

**ROOSEVELT RIDGE
HOMEOWNERS ASSOCIATION**

FINANCIAL STATEMENTS

And

INDEPENDENT AUDITOR'S REPORT

January 1, 2010 through October 31, 2012

Independent Auditor's Report

To the Board of Directors of
Roosevelt Ridge Homeowners Association

We were engaged to audit the accompanying financial statements of Roosevelt Ridge Homeowners Association, which comprise the balance sheet as of October 31, 2012, and the related statements of revenues, expenses, and changes in fund balances and of cash flows for the period January 1, 2010 through October 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Association's Board of Directors and its designated agents comprise "Management" of the Association. 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 responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Invoices for several disbursements recorded to the financial statements were unavailable for our examination. As a result, we were unable to determine if the expenses recorded to the financial statements were reasonable and appropriate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

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Other Matter

As discussed in Note 4, the Association does not have reasonably current information regarding future major repairs and replacements of the Association's common property. Therefore, that information is not included in this report. Accounting principles generally accepted in the United States of America require that information to 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, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the absence of this information.

Weidner & Associates, P.C.

Certified Public Accountants
Denver, Colorado
June 29, 2020

**Roosevelt Ridge Homeowners Association
Balance Sheet
October 31, 2012**

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total Funds</u>
ASSETS:			
Cash: checking and savings accounts	\$46,767	\$9,515	\$56,282
Accounts receivable - members	3,074		3,074
Prepaid insurance	1,794		1,794
	<u>1,794</u>	<u> </u>	<u>1,794</u>
Total assets	<u>\$51,635</u>	<u>\$9,515</u>	<u>\$61,150</u>
LIABILITIES AND FUND BALANCES:			
Accounts payable	\$4,185		\$4,185
Deferred revenue - prepaid assessments - owners	2,269		2,269
Deferred revenue - prepaid assessments - Declarant	244		244
	<u>6,698</u>	<u> </u>	<u>6,698</u>
Total liabilities	6,698	0	6,698
Fund balances	<u>44,937</u>	<u>9,515</u>	<u>54,452</u>
Total liabilities and fund balances	<u>\$51,635</u>	<u>\$9,515</u>	<u>\$61,150</u>

The accompanying notes are an integral part of the financial statements.

Roosevelt Ridge Homeowners Association
Statement of Revenues, Expenses, and Changes in Fund Balances
For the Period From January 1, 2010 Through October 31, 2012

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total Funds</u>
REVENUES:			
Assessments - members (Note 3)	\$73,892		\$73,892
Assessments - declarant (Note 3)	4,056		4,056
Legal fees and interest billed to owners	10,285		10,285
Interest		\$27	27
Total revenues	<u>88,233</u>	<u>27</u>	<u>88,260</u>
EXPENSES:			
Administrative			
Legal and accounting	\$16,741		\$16,741
Insurance	7,761		7,761
Postage and delivery	1,030		1,030
Other administrative	1,396		1,396
Common Area			
Entry way and gate	37,998		37,998
Road signs	7,642		7,642
Road maintenance	4,425		4,425
Snow removal	3,875		3,875
Utilities			
Trash and slash collection	3,354		3,354
Telephone and internet	2,711		2,711
Electric	489		489
Total expenses	<u>87,422</u>	<u>0</u>	<u>87,422</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	811	27	838
Working capital reserve contributions (Note 2)		750	750
Fund balances - beginning of period	44,126	8,738	52,864
FUND BALANCES - END OF PERIOD	<u>\$44,937</u>	<u>\$9,515</u>	<u>\$54,452</u>

The accompanying notes are an integral part of the financial statements.

Roosevelt Ridge Homeowners Association
Statement of Cash Flows
For the Period From January 1, 2010 Through October 31, 2012

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess (deficiency) of revenues over expenses	\$811	\$27	\$838
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used in) operating activities:			
(Increase) decrease in accounts receivable	6,086	1,500	7,586
Increase (decrease) in accounts payable	3,598		3,598
Increase (decrease) in prepaid assessments	2,513		2,513
Net cash provided by (used in) operating activities	<u>13,008</u>	<u>1,527</u>	<u>14,535</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Working capital contributions		750	750
Net cash provided by (used in) financing activities	<u>0</u>	<u>750</u>	<u>750</u>
NET INCREASE (DECREASE) IN CASH	13,008	2,277	15,285
Cash at beginning of period	<u>33,759</u>	<u>7,238</u>	<u>40,997</u>
CASH AT END OF PERIOD	<u>\$46,767</u>	<u>\$9,515</u>	<u>\$56,282</u>

Supplemental Disclosure of Cash Flows Information:

Income taxes paid during the period	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Interest paid during the period	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

The accompanying notes are an integral part of the financial statements.

Roosevelt Ridge Homeowners Association
Notes to Financial Statements
October 31, 2012

NOTE 1. ORGANIZATION

Roosevelt Ridge Homeowners Association ("The Association") is a residential management association incorporated on September 22, 2005 as a Colorado nonprofit corporation. The Association was formed to maintain and preserve the common property on behalf of its members. The Association is located in Gilpin County, Colorado and upon completion will consist of the owners of 26 residences. At October 31, 2012 18 lots had been sold to non-Declarant owners. Pursuant to Section 6.3(a)(ii) the period of Declarant control ended in October 2012. However, a representative of the Declarant remained as a member of the Board subsequent to October 2012.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis.

FUND ACCOUNTING

The accounts of the Association are maintained in accordance with fund accounting whereby resources are classified for reporting purposes into funds with specified activities or purposes. The Association's two funds are the operating fund and the reserve fund. The operating fund is used to account for the general operations of the Association. The reserve fund is used to account for money set aside and related expenses for major repairs and replacements.

DELINQUENT ASSESSMENTS

The Association's policy is to enforce collection of assessments by retaining legal counsel and by placing liens on the properties of delinquent members.

COMMON PROPERTY

Consistent with preferable accounting for residential associations the Association's property, including common areas, is not capitalized in these financial statements. That property is commonly owned by the resident-owners, cannot be detached from the development and sold, and is not used by the Association to generate revenue.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles may require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Such estimates can also affect the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

WORKING CAPITAL CONTRIBUTIONS

The Association's governing documents require the first purchaser who purchases their lot from the developer to pay a working capital contribution of three times the monthly assessment rate in effect at the time of their closing to the Association. Working capital contributions are included in the reserve fund.

Roosevelt Ridge Homeowners Association
Notes to Financial Statements
October 31, 2012

NOTE 3. ASSESSMENTS

Assessments are determined by the Board of Directors upon approval of the annual budget and are intended to meet both the normal operating costs of the Association and the costs of estimated future major repairs or capital improvements. Assessments to homeowners and to the Declarant were \$125 per month during 2010, 2011, and 2012. Owners paying their full annual assessment amount by March 1 of each year received a discount of 2.5% on the total annual dues. The Association may levy special assessments to cover costs of capital improvements to the common area or to fund operating deficits.

NOTE 4. RESERVE FUND - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require that a reserve fund be accumulated for the future repair and replacement of the major components of the Association's common property. The reserve fund is funded by the working capital contributions described in Note 2. The Association does not have a reserve study which would provide a plan for the accumulation and disposition of reserve fund resources, and no common assessments were allocated to the reserve fund during the period.

Future allocations of assessment revenues to the reserve fund, if any, may vary from allocations needed for the repair and replacement of the major components of the Association's common property. Therefore, the reserve fund may not be adequate to meet the costs of all future major repairs and replacements. If additional amounts are needed the Association may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. Any of these steps, or a combination of these steps, may be required to meet the Association's future repair and replacement needs.

NOTE 5. FEDERAL AND STATE CORPORATE INCOME TAXES

The Association must file annual federal and Colorado income tax returns. The Association files its federal income tax return as a homeowners' association (Form 1120-H) in accordance with Internal Revenue Code Section 528. Under Section 528 the Association is not taxed on assessment revenues or on other income derived from members and used to serve the Association's exempt purposes. Those exempt purposes generally include the maintenance, management and care of Association property. However, under Section 528 certain income, such as interest, is deemed to be related to nonexempt purposes. Nonexempt income, net of expenses allocable to that income, is taxable for both federal and Colorado tax purposes. The Association had no net taxable income for federal or Colorado purposes during the period.

NOTE 6. DATE OF MANAGEMENT'S REVIEW

The Association's Board of Directors and its designated agents comprise "Management" of the Association. In preparing the financial statements, Management has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditor's report, which is the date that the financial statements were available to be issued.