S COMPILATION REPORT

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To the Board of Directors  
Park Plaza Condominium Association  
Beaver Creek, Colorado

We have compiled the accompanying balance sheets of Park Plaza Condominium Association (a Colorado non-profit corporation) as of November 30, 2013 and 2012, and the related statements of revenues, expenses and changes in fund balance, for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has also elected to omit substantially all other disclosures ordinarily included in financial statements and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Association's financial position, results of operations and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Management has omitted supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

As of and for the year ended November 30, 2013, we were not independent with respect to Park Plaza Condominium Association.

*Novosad, Lyle & Associates, P.C.*

Novosad, Lyle & Associates, P.C.

December 11, 2013

**Park Plaza Condominium Association**  
(A Colorado Non-Profit Corporation)  
Balance Sheets  
November 30, 2013 and 2012

	2013	2012
<b>Assets</b>		
Current Assets:		
Cash and investments (less unrealized (losses)/gains of (65,951) and 37,482 )	2,714,023	2,574,511
Accounts receivable - owners	925	12,023
Health insurance receivable	5,700	-
Inventory - supplies	10,000	10,000
Prepaid expenses	4,000	10,152
Prepaid insurance	11,024	26,195
Total Current Assets	2,745,672	2,632,881
Fixed Assets:		
Equipment	-	52,194
Less: accumulated depreciation	-	(52,194)
Total Fixed Assets	-	-
Total Assets	2,745,672	2,632,881
<b>Liabilities and Fund Balance</b>		
Current Liabilities:		
Accounts payable - owners	-	157,442
Accounts payable - trade	123,656	222,959
Accounts payable - other	18,806	3,224
Accrued property taxes	117,400	135,439
Accrued payroll	8,921	12,580
Accrued payroll taxes payable	714	884
Advance guest deposits	153,533	338,226
Prepaid owner assessments	159,283	33,735
Total Current Liabilities	582,313	904,489
Fund Balance:		
Reserve for repairs and replacements (Page 4)	2,163,358	1,728,392
Total Liabilities and Fund Balance	2,745,672	2,632,881

See accountant's compilation report.

**Park Plaza Condominium Association**  
(A Colorado Non-Profit Corporation)  
Statements of Revenues, Expenses and Changes in Fund Balance  
Years Ended November 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Common assessments	1,610,132	1,612,007
Owner rebill and late charges	3,861	2,100
Interest income and gains/losses on investments	46,383	62,620
Bonus night revenue	2,267	3,293
Net rental fees	289,249	178,127
Locker revenue	28,594	33,175
Advance deposit write-offs	56,362	6,871
Other income and utility credits	228,633	36,422
Insurance recovery funds	50,000	-
	<u>2,315,481</u>	<u>1,934,615</u>
Total Revenues		
Expenses:		
Salaries:		
Management	57,907	90,000
Front desk	121,892	124,893
Housekeeping and housemen	344,295	339,163
Bellmen	-	5,500
Maintenance personnel	100,827	80,716
Payroll taxes	52,308	59,044
Health insurance	38,861	78,678
Ski passes	3,000	4,328
Workmen's compensation insurance	9,964	13,013
Uniforms	295	299
Employee relations	1,573	247
Recruiting	334	499
Room amenities	20,005	19,146
Room replacements	22,337	17,073
Cleaning supplies	21,811	18,833
Laundry supplies	7,052	6,954
Linen	3,165	8,115
Cable television	33,844	32,982
Contract cleaning	9,915	9,696
Firewood	4,086	5,217
Continental breakfast	42,373	37,882
Repairs and Maintenance:		
Residential	42,257	33,063
GCE	140,046	122,597
Miscellaneous maintenance	-	709
Pool and spa maintenance	11,126	5,411

See accountant's compilation report.

**Park Plaza Condominium Association**  
(A Colorado Non-Profit Corporation)  
Statements of Revenues, Expenses and Changes in Fund Balance  
Years Ended November 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Expenses (continued):		
Landscaping	359	186
Elevator	7,759	9,993
Christmas decorations	(352)	1,035
Electricity	52,256	56,756
Natural gas	57,400	53,258
Water and sewer	48,878	43,640
Trash removal	6,762	7,374
Fire, life and safety	13,822	11,403
Office supplies	5,943	6,874
Telephone and fax charges	7,755	10,479
Computer and internet expense	26,398	17,636
Postage	1,279	1,052
Accounting fees	39,121	7,318
Legal expense	13,744	-
Insurance	32,838	24,832
Board expense	4,622	4,393
Marketing and promotion	777	6,040
Replacement reserve*	746,102	358,591
Bank charges and miscellaneous	612	705
Property taxes	110,083	136,207
Travel agent commissions	22,665	28,046
Credit card discounts	27,384	24,739
Officers' expense	-	10,000
Total Expenses	<u>2,315,481</u>	<u>1,934,615</u>
Revenue in excess of expenses	-	-
Beginning Fund Balance	1,728,392	1,517,183
Reserve expenditures	(311,136)	(147,382)
Reserve assessments*	<u>746,102</u>	<u>358,591</u>
Ending Fund Balance (Page 2)	<u><u>2,163,358</u></u>	<u><u>1,728,392</u></u>

\*-Replacement reserve expense is equal to the current year reserve assessments reported separately in these financial statements.

See accountant's compilation report.

**Park Plaza Condominium Association**  
(A Colorado Non-Profit Corporation)  
Supplementary Information  
Comparison of Actual and Budgeted Expenses  
Year Ended November 30, 2013

	<u>Actual</u>	<u>Budgeted</u>	<u>Difference - Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Common assessments	1,610,132	1,609,134	998
Owner rebill and late charges	3,861	3,000	861
Interest income and gains on investments	46,383	50,000	(3,617)
Locker revenue	28,594	30,000	(1,406)
Bonus night revenue	2,267	3,500	(1,233)
Net rental fees	289,249	175,000	114,249
Other income	334,995	40,000	294,995
	<u>2,315,481</u>	<u>1,910,634</u>	<u>404,847</u>
<b>Total Revenues</b>			
<b>Expenses:</b>			
<b>Salaries:</b>			
Management	57,907	90,000	32,093
Front desk	121,892	128,000	6,108
Housekeeping and housemen	344,295	350,000	5,705
Bellmen	-	6,000	6,000
Maintenance personnel	100,827	85,000	(15,827)
Employee benefits	104,133	160,000	55,867
Uniforms	295	1,000	705
Employee relations	1,573	2,000	427
Recruiting	334	1,500	1,166
Room amenities	20,005	20,000	(5)
Room replacements	22,337	18,000	(4,337)
Cleaning supplies	21,811	18,000	(3,811)
Laundry supplies	7,052	7,000	(52)
Linen	3,165	10,000	6,835
Cable television	33,844	36,000	2,156
Contract cleaning	9,915	10,000	85
Firewood	4,086	6,000	1,914
Continental breakfast	42,373	38,000	(4,373)
<b>Repairs and maintenance:</b>			
Residential	42,257	35,000	(7,257)
GCE	140,046	135,000	(5,046)
Pool and spa maintenance	11,126	5,000	(6,126)

See accountant's compilation report.

**Park Plaza Condominium Association**  
(A Colorado Non-Profit Corporation)  
Supplementary Information  
Comparison of Actual and Budgeted Expenses  
Year Ended November 30, 2013  
(Continued)

Expenses (continued):	Actual	Budgeted	Difference- Favorable (Unfavorable)
Landscaping	359	1,000	641
Snow removal	-	5,000	5,000
Elevator	7,759	10,000	2,241
Christmas decorations	(352)	1,000	1,352
Electricity	52,256	56,000	3,744
Natural gas	57,400	54,000	(3,400)
Water and sewer	48,878	45,000	(3,878)
Trash removal	6,762	9,000	2,238
Fire, life and safety	13,822	13,000	(822)
Office supplies	5,943	7,400	1,457
Telephone and fax charges	7,755	12,000	4,245
Computer and internet expense	26,398	16,000	(10,398)
Postage	1,279	1,500	221
Accounting fees	39,121	7,300	(31,821)
Legal expense	13,744	2,000	(11,744)
Insurance	32,838	26,000	(6,838)
Board expense	4,622	4,000	(622)
Marketing and promotion	777	10,000	9,223
Replacement reserve*	746,102	260,000	(486,102)
Bank charges and miscellaneous	612	934	322
Property taxes	110,083	137,000	26,917
Travel agent commissions	22,665	36,000	13,335
Credit card discounts	27,384	25,000	(2,384)
Officers' expense	-	10,000	10,000
<b>Total Expenses</b>	<b>2,315,481</b>	<b>1,910,634</b>	<b>(404,847)</b>
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*-Replacement reserve expense is equal to the current year reserve assessments reported seperately in these financial statements.

See accountant's compilation report



Park Plaza Homeowner's Meeting  
December 23, 2013  
3 PM

Management members present: Bernie Scharf and Julie Timparo

Homeowners in attendance: Mr. & Mrs. Jonathan Peacock, Mr. Steve Torok, Dr. Frank Wilson and sons, Matt & Jonathan, Mr. Ross Taylor, Mr. & Mrs. Steve Wellins, Mrs. Kelly Fiala.

Meeting called to order by Bernie Scharf President of the PPCA. A determination was made that we did have a quorum present.

Mr. Peacock requested a Tamara Teubel update. Update provided by Bernie Scharf. Tamara is still under criminal investigation by the Eagle County Sheriff's Dept. and the State of Colorado Division of Real Estate. PPCA has received \$50,000 from Great Northern Insurance Co. in June 2013. That represents the policy limits under the insurance policy. The approved insurance claim was \$113,805 and PPCA will continue to seek reimbursement for the difference. PPCA is also investigating taking back the ownership of unit 408 which Ms. Teubel currently owns. On Feb. 6, 2013 US Bank returned to PPCA \$18,530 for funds that were converted by Ms. Teubel. The money recovered from US Bank was not part of the insurance claim.

A request for the prior year, 2012, minutes to the annual homeowners meeting was made. Unfortunately it was missing and could not be located.

Class C Residential seat was voted and approved. Bernie Scharf was re-elected.

Major Capital Improvements finished were then discussed approximately \$600,000. New Building Heating System, 2 primary residential elevators completely retrofitted, Fire panel upgrades, twin bathroom remodel finished, New accounting system, and a new reservation system. ( more detail: homeowner update 10/22/13 ).

The tenure of the meeting then switched to Governance issues and the potential conflict of Bernie Scharf being a board director, President of PPCA and property manager. Mr. Scharf pointed out that new internal controls were put into place immediately following the termination of Ms. Teubel. The financial books and records for PPCA were turned over to the associations accounting firm Novosad -Lyle Assoc. and will be maintained at their location. The internal controls using the new RDP reservation system has been vastly improved. No rentals are disbursed to owners unless they are reviewed by Julie, Bernie, and Novosad - Lyle. Going forward budgets will show comparisons figures of actual vs. budget and will be sent out to the homeowners 30 days prior to the annual homeowner's meeting.

The next issue was the election process for the board director. It was agreed at the meeting by all present, that Mr. Torok would work with Mr. Scharf and the association's attorney to come up with a new formal process for board directors each year.

Mr Taylor suggested using teleconferencing at our annual homeowner's meeting. Management said that it would take the suggestion under advisement.

Ratification of the Operating Budget for 2014 was approved by all owners present and those represented by proxy.

Ratification of Replacement Reserve Expenditure was approved by all owners present and those represented by proxy.

Replacement Assessments: Upon motion duly made and seconded, the following resolution was unanimously approved:

Where as the members desire that the Association shall act in full Accordance with the rulings and regulations of the Internal Revenue Service, now therefore the members hereby adopt the following resolutions by and on behalf of the Association.

Resolved that the amount collected by or paid to the Association for Capital Replacement purposes during the Fiscal year ending Nov. 30, 2013 Shall be set aside for future major repairs and replacements and allocated to Capital components as provided by the guidelines established by IRC Section 118 and Revenues Rulings 75-370 and 75-371. Such amounts shall be deposited into separate account. Any amounts so added to replacement funds shall be allocated to the various components at the discretion of the Board of Directors.

And be it further resolved that all actions taken by the Board of Directors on Behalf of the Association during the prior year be and hereby are ratified.

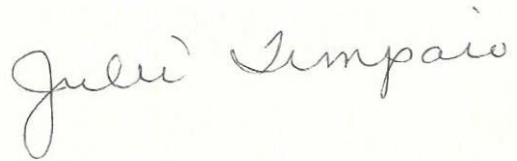
Ratification of HB 12-137 Board of Directors Resolutions: Amended and Restated Policy For Collection Of Assessments And Other Charges and Amended And Restated Policy For

Investment Of Reserve Funds And Reserve Study Provisions ( 12/18/13 ) in compliance with Colorado House Bill 12-1237.

There was no further business discussed. The meeting was adjourned.

Respectfully submitted,

Julie Timparo, General Manager

A handwritten signature in cursive script that reads "Julie Timparo". The signature is written in dark ink and is positioned below the typed name.



Dear Homeowners:

Update: Highlights of major projects and improvements to be finished prior to start of this winters ski season.

1. At the beginning of this year a new accounting system was installed. It has proved to be much more efficient with better internal controls. Currently there is only 1 delinquent homeowner. Rentals were disbursed to the homeowners the month after the rental.

2. A major change to our reservation system has been a challenging work in process since the summer. The old system was outdated and was non compliant for today's credit card encryption processing. Our new system is a Hosted Web based system. The system is more flexible providing greater analytical tools with remote access. The system is backed up instantaneously with all data being stored off site. The system is designed to work over the internet and if the internet is down the system will convert automatically to DSL mode meaning no down time. While changing the reservation system we simultaneously changed our merchant credit card processor. The new card processor provides greatly improved reports with a substantially lower rate.

3. All of the twin bathrooms will have been remodeled. The upgrade will include new high end cabinets, granite tops, and designer sinks.

4. We will have a new heating system which is comprised of 5 new boilers that will occupy the space of just one of the old boilers. The old system had reached the end of its useful life and the new system had been in the planning for the last 2 years. Countless hours have been spent working with multiple mechanical engineering firms, HVAC firms, and factory representatives. In the end we will have new modern state of the art highly efficient heating system. The system will be operated by latest Reliable control panel along with 2 new variable speed pumps. Most importantly is that we will be more eco-friendly using less natural gas and thereby saving the association thousands of dollars a year in energy costs each year.

5. The 2 primary residential elevators will be completely retrofitted by Otis Elevator. All of the major elevator companies that service the Vail Valley area were consulted and bids analyzed for the most cost efficient and practical solution. The original elevators were built 30 years ago and were operated by mechanical relays. They were basically obsolete with service parts no longer available. The 2 newly retrofitted elevators are controlled by digital electronics. ( no longer by mechanical relays). A major component of the retrofit was dealing with 30 years of dramatic changes to building and elevator code compliance issues. The elevators will now comply with today's new standards.

6. Major upgrades were done to our fire panel. Part was done for the new elevators and the rest was for expansion of additional smoke detectors.

Needless to say, this has been a very ambitious year for the Park Plaza. The above capital improvement projects were long in the planning with a cost of approximately \$600,000.00. Again, this was accomplished with no dilution to our reserve funds, no special assessments to homeowners, and no increase to your dues next year. As we move thru the 21<sup>st</sup> Century, we now have a modern infrastructure, eco-friendly, and cost efficient building.



The staff and I hope that you all enjoy your home away from home. We look forward to seeing all of you this winter season.

Sincerely,

*Bernie Scharf*, Pres.

Bernie Scharf, Pres.

10/22/13