

FINANCIAL STATEMENTS

Snowmass Mountain

Condominium Association, Inc.

For The Year Ended September 30, 2018

SNOWMASS MOUNTAIN CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

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Independent Accountant's Review Report

Directors and Owners
Snowmass Mountain Condominium Association, Inc.
Snowmass Village, CO 81615

Ladies and Gentlemen:

We have reviewed the accompanying financial statements of Snowmass Mountain Condominium Association, Inc., which comprise the balance sheet as of September 30th, 2018, and the related statement of owners' support, revenue, expenses and changes in fund balances 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 the 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.

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.

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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 13 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. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on it.

Supplementary Information

The supplementary information in the schedules of operating fund administrative, utilities, labor, maintenance, and major maintenance/reserve expenses 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 basis financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on it.

Brian Smith CPA

Brian Smith CPA, P.C.
Basalt, CO 81621

January 9, 2019

SNOWMASS MOUNTAIN CONDOMINIUM ASSOCIATION, INC.

BALANCE SHEET

September 30, 2018

(With Comparative Totals for 2017)

	September 30, 2018			For Comparative Purposes Only
	Operating Fund	Replacement Fund	Total All Funds	Total All Funds
ASSETS				
Cash (Note 1 & Note 5)	\$ 162,250	\$ 250,004	\$ 412,254	\$ 370,313
Accounts Receivable - Owners (Note 6)	9,610	-	9,610	5,645
Prepaid Expenses	300	-	300	32,567
TOTAL ASSETS	\$ 172,160	\$ 250,004	\$ 422,164	\$ 408,525
LIABILITIES & FUND BALANCES				
Accounts Payable	\$ 33,386	\$ -	\$ 33,386	\$ 52,546
Deposits	1,800	-	1,800	1,500
Deferred Assessment Income	3,767	-	3,767	8,550
TOTAL LIABILITIES	\$ 38,953	\$ -	\$ 38,953	\$ 62,596
FUND BALANCES (Notes 1 & 2)	\$ 133,207	\$ 250,004	\$ 383,211	\$ 345,929
TOTAL LIABILITIES & FUND BALANCES	\$ 172,160	\$ 250,004	\$ 422,164	\$ 408,525

See accompanying notes and independent accountants' review report.

SNOWMASS MOUNTAIN CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF OWNERS' SUPPORT AND REVENUES, EXPENSES,
AND CHANGES IN FUND BALANCES

For the Year Ended September 30, 2018
(With Comparative Totals for 2017)

	For the Year Ended September 30, 2018			For Comparative Purposes Only 2017
	Operating Fund	Replacement Fund	Total All Funds	Total All Funds
OWNERS' SUPPORT AND REVENUE				
Owners' Assessments	\$ 390,391	\$ 152,750	\$ 543,141	\$ 523,403
Utilities Assessments	57,070	-	57,070	55,165
Rental Income - Manager (Note 4)	19,800	-	19,800	21,600
Interest Income	12	231	243	184
Other Income	1,071	-	1,071	11,288
TOTAL OWNERS' SUPPORT AND REVENUE	\$ 468,344	\$ 152,981	\$ 621,325	\$ 611,640
EXPENSES				
Administrative	155,339	-	155,339	113,990
Utilities	190,602	-	190,602	180,845
Supplies and Contract Services	36,129	-	36,129	50,731
Labor	94,005	-	94,005	105,715
Special Projects	-	107,968	107,968	167,717
TOTAL EXPENSES	\$ 476,075	\$ 107,968	\$ 584,043	\$ 618,998
EXCESS (DEFICIENCY) OF OWNERS' SUPPORT AND REVENUE OVER EXPENSES	\$ (7,731)	\$ 45,013	\$ 37,282	\$ (7,358)
BEGINNING FUND BALANCES	95,898	250,031	345,929	353,287
TRANSFERS (Note 1)	45,040	(45,040)	-	-
ENDING FUND BALANCES	\$ 133,207	\$ 250,004	\$ 383,211	\$ 345,929

See accompanying notes and independent accountants' review report.

SNOWMASS MOUNTAIN CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2018

(With Comparative Totals for 2017)

	For the Year Ended September 30, 2018			For Comparative Purposes Only 2017
	Operating Fund	Replacement Fund	Total All Funds	Total All Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Excess (Deficiency) of owners' support and revenue over expenses	\$ (7,731)	\$ 45,013	\$ 37,282	\$ (7,358)
(INCREASE) DECREASE IN:				
Accounts Receivable - Owners	(3,965)	-	(3,965)	(2,491)
Allowance for Doubtful Accounts	-	-	-	-
Prepaid Expenses	32,267	-	32,267	(18,029)
INCREASE (DECREASE) IN:				
Accounts Payable	(19,160)	-	(19,160)	33,207
Deposits	300	-	300	(1,900)
Deferred Assessment Income	(4,783)	-	(4,783)	(14,400)
NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES	<u>\$ (3,072)</u>	<u>\$ 45,013</u>	<u>\$ 41,941</u>	<u>\$ (10,971)</u>
CASH FLOWS USED BY FINANCING ACTIVITIES				
Fund Transfers	<u>\$ 45,040</u>	<u>\$ (45,040)</u>	<u>\$ -</u>	<u>\$ -</u>
NET CASH FLOWS FROM (USED) BY FINANCING ACTIVITIES	<u>\$ 45,040</u>	<u>\$ (45,040)</u>	<u>\$ -</u>	<u>\$ -</u>
NET INCREASE (DECREASE) IN CASH	\$ 41,968	\$ (27)	\$ 41,941	\$ (10,971)
Cash at beginning of year	<u>120,282</u>	<u>250,031</u>	<u>370,313</u>	<u>381,284</u>
Cash at end of year	<u><u>\$ 162,250</u></u>	<u><u>\$ 250,004</u></u>	<u><u>\$ 412,254</u></u>	<u><u>\$ 370,313</u></u>

See accompanying notes and independent accountants' review report.

SNOWMASS MOUNTAIN CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Snowmass Mountain Condominium Association, Inc. (the Association) was incorporated in 1973, under the Colorado Nonprofit Act. The Association manages 60 individually owned units in the resort town of Snowmass Village, Colorado. Primary use of the property is for personal and guest of owner use, although some owners participate in a rental program managed by themselves and others. Rental activity is not a part of these financial statements.

The Association prepares its financial statements on the accrual basis and in accordance with the principles of fund accounting. Fund accounting requires that resources be classified into funds according to their nature and purpose. The Association has established two funds:

OPERATING FUND:

The purpose of the Operating Fund is to operate and maintain the real estate and common elements. The primary source of revenue for the Operating Fund is from owner assessments.

REPLACEMENT FUND:

The purpose of the Replacement Fund is to provide for future major repairs, replacements, and improvements. The primary source of revenue for the Replacement Fund is from owner assessments.

CAPITALIZATION POLICY AND DEPRECIATION

Real property acquired by the original homeowners from the developer have not been capitalized on the Association's financial statements, however, the Association has the responsibility to maintain all exterior replacements and improvements.

Selected real and common area property originally acquired from the developer and property acquired through the exterior replacement and improvement programs are included in the capital reserve/replacement study. See Note 2 for more detail.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Association considers all investments with a maturity of three months or less to be cash equivalents.

USE OF 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 could differ from those estimates.

See independent accountants' review report.

SNOWMASS MOUNTAIN CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

Assessments either billed or collected for a period after the current year are considered a liability, deferred assessments.

NOTE 2 - REPLACEMENT FUND PROGRAM

The Association maintains replacement/reserve funds for the future replacement and improvement of real property. During the year ended September 30, 2018, \$152,750 of the assessments to owners was assessed for the replacement fund. There were replacement fund expenditures of \$107,968.

An independent study was conducted on September 12, 2015 to determine the projected timing and costs of future major repairs, replacements and improvements. 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.

NOTE 3 - INCOME TAXES

Assessment income for operations and replacement funding is exempt from Federal and State income taxes under Revenue Ruling 70-604 and 75-371, respectively, provided the specific requirements of these rulings are followed. However, investment income and other non-assessment income including interest are taxed at the normal corporate rates. For the year ended September 30, 2018, the Association's net taxable income (loss) before net operating loss deduction was \$5,436. The association has a \$431,131 net operating loss carryover which begins to expire in 2027.

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 on its income tax returns. The Association's federal income tax returns for the last three years remain open to examination by the Internal Revenue Service; state income tax returns for the last four years are open to examination. In evaluating the Associations' tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

SNOWMASS MOUNTAIN CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 4 - RENTAL INCOME

One of the condominium units was contributed to the Association by the developer and is owned in common by all Association owners. The Association rents this unit to its management company. Rental income for the year ended September 30, 2018, was \$19,800.

NOTE 5 – CONCENTRATIONS OF CREDIT RISK

The Association maintains its cash balances in multiple financial institutions located in Aspen and Snowmass Village, Colorado. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2018 the Association's uninsured cash balance totaled \$141,392.

NOTE 6 – ACCOUNTS RECEIVABLE

At September 30, 2018, \$5,000 of accounts receivable were outstanding for more than 90 days.

NOTE 7 – DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through January 9, 2019, the date that the financial statements were available to be issued.

See independent accountants' review report.

SUPPLEMENTARY SCHEDULES

SNOWMASS MOUNTAIN CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTARY SCHEDULES
SCHEDULES OF OPERATING FUND ADMINISTRATIVE, UTILITIES,
SUPPLIES & CONTRACT SERVICES, LABOR,
AND SPECIAL PROJECTS EXPENSES
For The Year Ended September 30, 2018
(With Comparative Totals for 2017)

	2018	For Comparative Purposes Only 2017
ADMINISTRATIVE EXPENSES		
Managing Agent Fee	\$ 67,320	\$ 66,100
Accounting	4,300	4,165
Bank Charges	565	299
Directors' Meetings	1,819	1,953
Insurance	78,475	37,074
Legal	341	2,172
Office Supplies	1,558	990
Miscellaneous	361	457
Website Maintenance	600	780
TOTAL ADMINISTRATIVE	\$ 155,339	\$ 113,990
UTILITIES EXPENSES		
Electric (Association and Owner)	\$ 53,785	\$ 47,836
Firewood	2,638	2,425
Natural Gas (Association and Owner)	39,381	41,022
Telephone	3,267	3,012
Trash Service	6,336	7,962
Television Cable/Internet	42,854	38,599
Water & Sanitation	42,341	39,989
TOTAL UTILITIES	\$ 190,602	\$ 180,845
SUPPLIES & CONTRACT SERVICES EXPENSES		
Boiler Service/Inspection	\$ 8,331	\$ 15,383
Chimney/Window Cleaning	4,078	2,500
Contract Services	399	11,614
Fire Safety/Monitoring	7,590	6,541
Landscaping Supply & Irrigation	2,214	1,386
Maintenance Supply	7,607	3,397
Pest Control	1,485	1,620
Pool, Jacuzzi, Sauna Supplies	3,186	1,327
Sewer line Maintenance	668	5,063
Snow Removal Services	-	1,185
Housekeeping Services	167	715
Snowmelt Maintenance	404	-
TOTAL SUPPLIES & CONTRACT SERVICES	\$ 36,129	\$ 50,731
LABOR EXPENSES		
Common Area Labor	\$ 29,432	\$ 32,138
Housekeeping/Amenity Labor	9,876	11,436
Landscaping Labor	13,229	11,549
Pool/Spa Labor	19,175	26,025
Patrol/Security	3,447	4,505
Property Insp & Repairs Maint	15,897	15,270
Snow Removal Labor	2,949	4,792
TOTAL LABOR	\$ 94,005	\$ 105,715
SPECIAL PROJECTS EXPENSES		
Major Maintenance Projects	\$ 105,349	\$ 36,545
Chimney Flue	372	1,158
Hot Water Heater Replacement	1,850	29,613
Irrigation/Landscaping	-	10,235
Wood Deck - Units	-	74,834
Amenity Bldg Remodel	-	7,176
Heat Tape and Gutter Upgrade	-	5,336
Sewer Line Repairs	397	1,130
Pool Upgrade/Deck Repair	-	1,690
TOTAL SPECIAL PROJECTS EXPENSES	\$ 107,968	\$ 167,717

See accompanying notes and independent accountants' review report.

SNOWMASS MOUNTAIN CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS

September 30, 2018

Management engaged an independent engineering firm to conduct a study on September 12, 2015 to estimate the remaining useful lives and the replacement cost of the components of common property. Per management the remaining useful lives are reduced each year. The following table is based on the study and presents significant information about the components of common property. There is a reasonable possibility that these estimates could change materially from what has been professionally estimated.

Component	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Cost
Painted Surfaces	0	\$ 180,000
Siding Materials	0	25,000
Decking	0	100,000
Water Heaters/Boilers/Solar	0 to 9	152,000
Pool/Spa	5	300,000
Roofing	2	255,250
Clubhouse	0	70,000
Lighting	5 to 13	69,200
Exterior Doors & Windows	7 to 12	820,000
Building gutters and heat tape	2 to 4	170,540
Fire Protection System	0 to 13	24,000
Pool House Replacement	0	7,000
		<u>\$ 2,172,990</u>

See accompanying notes and independent accountants' review report.