AMERICAN TOWERS OWNERS ASSOCIATION

AUDIT OF FINANCIAL STATEMENTS

For the year ended April 30, 2011

together with

REPORT OF INDEPENDENT AUDITORS

AMERICAN TOWERS OWNERS ASSOCATION

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Mantyla McREYNOLDS LLC
Certified Public Accountants
CPA
America counts on CPAs™

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Members

American Towers Owners Association

We have audited the accompanying statement of assets, liabilities, and fund balances of American Towers Owners Association, 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. The financial statements of American Towers Owners Association as of April 30, 2010, were audited by other auditors whose report, dated July 19, 2010, expressed an unqualified opinion on those statements. Information from these financial statements as of April 30, 2010 is presented for comparative purposes only.

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 2011 financial statements referred to above present fairly, in all material respects, the financial position of American Towers Owners Association 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.

Mantyla McReynolds LLC

Salt Lake City, Utah
December 22, 2011

AMERICAN TOWERS OWNERS' ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
As of April 30, 2011

	2011				2010
	Operating Fund	Residential Fund	Common Fund	Total	Total (for Comparative Purposes Only)
ASSETS					
Cash & Cash Equivalents	$ 106,914	$ 62,088	$ 267,169	$ 436,171	$ 461,871
Investments	-	243,361	-	243,361	222,733
Assessments Receivable	43,268	7,722	7,963	58,953	33,710
Prepaid expenses & deposits	24,235	-	-	24,235	23,726
A/C Retrofit assessment receivable	-	-	-	-	84,357
Inventory	8,849	-	-	8,849	3,000
Interfund receivable (payable)	(9,082)	9,931	(849)	-	-
Total Assets	$ 174,184	$ 323,102	$ 274,283	$ 771,569	$ 829,397
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 40,621	$ -	$ 5,684	$ 46,305	$ 50,030
Accrued Liabilities	59,983	32,407	-	92,390	155,862
Income Taxes Payable	395	-	-	395	965
Deferred Revenue	63,968	5,976	4,781	74,725	70,156
Notes Payable	-	-	-	-	51,090
Total Liabilities	164,967	38,383	10,465	213,815	328,103
Fund Balances	9,217	284,719	263,818	557,754	501,294
Total Liabilities and Fund Balances	$ 174,184	$ 323,102	$ 274,283	$ 771,569	$ 829,397

See accompanying notes to financial statements

AMERICAN TOWERS OWNERS' ASSOCIATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
For the Year Ended April 30, 2011

	2011				2010
	Operating Fund	Residential Fund	Common Fund	Total	Total (for Comparative Purposes Only)
Revenue					
Member Assessments	$ 1,670,191	$ 196,020	$ 164,556	$ 2,030,767	$ 1,944,351
Interest	-	20,642	2,561	23,203	28,877
Other	37,064	-	37,289	74,353	31,862
Total Revenue	$ 1,707,255	$ 216,662	$ 204,406	$ 2,128,323	$ 2,005,090
Expenses					
Payroll	$ 541,905	$ -	$ -	$ 541,905	$ 537,436
Utilities	423,065	-	-	423,065	418,797
Taxes, insurance, and other	236,091	-	-	236,091	259,158
Contracts	244,854	32,407	-	277,261	219,673
Major repairs and replacement expenditures	-	131,041	147,958	278,999	490,530
Maintenance and repairs	111,963	7,229	66,073	185,265	234,133
Interest Expense	-	10	708	718	6,913
Legal and professional	18,510	-	-	18,510	26,626
Supplies	56,367	-	-	56,367	18,299
Administrative	51,340	-	-	51,340	45,322
Income taxes	2,342	-	-	2,342	965
Total Expenses	1,686,437	170,687	214,739	2,071,863	2,257,852
Excess (deficiency) of revenue over expenses	20,818	45,975	(10,333)	56,460	(252,762)
Beginning fund balances (deficit)	(11,601)	238,744	274,151	501,294	754,056
Ending fund balances	$ 9,217	$ 284,719	$ 263,818	$ 557,754	$ 501,294

See accompanying notes to financial statements

AMERICAN TOWERS OWNERS' ASSOCIATION
STATEMENT OF CASH FLOWS
For the Year Ended April 30, 2011

	2011				2010
	Operating Fund	**Residential Fund**	**Common Fund**	**Total**	**Total (for Comparative Purposes Only)**
Cash Flows from Operating Activities					
Excess (deficiency) of revenue over expenses	$ 20,818	$ 45,975	$ (10,333)	$ 56,460	$ (252,762)
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash and cash equivalents provided by (used in) operating activities:					
Accretion of investments	-	(20,628)	-	(20,628)	(18,880)
(Increase) decrease in assets:					
Assessments receivable	(28,673)	(1,772)	5,202	(25,243)	(11,375)
A/C retrofit assessment receivable	-	-	84,357	84,357	98,541
Interfund receivable/payable	(14,130)	(30,681)	44,811	-	-
Inventory	(5,849)	-	-	(5,849)	(43)
Prepaid Expense	(509)	-	-	(509)	(22,403)
(Decrease) increase in liabilities:					
Accounts payable	9,756	(11,730)	(1,751)	(3,725)	10,326
Accrued liabilities	1,588	(2,593)	(62,467)	(63,472)	16,776
Income taxes payable	-	(552)	(18)	(570)	1,385
Deferred revenue	6,264	124	(1,819)	4,569	29,198
Net cash and cash equivalents povided by (used in) operating activities	(10,735)	(21,857)	57,982	25,390	(149,237)
Cash Flows from Financing Activities					
Principal payments on note payable		$ -	$ (51,090)	(51,090)	$ (119,664)
Net cash and cash equivalents used in financing activities	-	-	(51,090)	(51,090)	(119,664)
Net increase (decrease) in cash and cash equivalents	(10,735)	(21,857)	6,892	(25,700)	(268,901)
Cash and cash equivalents at beginning of year	117,649	83,945	260,277	461,871	730,772
Cash and cash equivalents at end of year	$ 106,914	$ 62,088	$ 267,169	$ 436,171	$ 461,871
Supplemental disclosures of cash flow information					
Cash paid during the year for:					
Income taxes				$ -	$ 547
Interest				$ 708	$ 6,913

See accompanying notes to financial statements

NOTE 1 SUMMARY OF SIGNICANT ACCOUNTING POLICIES

A summary of the significant accounting polices consistently applied in the preparation of the accompanying financial statements follows:

Business Activity
The American Towers Owners Association (the Association) was organized as a not-for-profit corporation for the purposes of maintaining and preserving common property of the American Towers condominium. The American Towers condominium consists of 357 residential units and three commercial units located in downtown Salt Lake City, UT. The Association began operations in July 1982. Its primary source of revenue is assessments to each of the unit's owners.

Fund Accounting
The Association's governing documents provide certain guidelines for conducting its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established to their nature and purpose:

a) *Operating Fund* – used to account for financial resources available for the general operations of the Association.

b) *Residential Fund* – used to accumulate financial resources designated for the future major repairs and replacements of residential property.

c) *Common Fund* – used to accumulate financial resource designated for future major repairs and replacements of common property.

Basic Assessments
Each year a basic assessment is determined based on advance estimates of the Association's expense for maintenance and operation of common areas. Such estimated expenses include management fees, taxes, insurance premiums, wages, repairs and maintenance, utilities, legal and accounting fees, capital replacement and improvements (Note 3), deficits remaining from a previous period, creation of a contingency reserve, and any other expense incurred for the benefit of the owners.

Special Assessments
In addition to the basic assessments, the Association may levy special assessments at any time upon the affirmative vote of at least 60 percent of total votes of Association members. These assessments may be used for construction, reconstruction, unexpected repairs, or for any other expense incurred relating to the Association.

Common Property
Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements. Those properties are owned by the individual unit owners in common and not by the Association. The Association's policy for recognizing common property as assets in its balance sheet is to recognize the cost of common personal property, which it owns. Maintenance, repairs, and renewals, which neither materially

add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Capitalized common property purchased with Residential or Common Fund monies is shown as a transfer from the Residential or Common Funds to the Operating Fund in the statement of revenues, expense and changes in fund balances. This property is recorded as an asset on the Operating Fund balance sheet and is depreciated over its estimated useful life on a straight-line basis. The Association is responsible for the preservation and maintenance of common property.

Revenue Recognition
Assessments are due from unit owners on the first day of each month. Assessments received in advance of the due date are shown in the accompanying financial statements as deferred revenue and are recognized monthly as revenue is earned.

Fair Value of Financial Instruments
The carrying value of the Association's cash and cash equivalents, assessments receivable, and short-term payables approximate fair values.

Cash and Cash Equivalents
For purposes of the statement of cash flows, the Association considers all short-term instruments with an original maturity of three months or less when purchased to be cash equivalents.

Investments
Investments consist of bonds that are held to maturity and are recorded at amortized cost.

Inventory
Inventory is valued at the lower of cost or market using first-in first-out method.

Income Taxes
As of April 30, 2011, the Association elected to file its income tax return as a homeowner's association in accordance with Internal Revenue Code section 528. Under that section, the Association excludes from taxation exempt function income, which generally consists of revenues from uniform assessments from members.

The association utilizes the liability method of accounting for income taxes. Under the liability method, deferred income tax assets and liabilities are provided based on the difference between the financial reporting and tax bases of assets and liabilities as measured by the currently enacted tax rates in effect for the years in which these differences are expected to reverse. Deferred tax expense or benefit is the result of changes in the deferred tax assets and liabilities.

Financial Statement Presentation
The accounting and reporting policies of the Association conform with accounting principles generally accepted in the United States of America and with general practices in the Common Interest Realty Association industry. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and expenses for the period. Actual results could differ significantly from those estimates.

Comparative Totals for 2010

The 2010 total columns are for comparison only. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America; accordingly, such information should be read in conjunction with the Association's financial statements for the year ended April 30, 2010, from which the summarized information was derived.

NOTE 2 CASH ACCOUNTS

The Association maintains its cash balances in two financial institutions. At April 30, 2011 and 2010, the Association had $330,173 and $348,959, respectively, in excess of federally insured limits for deposits.

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 are held in separate bank and investments accounts and are generally not available for expenditures for normal operations.

The Association's board authorized Association Reserves, Colorado, LLC. to complete a study in March 2010 for the period beginning May 1, 2010 and ending April 30, 2011 to estimate the remaining useful lives and replacement costs of the components of common property. The estimates were based on future estimated replacements costs. Funding requirements are based on an annual inflation rate of 3.00 percent and an interest rate of 2.00 percent on amounts funded for future major repairs and replacements.

The Association budgeted $164,556 and $196,020 for the Common Funds and Residential Fund, respectively, for the year 2012. The updated study completed in 2010, recommends a funding requirement of $169,332 and $201,777 respectively, in 2012 to achieve a funded goal of 70%. Actual expenditures and interest income may vary from the current estimates and the variations may be material. Amounts accumulated in the Residential and Common Funds may not be adequate to meet all future need for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments or delay major repairs and replacements. Subject to membership approval, the Association may also pass special assessments. Based on the 2011 reserve study, as of April 30, 2011, the residential and common funds are 28% and 37% funded, respectively.

The Association has recorded a net payable of $9,082 in the Operating Fund and $849 in the Common Fund representing assessments not yet transferred to the Residential Fund used to cover major repairs and replacements. The Association intends to transfer these amounts to the appropriate funds and, therefore, has reflected these amounts as an interfund receivable and payable.

NOTE 4 INVESTMENTS

Investments at April 30, 2011 consist of corporate bonds, which mature in December 2012. The bonds are held to maturity and recorded at amortized cost. The unrealized holding gain was $19,139 and $10,717 at April 30, 2011 and 2010, respectively.

The amortized cost, unrealized gains and fair values of the Association's held to maturity securities at April 30, 2011 and 2010, are summarized as follows:

	2011		2010	
Amortized cost	$	243,361	$	222,733
Gross unrealized gains		19,139		10,717
Estimated fair value	$	262,500	$	233,450

NOTE 5 ACCRUED LIABILITIES

Accrued liabilities as of April 30, 2011 and 2010, consist of the following:

	2011		2010	
Accrued vacation payable	$	41,536	$	41,092
Other		50,854		114,770
	$	92,390	$	155,862

NOTE 6 COMMITMENTS

The Association is party to a reciprocal easement and maintenance agreement relating to the real property on Block 58 in Salt Lake City, UT, on which the Association's condominium unit is located. This agreement with American Plaza requires the Association to pay 5.3 percent of the American Plaza maintenance fee relating to common areas from the operating fund, exclusive of capital improvements. Further, the agreement requires the Association to pay 31% of the American Plaza parking stall fee. Under this agreement, the Association incurred expenses of $29,654 and $29,181 in 2011 and 2010 respectively, which are included in the residential fund contracts expense of $32,407 and $42,902 in 2011 and 2010, respectively.

In July 1994, the Association renewed an extended coverage maintenance agreement for elevators in the condominium project. The term of the renewed contact is over 20 years at an original base monthly rate of $4,995, subject to an inflation adjustment each year. During most of 2011, the monthly rate was $8,893. The Association paid $106,222 and $101,115 in 2011 and 2010, respectively, which are included in the operating fund contracts expense.

NOTE 7 NOTE PAYABLE

In order to help finance the air conditioning system replacement project (see Note 8), the Association obtained a $750,000 loan with a financial institution bearing an interest rate of 5.84% due in monthly installments of $10,548. The loan was secured by common property and was repaid through special assessments. The note was paid in full during the year ended April 30, 2011. The balance on the note was $0 and $51,090 at April 30, 2011 and 2010, respectively.

NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC 820 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1-Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2-Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other then quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3-Inputs are unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The carrying amounts reported in the balance sheets for cash, accounts receivable, accounts payable, accrued expenses and note payables, approximate their fair market value based on the short-term maturity of these instruments.

The following fair value hierarchy table presents information about the Company's assets measured at fair value on a recurring basis as of December 31, 2010:

	Level 1	Level 2	Level 3	Total Carrying Value
Held to maturity securities	$ 262,500	$ -	$ -	$ 262,500

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

During the years ended December 31, 2010 and 2009, there were no significant measurements of assets or liabilities at fair value (as defined in ASC 820-10-20) on a nonrecurring basis subsequent to their initial recognition.

NOTE 9 A/C RETROFIT ASSESSMENT

In January 2004, the Association levied an A/C retrofit assessment in the amounts of $1,100,000 to cover the costs of replacing the Association's air conditioning system. Accounting principles generally accepted within the Common Interest Association industry require special assessments to be recorded as revenue in the period they are levied unless they are designated for specific expenditures, in which case, they are recorded as revenue as the expenditures are incurred.

During the year ended April 30, 2010, the Association had received additional cash payments totaling $98,541 leaving $84,357 receivable at April 30, 2010. During the year ended April 30, 2011, the Association had received additional cash payments totaling $84,357 leaving $0 receivable at April 30, 2011.

NOTE 10 SUBSEQUENT EVENTS

The Association has evaluated subsequent events through December 22, 2011, the date the financial statements were issued, and has concluded that no recognized or non-recognized subsequent events have occurred since the year ended April 30, 2011.