

FINANCIAL STATEMENTS

Snowmass Mountain
Condominium Association, Inc.

For The Year Ended September 30, 2019

SNOWMASS MOUNTAIN CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

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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 30, 2019, 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

November 18, 2019

SNOWMASS MOUNTAIN CONDOMINIUM ASSOCIATION, INC.

BALANCE SHEET

September 30, 2019

(With Comparative Totals for 2018)

	September 30, 2019			For Comparative Purposes Only
	Operating Fund	Replacement Fund	Total All Funds	Total All Funds
ASSETS				
Cash (Note 1 & Note 5)	\$ 181,181	\$ 396,701	\$ 577,882	\$ 412,254
Accounts Receivable - Owners (Note 6)	5,140	-	5,140	9,610
Prepaid Expenses	6,860	-	6,860	300
TOTAL ASSETS	<u>\$ 193,181</u>	<u>\$ 396,701</u>	<u>\$ 589,882</u>	<u>\$ 422,164</u>
LIABILITIES & FUND BALANCES				
Accounts Payable	\$ 39,503	\$ -	\$ 39,503	\$ 33,386
Deposits	1,950	-	1,950	1,800
Deferred Assessment Income	3,851	-	3,851	3,767
TOTAL LIABILITIES	<u>\$ 45,304</u>	<u>\$ -</u>	<u>\$ 45,304</u>	<u>\$ 38,953</u>
FUND BALANCES (Notes 1 & 2)	<u>\$ 147,877</u>	<u>\$ 396,701</u>	<u>\$ 544,578</u>	<u>\$ 383,211</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 193,181</u>	<u>\$ 396,701</u>	<u>\$ 589,882</u>	<u>\$ 422,164</u>

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, 2019
(With Comparative Totals for 2018)

	For the Year Ended September 30, 2019			For Comparative Purposes Only 2018
	Operating Fund	Replacement Fund	Total All Funds	Total All Funds
OWNERS' SUPPORT AND REVENUE				
Owners' Assessments	\$ 404,648	\$ 175,761	\$ 580,409	\$ 543,141
Utilities Assessments	70,189	-	70,189	57,070
Rental Income - Manager (Note 4)	23,400	-	23,400	19,800
Interest Income	16	3,762	3,778	243
Other Income	1,805	-	1,805	1,071
TOTAL OWNERS' SUPPORT AND REVENUE	\$ 500,058	\$ 179,523	\$ 679,581	\$ 621,325
EXPENSES				
Administrative	128,498	-	128,498	155,339
Utilities	209,494	-	209,494	190,602
Supplies and Contract Services	26,686	-	26,686	36,129
Labor	99,757	-	99,757	94,005
Special Projects	-	53,779	53,779	107,968
TOTAL EXPENSES	\$ 464,435	\$ 53,779	\$ 518,214	\$ 584,043
EXCESS (DEFICIENCY) OF OWNERS' SUPPORT AND REVENUE OVER EXPENSES	\$ 35,623	\$ 125,744	\$ 161,367	\$ 37,282
BEGINNING FUND BALANCES	133,207	250,004	383,211	345,929
TRANSFERS (Note 1)	(20,953)	20,953	-	-
ENDING FUND BALANCES	\$ 147,877	\$ 396,701	\$ 544,578	\$ 383,211

See accompanying notes and independent accountants' review report.

SNOWMASS MOUNTAIN CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2019

(With Comparative Totals for 2018)

	For the Year Ended September 30, 2019			For Comparative Purposes Only 2018
	Operating Fund	Replacement Fund	Total All Funds	Total All Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Excess (Deficiency) of owners' support and revenue over expenses	\$ 35,623	\$ 125,744	\$ 161,367	\$ 37,282
(INCREASE) DECREASE IN:				
Accounts Receivable - Owners	4,470	-	4,470	(3,965)
Prepaid Expenses	(6,560)	-	(6,560)	32,267
INCREASE (DECREASE) IN:				
Accounts Payable	6,117	-	6,117	(19,160)
Deposits	150	-	150	300
Deferred Assessment Income	84	-	84	(4,783)
NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES	<u>\$ 39,884</u>	<u>\$ 125,744</u>	<u>\$ 165,628</u>	<u>\$ 41,941</u>
CASH FLOWS USED BY FINANCING ACTIVITIES				
Fund Transfers	<u>\$ (20,953)</u>	<u>\$ 20,953</u>	<u>\$ -</u>	<u>\$ -</u>
NET CASH FLOWS FROM (USED) BY FINANCING ACTIVITIES	<u>\$ (20,953)</u>	<u>\$ 20,953</u>	<u>\$ -</u>	<u>\$ -</u>
NET INCREASE (DECREASE) IN CASH	\$ 18,931	\$ 146,697	\$ 165,628	\$ 41,941
Cash at beginning of year	<u>162,250</u>	<u>250,004</u>	<u>412,254</u>	<u>370,313</u>
Cash at end of year	<u><u>\$ 181,181</u></u>	<u><u>\$ 396,701</u></u>	<u><u>\$ 577,882</u></u>	<u><u>\$ 412,254</u></u>

See accompanying notes and independent accountants' review report.

SNOWMASS MOUNTAIN CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019

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, 2019, \$175,761 of the assessments to owners was assessed for the replacement fund. There were replacement fund expenditures of \$53,779.

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, 2019, the Association's net taxable income (loss) before net operating loss deduction was \$14,364. The association has a \$416,767 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, 2019

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, 2019, was \$23,400.

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, 2019 the Association's uninsured cash balance totaled \$74,398.

NOTE 6 – ACCOUNTS RECEIVABLE

At September 30, 2019, \$8 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 November 18, 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, 2019

(With Comparative Totals for 2018)

	2019	For Comparative Purposes Only 2018
ADMINISTRATIVE EXPENSES		
Managing Agent Fee	\$ 68,832	\$ 67,320
Accounting	4,500	4,300
Bank Charges	6	565
Directors' Meetings	4,249	1,819
Insurance	47,026	78,475
Legal	918	341
Office Supplies	1,586	1,558
Miscellaneous	781	361
Website Maintenance	600	600
TOTAL ADMINISTRATIVE	\$ 128,498	\$ 155,339
UTILITIES EXPENSES		
Electric (Association and Owner)	\$ 54,787	\$ 53,785
Firewood	5,516	2,638
Natural Gas (Association and Owner)	48,226	39,381
Telephone	3,339	3,267
Trash Service	8,694	6,336
Television Cable/Internet	44,570	42,854
Water & Sanitation	44,362	42,341
TOTAL UTILITIES	\$ 209,494	\$ 190,602
SUPPLIES & CONTRACT SERVICES EXPENSES		
Boiler Service/Inspection	\$ 2,583	\$ 8,331
Chimney/Window Cleaning	2,250	4,078
Contract Services	2,688	399
Fire Safety/Monitoring	4,349	7,590
Landscaping Supply & Irrigation	3,569	2,214
Maintenance Supply	5,789	7,607
Pest Control	1,370	1,485
Pool, Jacuzzi, Sauna Supplies	3,195	3,186
Sewer line Maintenance	-	668
Housekeeping Services	480	167
Snowmelt Maintenance	413	404
TOTAL SUPPLIES & CONTRACT SERVICES	\$ 26,686	\$ 36,129
LABOR EXPENSES		
Common Area Labor	\$ 27,756	\$ 29,432
Housekeeping/Amenity Labor	10,950	9,876
Landscaping Labor	12,315	13,229
Pool/Spa Labor	19,424	19,175
Patrol/Security	4,976	3,447
Property Insp & Repairs Maint	15,314	15,897
Snow Removal Labor	9,022	2,949
TOTAL LABOR	\$ 99,757	\$ 94,005
SPECIAL PROJECTS EXPENSES		
Major Maintenance Projects	\$ 18,368	\$ 105,349
Chimney Flue	-	372
Hot Water Heater Replacement	15,882	1,850
Irrigation/Landscaping	12,105	-
Pool & Spa Cover	3,233	-
Window & Door Repair/Maintenance	2,971	-
Sewer Line Repairs	-	397
Building Movement Monitoring	1,220	-
TOTAL SPECIAL PROJECTS EXPENSES	\$ 53,779	\$ 107,968

See accompanying notes and independent accountants' review report.

SNOWMASS MOUNTAIN CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
September 30, 2019

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 8	152,000
Pool/Spa	4	300,000
Roofing	1	255,250
Clubhouse	0	70,000
Lighting	4 to 12	69,200
Exterior Doors & Windows	6 to 11	820,000
Building gutters and heat tape	1 to 3	170,540
Fire Protection System	0 to 12	24,000
Pool House Replacement	0	7,000
		<u>\$ 2,172,990</u>

See accompanying notes and independent accountants' review report.