

**River Pines Condominium Association
Financial Statements
December 31, 2021**

**River Pines Condominium Association
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December 31, 2021**

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Independent Accountant's Review Report

To the Board of Directors River Pines Condominium Association Frisco, Colorado

We have reviewed the accompanying financial statements of River Pines Condominium Association, which comprise the balance sheet as of December 31, 2021, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion. We are required to be independent of and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion on the Financial Statements

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 accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information


The financial statements for the year ended December 31, 2020 were audited by us and we expressed an unmodified opinion on them in our report dated March 22, 2021, but we have not performed any auditing procedures since that date.

Supplementary Information

The supplementary information in the Schedule of Operating Fund Revenues and Expenses – Budget and Actual on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the information and do not express an opinion on it.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have not audited, reviewed, or compiled the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on it.



Stuhr and Associates, LLC
Frisco, Colorado
September 28, 2022

River Pines Condominium Association
Balance Sheet
December 31, 2021
(With Comparative Totals for 2020)

	2021		2020
	Operating Fund	Replacement Fund	Total
ASSETS			
Cash and cash equivalents	\$ 227,528	268,543	496,071
Accounts receivable	4,924	-	4,924
Due (to) from other fund	(75,855)	75,855	-
TOTAL ASSETS	<u>156,597</u>	<u>344,398</u>	<u>500,995</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	19,046	-	19,046
Prepaid special assessment	-	1,138	1,138
Prepaid member dues	70,762	-	70,762
TOTAL LIABILITIES	<u>89,808</u>	<u>1,138</u>	<u>90,946</u>
Working capital	66,789	-	66,789
Fund balances	-	343,260	343,260
TOTAL LIABILITIES AND FUND BALANCES	<u>156,597</u>	<u>344,398</u>	<u>500,995</u>

See accompanying Notes and Independent Accountant's Review Report

River Pines Condominium Associator
Statement of Revenues, Expenses, and Changes in Fund Balances
For the Year Ended December 31, 2021
(With Comparative Totals for 2020)

	2021			2020
	Operating Fund	Replacement Fund	Total	Total
REVENUES				
Regular assessments	\$ 351,909	160,776	512,685	502,684
Special assessment	-	100,014	100,014	-
Late charges and fines	2,151	-	2,151	3,024
Pet fees	1,575	-	1,575	1,600
Interest income	-	9	9	232
TOTAL REVENUES	355,635	260,799	616,434	507,540
EXPENSES				
Accounting and legal fees	7,157	-	7,157	7,608
Arborist	300	-	300	2,944
Electricity	13,992	-	13,992	18,462
Elevators	16,920	-	16,920	18,934
Fire alarm	8,161	-	8,161	5,816
Floor mat rental	2,299	-	2,299	2,116
Insurance	43,136	-	43,136	40,264
Landscaping	17,624	-	17,624	14,657
Maintenance supplies	413	-	413	-
Management fees	37,000	-	37,000	36,000
Miscellaneous	281	-	281	183
Natural gas	12,279	-	12,279	9,953
Office supplies and expense	-	-	-	228
Pest control	1,000	-	1,000	1,150
Plumbing and heating	1,278	-	1,278	1,135
Repairs and maintenance:				
Boiler	473	-	473	935
Breezeways	3,200	-	3,200	3,200
Building	23,501	-	23,501	22,279
Irrigation	150	-	150	782
Onsite	34,963	-	34,963	38,179
Roof	1,150	-	1,150	2,135
Snow removal	8,800	-	8,800	9,546
Telephone	7,284	-	7,284	7,095
Trash removal	8,141	-	8,141	6,303
Water and sewer	86,093	-	86,093	80,893
Major repairs and replacements	-	70,818	70,818	607,740
TOTAL EXPENSES	335,595	70,818	406,413	938,537
EXCESS OF REVENUES OVER EXPENSES	20,040	189,981	210,021	(430,997)
Beginning Fund Balances	-	133,239	133,239	564,236
Fund balance transfer	(20,040)	20,040	-	-
ENDING FUND BALANCES	-	343,260	343,260	133,239

See accompanying Notes and Independent Accountant's Review Report

River Pines Condominium Association
Statement of Cash Flows
For the Year Ended December 31, 2021
(With Comparative Totals for 2020)

	2021		2020	
	Operating Fund	Replacement Fund	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from members	\$ 365,501	261,928	627,429	518,270
Interest income	-	9	9	232
Other cash receipts	-	-	-	193
Cash paid for goods and services	(338,085)	(71,988)	(410,073)	(947,015)
Net interfund transfers	(30,019)	30,019	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(2,603)	219,968	217,365	(428,320)
CASH FLOWS FROM INVESTING ACTIVITIES				
Working capital receipts	1,634	-	1,634	1,369
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,634	-	1,634	1,369
CASH FLOWS FROM FINANCING ACTIVITIES				
Fund balance transfer	(20,040)	20,040	-	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(20,040)	20,040	-	-
NET INCREASE (DECREASE) IN CASH	(21,009)	240,008	218,999	(426,951)
CASH AT BEGINNING OF YEAR	248,537	28,535	277,072	704,023
CASH AT END OF YEAR	227,528	268,543	496,071	277,072
RECONCILIATION OF EXCESS (DEFICIENCY) OVER EXPENSE TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	20,040	189,981	210,021	(430,997)
(Increase) decrease in Accounts receivable	1,326	-	1,326	(5,973)
Increase (decrease) in Accounts payable	(2,491)	(1,170)	(3,661)	(8,285)
Increase (decrease) in Prepaid member dues	8,541	-	8,541	16,935
Increase (decrease) in Prepaid special assessment	-	1,138	1,138	-
Increase (decrease) in due to (from) other fund	(30,019)	30,019	-	-
Total Adjustments	(22,643)	29,987	7,344	2,677
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(2,603)	219,968	217,365	(428,320)

See accompanying Notes and Independent Accountant's Review Report

River Pines Condominium Association
Notes to the Financial Statements
December 31, 2021

A. Nature of Organization

The River Pines Condominium Association (“Association”) was incorporated on January 19, 1999 as a non-profit corporation under the laws of the State of Colorado. The Association is responsible for the operation and maintenance of common property of the River Pines Condominium Association. River Pines Condominium Association consists of 77 residential units in Edwards, Colorado.

B. Summary of Significant Accounting Policies

1. Basis of Accounting

The Association follows the accrual basis of accounting, whereby revenue is recognized when earned rather than received, and expenses are recognized when incurred rather than when paid.

2. Fund Accounting

The Association's governing documents provide certain guidelines for governing 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 according to their nature and purpose:

Operating Fund – This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund – This fund is used to accumulate financial resources designated for future major repairs and replacements.

3. Member assessments

Association members are subject to quarterly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. The Association allocates specific funds from the budget for replacement reserves, and any additional income after the payment of normal operating expenses is also allocated to the replacement reserves for future projects.

Accounts receivable at the balance sheet date represent fees due from unit owners. Management considers all accounts to be collectible, therefore no Allowance for Doubtful Accounts is deemed necessary. At December 31, 2021, the Association had an accounts receivable balance of \$4,924.

The Association has determined that the revenue recognition standard ASC 606, “Revenue from Contracts with Customers” effective for the Association beginning January 1, 2019, does not apply to the Association as no customer relationship exists with the members as defined by ASC 606.

River Pines Condominium Association
Notes to the Financial Statements
December 31, 2021

B. Summary of Significant Accounting Policies (continued)

4. Income taxes

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year ended December 31, 2021. 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 4.55% by the State of Colorado. The Association incurred no federal or state income tax expense for the year ended December 31, 2021.

The Association is no longer subject to examination in the U.S. federal and Colorado state tax jurisdictions years before 2018. There are no current examinations of the Association's prior year tax returns. No changes in this position are expected in the next twelve months.

6. Property and equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association. The Association capitalizes personal property at cost and depreciates it using the straight-line method.

7. 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 reporting period. Actual results may differ from those estimates.

C. Comparative Totals

The financial statements include certain prior year comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2020, from which the comparative totals were derived.

D. Working Capital

The Association's declaration requires the collection of working capital at the time of the sale of each condominium unit in the amount equal to two months' installments of the annual assessments at the rate in effect at the time of the sale. Working capital funds are to meet unforeseen expenditures or to acquire additional equipment or services in connection with the common property for the benefit of the members of the Association. Any unused portion of the working capital deposit shall be returned to each unit owner upon the sale of his condominium unit. As of December 31, 2021, total working capital deposits with the Association were \$66,789 .

River Pines Condominium Association
Notes to the Financial Statements
December 31, 2021

E. Cash and cash equivalents

For purposes of the statement of cash flows, the Association considers investments that are highly liquid and readily converted to cash as cash equivalents, which normally includes investments purchased with an original maturity of three months or less. The composition of cash and cash equivalents as of December 31, 2021 consists of checking and money market accounts.

F. Prepaid member dues

Prepaid member dues are amounts collected in advance by the Association on assessments for the subsequent fiscal year. There was \$70,762 in prepaid member dues as of December 31, 2021.

G. Special Assessments

The Board approved two special assessments of \$100,000 each, due in 2021 and 2022. The purpose of the special assessments is to replenish the Future Major Repairs and Replacement Fund after a large capital project completed in 2020 had largely depleted the Fund.

H. Management Agreement

Effective April 28, 2016, the Association entered into an agreement with Vail Management Company for property management and administrative services. The initial term of the agreement was June 1, 2016 through May 31, 2017 after which time the agreement shall automatically renew for successive one-year terms unless either party gives at least 60 days written notice to the other. Total management fees for the year ended December 31, 2021 were \$37,000, with a balance due to Vail Management of \$5,141 in accounts payable at December 31, 2021.

I. 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 \$268,543 at December 31, 2021, are held in separate accounts and are generally not available for operating purposes.

The Association, through its board of directors and management, annually updates an informal reserve study 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, however, 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, however, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

J. Concentration of Credit Risk

The Association's financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits in the operating, money market accounts, certificate of deposit, and accounts receivable.

The cash accounts consist of demand deposit and interest bearing accounts, maintained at two high quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation ("FDIC") limit of \$250,000. \$18,543 exceeded the insured limit as of December 31, 2021.

**River Pines Condominium Association
Notes to the Financial Statements
December 31, 2021**

K. Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 28, 2022, the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

River Pines Condominium Association
Schedule of Operating Fund Revenues and Expenses - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Totals for 2020)

	<u>2021</u>		Variance Favorable (Unfavorable)	<u>2020</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
REVENUES				
Regular assessments	\$ 351,864	351,909	45	348,092
Late charges and fines	500	2,151	1,651	3,024
Pet fees	1,000	1,575	575	1,600
TOTAL REVENUES	<u>353,364</u>	<u>355,635</u>	<u>2,271</u>	<u>352,716</u>
EXPENSES				
Accounting and legal fees	9,900	7,157	2,743	7,608
Arborist	3,000	300	2,700	2,944
Electricity	20,600	13,992	6,608	18,462
Elevators	16,000	16,920	(920)	18,934
Fire alarm	8,000	8,161	(161)	5,816
Floor mat rental	2,150	2,299	(149)	2,116
Insurance	40,264	43,136	(2,872)	40,264
Landscaping	17,500	17,624	(124)	14,657
Maintenance supplies	1,500	413	1,087	-
Management fees	37,000	37,000	-	36,000
Miscellaneous	500	281	219	183
Natural gas	12,000	12,279	(279)	9,953
Office supplies and expense	500	-	500	228
Pest control	950	1,000	(50)	1,150
Plumbing and heating	5,000	1,278	3,722	1,135
Repairs and maintenance:				
Boiler	3,000	473	2,527	935
Breezeways	3,300	3,200	100	3,200
Building	20,000	23,501	(3,501)	22,279
Irrigation	2,500	150	2,350	782
Onsite	38,000	34,963	3,037	38,179
Roof	4,500	1,150	3,350	2,135
Snow removal	11,000	8,800	2,200	9,546
Telephone	6,700	7,284	(584)	7,095
Trash removal	8,000	8,141	(141)	6,303
Water and sewer	80,500	86,093	(5,593)	80,893
Total Operating Fund expenses	<u>352,364</u>	<u>335,595</u>	<u>16,769</u>	<u>330,797</u>
EXCESS OF OPERATING FUND REVENUES OVER OPERATING FUND EXPENSES	<u>1,000</u>	<u>20,040</u>	<u>19,040</u>	<u>21,919</u>

See Independent Accountant's Review Report

River Pines Condominium Association
Supplementary Information on Future Major Repairs and Replacements
December 31, 2021

The Association's management conducts an annual informal study to estimate the remaining useful lives and the replacement costs of the components of common property. Replacements costs are 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 Association's Board of Directors has not allocated the Replacement Fund Balance or the 2021 funding requirement to each component of common property.

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

Components	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Cost
Asphalt seal coat	1	\$20,000
Overlay of Asphalt	9	166,103
Boulder Walls (Bldg A & B)	7	75,000
Entry Monument	8	13,714
Gutters	1	40,000
Heat tape Building A,B,C,D	1	61,316
Irrigation replacement	1	10,000
Lighting	7	25,000
Metal stairs and railings, A,B,C	1 – 2	43,124
Exterior stair and replacement, A,B,C	12 - 17	136,662
Balcony repairs and painting Bldg D	4	4,398
Roof shingle – replacement – A,B,C	20 – 21	665,251
Flat roof replacement, A,B,C	10	105,733
Roof shingle – replacement - D	14	111,614
Stucco replacement/repair Phase 1	18	69,094
Stucco replacement/repair Phase 2	18	80,099
Stucco replacement/repair Phase 3	22	92,857
Siding replacement Phase 1	14	290,000
Siding replacement Phase 2	15	312,000
Siding replacement Phase 3	16	341,000
Elevator replacement A,B,C	6 – 8	900,000
Concrete sidewalks	1	5,000
Boiler replacement, A,B,C,D	1	145,000
Breezeway recoating	1	28,836
Landscape Overhaul – Phase 1 and 2	5 – 12	135,643
Building D Entry replacement	1	24,149
Garage Venting & ceiling heaters, A,B,C,D	4 - 10	64,046
Fire alarm – smoke detectors A,B,C	3	4,270
Jet all lines	1	13,000
Building B balcony SW excavation	25	26,228
Gas meter grounding	25	12,047
Miscellaneous	1	5,000
Paint stucco	4	90,895
Paint all wood siding	1	65,128
		\$4,182,207

See Independent Accountant's Review Report