

Gold Point Homeowners Association, Inc.

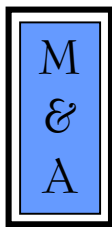
Financial Statements

December 31, 2019



Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Financial Statements
December 31, 2019
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McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Gold Point Homeowners Association, Inc.
Breckenridge, Colorado**

Report on the Financial Statements

We have audited the accompanying financial statements of Gold Point Homeowners Association, Inc. (the "Association"), a Colorado non-profit corporation, which comprise the balance sheets as of December 31, 2019, and the related statements of revenues, expenses, and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibilities

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.

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. 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 performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gold Point Homeowners Association, Inc. as of December 31, 2019, 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.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Gold Point Homeowners Association, Inc.
Breckenridge, Colorado

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Future Major Repairs and Replacements on pages 13 - 14 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 basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited the Association's December 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
April 30, 2020

Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Balance Sheets
December 31, 2019
(With Comparative Totals for 2018)

	2019				2018
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Commons Building Fund	Total
					Total
Assets:					
Cash in banks	137,934	75,122	203,108	24,194	440,358
Investments	-	80,850	218,595	26,039	325,484
Accrued Interest	-	632	1,710	204	2,546
Member assessments receivable (net of allowance for doubtful accounts of \$345,841 and \$259,023 at 2019 and 2018)	151,482	-	-	-	151,482
Due from (to) other funds	(120,982)	354,718	(311,119)	77,383	-
Due from (to) Gold Point II Condominium	98,498	-	-	-	98,498
Due from (to) Grand Timber Lodge	(2,774)	-	-	-	(2,774)
Due from (to) Grand Lodge on Peak 7	1,344	-	-	-	1,344
Due from (to) GPLR	29,012	-	-	-	29,012
Inventory - Units	89,805	-	-	-	89,805
Inventory - Housekeeping supplies	11,629	-	-	-	11,629
Prepaid expenses	592	-	-	-	592
Commons building (net of accumulated depreciation of \$289,834 and \$279,263 at 2019 and 2018)	-	-	-	133,025	133,025
Total Assets	396,540	511,322	112,294	260,845	1,281,001
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	35,461	-	-	-	35,461
Deferred assessment revenue	20,737	-	-	-	20,737
Property tax payable	57,063	-	-	-	57,063
Due to Management Company	124,642	-	-	-	124,642
Total Liabilities	237,903	-	-	-	237,903
Fund Balances (Deficit)	158,637	511,322	112,294	260,845	1,043,098
Total Liabilities and Fund Balances (Deficit)	396,540	511,322	112,294	260,845	1,281,001

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

Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Statements of Revenues, Expenses and Changes in Fund Balances
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	2019				2018
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Commons Building Fund	Total
Revenues:					
Assessments, net of discounts	1,261,999	133,546	264,093	17,836	1,677,474
Less: Association owned unit-weeks	(78,883)	-	-	-	(78,883)
Late fee revenue	43,184	-	-	-	43,184
Interest income	-	3,625	9,800	1,168	14,593
Unit rental income	13,112	-	-	-	13,112
Office rental income	-	-	-	15,399	15,399
Rental resort fee income	6,409	-	-	-	6,409
Activities income	2,522	-	-	-	2,522
Market income	51	-	-	-	51
HOA inventory sales income	23,329	-	-	-	23,329
Miscellaneous	3,353	-	-	3,000	6,353
Total Revenues	1,275,076	137,171	273,893	37,403	1,723,543
Expenses:					
Bad debt expense	75,809	-	-	-	75,809
Accounting	19,423	-	-	-	19,423
Activities	1,343	-	-	-	1,343
Assessment servicing fees	9,846	-	-	-	9,846
Cable television	15,289	-	-	-	15,289
Common area expenses	34,652	-	-	-	34,652
Collection expense	11,404	-	-	-	11,404
Elevator maintenance	405	-	-	-	405
Fire alarm maintenance	10,393	-	-	-	10,393
Future truck replacement	7,356	-	-	-	7,356
Health club dues	10,217	-	-	-	10,217
Hot tub maintenance	3,547	-	-	-	3,547
HR Fees	22,249	-	-	-	22,249
Insurance	48,503	-	-	-	48,503
Management fees	44,294	-	-	-	44,294
Miscellaneous	12,921	-	-	-	12,921
Printing and postage	2,107	-	-	-	2,107
Professional fees	7,392	-	-	-	7,392
Property tax expense	57,063	-	-	-	57,063
Front desk and reservations	131,315	-	-	-	131,315
Snow removal	3,401	-	-	-	3,401
Sustainability	5,232	-	-	-	5,232
Trash removal	6,366	-	-	-	6,366
Meeting expenses	1,307	-	-	-	1,307
UTV lease	2,084	-	-	-	2,084
Unit expenses	646,296	-	-	-	646,296
Water and sanitation	33,334	-	-	-	33,334
Common reserve - exterior	-	6,779	-	-	6,779
Unit reserve - interest expense	-	-	-	-	-
Unit reserve - furniture and inventory replacement	-	-	143,008	-	143,008
Unit reserve - renovation	-	-	271,915	-	271,915
Common building - operating expenses	-	-	-	15,916	15,916
Common building - depreciation	-	-	-	10,571	10,571
Total Expenses	1,223,548	6,779	414,923	26,487	1,671,737
Excess (Deficiency) of Revenues Over Expenses	51,528	130,392	(141,030)	10,916	51,806
Beginning Fund Balances (Deficit)	107,109	380,930	253,324	249,929	991,292
Ending Fund Balances (Deficit)	158,637	511,322	112,294	260,845	991,292

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

Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Statements of Cash Flows
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	2019				2018
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Commons Building Fund	Total
Cash Flow From Operating Activities:					
Cash received from owners	1,168,909	133,546	264,093	20,836	1,587,384
Interest received	-	1,282	8,131	819	10,232
Other receipts of cash	26,682	-	-	15,399	42,081
Cash transfers from (to) other account	(3,744)	(152,301)	176,639	(20,594)	-
Cash payments for goods and services	(1,117,167)	(6,779)	(414,923)	(15,916)	(1,554,785)
Cash payments for property taxes	(43,981)	-	-	-	(43,981)
Cash payments for interest on loans	-	-	-	-	(669)
Net Cash Provided (Used) by Operating Activities	30,699	(24,252)	33,940	544	40,931
Cash Flow From Investing Activities:					
Purchase of investments	-	(87,000)	(189,000)	(24,000)	(300,000)
Sale of investments	-	82,940	180,180	22,880	286,000
Transfer of investment allocation	-	14,681	(14,819)	138	179
Net Cash Provided (Used) by Investing Activities	-	10,621	(23,639)	(982)	245,179
Cash Flow From Financing Activities:					
Principal paid on notes payable	-	-	-	-	(53,000)
Net Cash Provided (Used) by Financing Activities	-	-	-	-	(53,000)
Net Increase (Decrease) in Cash and Cash Equivalents	30,699	(13,631)	10,301	(438)	26,931
Net Cash and Cash Equivalents - Beginning of Year	107,235	88,753	192,807	24,632	413,427
Net Cash and Cash Equivalents - End of Year	137,934	75,122	203,108	24,194	440,358
Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:					
Excess (Deficiency) of Revenues Over Expenses	51,528	130,392	(141,030)	10,916	51,806
Adjustments to Reconcile Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:					
Depreciation	-	-	-	10,571	10,571
Unrealized (gain) loss on investments	-	(2,343)	(1,669)	(349)	(4,361)
(Increase) decrease in interfund balances	(3,744)	(152,301)	176,639	(20,594)	-
(Increase) decrease in assessments receivable	(90,390)	-	-	-	(90,390)
Increase (decrease) in allowance for doubtful accounts	86,818	-	-	-	86,818
(Increase) decrease in due from Grand Timber Lodge	262	-	-	-	262
(Increase) decrease in due from Grand Lodge on Peak 7	(940)	-	-	-	(940)
(Increase) decrease in prepaid expenses	2,979	-	-	-	2,979
(Increase) decrease in unit inventory	5,985	-	-	-	5,985
(Increase) decrease in housekeeping inventory	(2,708)	-	-	-	(2,708)
Increase (decrease) in due to Gold Point II Condominium	(49,697)	-	-	-	(49,697)
Increase (decrease) in due to related parties	12,435	-	-	-	12,435
Increase (decrease) in accounts payable	5,193	-	-	-	5,193
Increase (decrease) in property tax payable	13,082	-	-	-	13,082
Increase (decrease) in deferred revenue	(104)	-	-	-	(104)
Total Adjustments	(20,829)	(154,644)	174,970	(10,372)	(10,875)
Net Cash Provided (Used) by Operating Activities	30,699	(24,252)	33,940	544	40,931

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

Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2019

1. Organization

Gold Point Homeowners Association, Inc., (the "Association") is a condominium association organized as a Colorado not-for-profit corporation for the purposes of maintaining and preserving common property of the Association. The Association consists of 36 units which include 27 timeshare units with 50 owners per unit ("timeshare and fractional") and 9 whole-unit owners. The Association, which is located in Breckenridge, Colorado, began its operations in 1981.

2. Summary of Significant Accounting Policies

A. Fund Accounting

The Association uses fund accounting, which requires that funds be classified separately for accounting and reporting purposes. As of December 31, 2019 and December 31, 2018, the Association had the following funds:

Operating - Disbursements from this fund are generally at the discretion of the Board of Directors and property manager.

Common Reserve - Disbursements from this fund generally may be made only for designated purposes.

Unit Reserve - Disbursements from this fund are designated for the replacement of unit furniture.

Commons Building - Disbursements from this fund are designated for operational costs of the Commons Building.

B. Investment Income Allocation

Interest is recorded in the fund in which it was earned.

C. Recognition of Assets

The Association recognizes as assets on its financial statements:

- (a) common personal property and;
- (b) common real property to which it has title and that it can dispose of for cash, while retaining the proceeds thereto.

These assets are recorded at cost and are depreciated using the straight-line method over an estimated useful life of forty years.

D. Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting which recognizes revenues when assessed or earned and expenses when incurred.

E. Cash and Cash Equivalents

All checking and money market savings accounts are considered cash equivalents by the Association for the purpose of the Statements of Cash Flows since all funds are highly liquid with no stated maturities.

Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2019
(Continued)

2. Summary of Significant Accounting Policies (continued)

F. Common Assessments

Common assessments are the primary source of revenue for the Association. An annual budget, which is approved by the Board of Directors (the "Board"), is prepared to estimate the annual expenses of maintaining the Association's common elements. Members of the Association are assessed for their pro-rata share of these estimated expenses.

Since the Association is designed only to operate as a conduit to collect assessments and pay operating expenses on behalf of members, any excess or deficiency of revenues over expenses is repaid to or recovered from the members in a subsequent year by reducing or increasing assessments, or, with the approval of the Board, transferred to the Replacement Funds.

G. Due To/From Other Funds

The Association has chosen to record all accounts receivable and accounts payable in the Operating Fund. In accordance with generally accepted accounting principles, the differences caused by this accounting treatment are shown as interfund asset and liability accounts.

H. Allowance for Uncollectible Accounts - Assessments

The Association utilizes the allowance method of recognizing the future potential uncollectability of owner assessments receivable. This reserve is calculated based on the estimated percentage of potentially uncollectible accounts 90 or more days overdue.

The Association's policy is to charge late fees to owner accounts that are 60 or more days overdue. Owner assessment accounts that are 120 or more days past due are sent to a collection agency by the Association. For the year ended December 31, 2019, the Association incurred \$75,809 in bad debt expense and wrote off accounts totaling \$5,536 (net of recoveries totaling \$19,523). For the year ended December 31, 2018, the Association incurred \$101,372 in bad debt expense and wrote off accounts totaling \$121,770 (net of recoveries totaling \$24,990).

I. Due From (to) Gold Point II Condominium ("Gold Point II")

Gold Point II is a timeshare condominium association located adjacent to the Association. Gold Point II and the Association are both managed by Breckenridge Grand Vacations, which is owned and operated by Peak 8 Properties, L.L.C. Gold Point II pays the Association for their share of expenses related to the operation of the Commons Building.

At December 31, 2019 and 2018 Gold Point II owed the Association \$98,498 and \$48,801, respectively.

J. Inventories

Housekeeping supply inventory is valued at cost, using the first-in/first-out (FIFO) method. The cost of inventory is recorded as an expense when consumed rather than when purchased. Association owned unit-weeks are stated at the lower of cost or market.

Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2019
(Continued)

2. Summary of Significant Accounting Policies (continued)

K. 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. Comparative Information

The financial statements include certain prior year comparative information in total but not by fund class. 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, 2018, from which the comparative totals were derived.

M. Deferred Assessment Revenue

Deferred revenue represents prepaid assessments, and is primarily composed of payments received in advance for the first quarter's billing of the next fiscal year.

N. Subsequent Events

Management has evaluated subsequent events through April 30, 2020, the date these financial statements were available to be issued.

3. Investments

The Association's investments were comprised of the following certificates of deposit at December 31, 2019 and 2018, respectively:

	<u>12/31/19</u>	<u>12/31/18</u>
Certificates of deposit, maturing within one year, bearing interest at 1.650% - 2.300% per annum	\$ 325,484	85,472
Certificates of deposit, maturing in more than one year, bearing interest at 2.00% per annum	<u>-</u>	<u>222,907</u>
Total Investments	<u><u>\$ 325,484</u></u>	<u><u>308,379</u></u>

Included in the Association's investment income for the fiscal years ended December 31, 2019 and 2018 are unrealized gains (losses) totaling \$3,105 and (\$2,609), respectively, with respect to investments held at December 31, 2019 and 2018.

Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2019
(Continued)

4. Income Taxes

While the Association has been organized under Colorado non-profit statutes as a corporation without capital stock or shareholders, the Association is not a tax-exempt organization. Consequently, the Association is subject to Federal and state income taxes on net income derived from investments and other non-membership sources.

The income tax returns of the Association are subject to examination by the Internal Revenue Service and the Colorado Department of Revenue. The Association's returns are no longer subject to examination for tax years prior to 2016 by the Internal Revenue Service and for tax years prior to 2015 by the Colorado Department of Revenue.

5. Fixed Assets

Fixed assets for the past two fiscal years are summarized below:

Commons Building:

<u>Description</u>	<u>12/31/19</u>	<u>12/31/18</u>
Commons Building, at cost	\$ 422,859	\$ 422,859
Less: Accumulated depreciation	(289,834)	(279,263)
Net Commons Building	<u>\$ 133,025</u>	<u>\$ 143,596</u>

Depreciation expense is computed on the straight-line basis and was \$10,571 and \$10,571 for the fiscal years ended December 31, 2019 and 2018, respectively.

6. Significant Agreements and Transactions

On August 1, 2001, the Association entered into an agreement with Breckenridge Grand Vacations ("Manager"), which is owned and operated by Peak 8 Properties, L.L.C., for management, accounting, and reservation services. The management, accounting, and reservation fees are negotiated annually. This agreement is for five-year terms that automatically renew unless terminated. This agreement may be terminated by the Association for Cause, as defined in the agreement. Breckenridge Grand Vacations may resign as manager with or without cause. However, Breckenridge Grand Vacations cannot resign until the Association obtains a substitute managing agent or until 180 days have elapsed from the resignation notification date.

Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2019
(Continued)

6. Significant Agreements and Transactions (continued)

During its fiscal year, the Association incurred various expenses that were payable to Breckenridge Grand Vacations and Peak 8 Properties, LLC, (collectively referred to as "Management Companies"). The following is a schedule of transactions between the Association and the Management Companies for the fiscal years ended December 31, 2019 and 2018, respectively:

	12/31/19	12/31/18
Management fee	\$ 44,294	\$ 42,185
Accounting	19,423	18,498
Front desk/reservations	131,315	125,062
Human resources	22,249	21,189
Unit cleaning	353,716	339,716
Sustainability programs	5,232	822
Engineering	214,609	177,391
	<hr/>	<hr/>
Total Services	\$ 790,838	\$ 724,863
	<hr/>	<hr/>

The net amount owed by the Association to the Management Companies for these services was \$136,365 and \$83,195 at December 31, 2019 and 2018, respectively.

On July 29, 2011, the Association entered into an agreement with Gold Point Lodging and Realty, Inc. ("GPLR"), whereby GPLR attempts to resell inventory units for the Association (which were obtained as a result of foreclosure proceedings to collect past due assessments). Upon the sale of these inventory units, GPLR is required to remit to the Association an amount equal to 15% of the Net Listed Sales Price, as defined in the agreement. During the fiscal years ended December 31, 2019 and 2018, the Association received \$57,808 and \$22,245, respectively from GPLR for the purchase of inventory units. At December 31, 2019 and 2018, the Association owned 84 and 80 unit-weeks in inventory, respectively.

GPLR pays assessments relating to its owned unit weeks throughout the year. This amount totaled \$55,227 and \$57,678 during the fiscal years ended December 31, 2019 and 2018, respectively. The GPLR assessments excluded cleaning fees of \$46,692 and \$37,720 related to services not incurred in unoccupied units for the fiscal years ending December 31, 2019 and 2018, respectively.

On October 1, 2012, the Association entered into an agreement with Concord Servicing Corporation to perform billing of assessments. The initial term began in October 2012 and is automatically renewed for 12-month terms until written notice of termination. The fee may increase annually by 1.5 times the increase in Consumer Price Index. For the years ending December 31, 2019 and 2018, the Association paid \$9,846 and \$10,533, respectively, for services provided by Concord Servicing Corporation.

Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2019
(Continued)

7. Future Major Repairs and Replacements

As permitted by the Association's governing documents, the Association is accumulating funds for future major repairs and replacements of the Association's common property. Accumulated funds are held in separate money market accounts and are generally not available for expenses for normal operations.

The Association has an external reserve study performed every 5 years to update estimates for future repairs and replacements and maintenance. In addition to the formal study Management also performs an annual internal inspection to update these estimates.

The Association commissioned a reserve study to estimate the remaining useful lives and replacement costs of the components of common property. The Level I – Full Service Reserve Study ascertained replacement cost estimates from industry standard estimating manuals and based upon the engineering firm's experience with similar projects. The life expectancy of all components was ascertained from visual inspections made during the study. Management updates estimates from the reserve study annually through inspection and periodic review by outside consultants. The table included in the unaudited Supplementary Information on Future Major Repairs and Replacements is based on the study.

In accordance with industry guidelines, it is the Association's primary duty to maintain and preserve the common property of the owners. Therefore, it is the Association's responsibility to determine a method for funding the costs of future major repairs and maintenance by assessing owners when funds are needed or by anticipating costs over extended time years, assessing owners for the anticipated costs, and accumulating funds in reserves to meet the future funding requirements. The Board has chosen to fund major repairs and replacements over the remaining useful lives of the components, based on the study's estimates of current replacement costs and considering amounts previously accumulated in the Replacement Funds. Assessments of \$133,546 and \$264,093 for the Common Reserve Fund and Unit Reserve Fund, respectively, were reported during the year ended December 31, 2019. During the year ended December 31, 2018, the Association levied assessments of \$116,920 and \$258,638 for the Common Reserve Fund and Unit Reserve Fund, respectively.

Funds being accumulated in the Common Reserve and Unit Reserve Funds are based on estimated costs for repairs and replacements of common property components. Actual expenditures and investment incomes may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

8. Concentration

The Association's cash balances held with financial institutions were insured by the Federal Deposit Insurance Corporation (the "FDIC") at December 31, 2019 up to \$250,000 on all accounts. At December 31, 2019, the Association had no uninsured balances.

Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Schedule of Operating Fund Revenues and Expenses - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			2018
	Budget (Unaudited)	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Assessments, net of discounts	1,269,653	1,261,999	(7,654)	1,216,091
Less: Association owned unit-weeks	(66,602)	(78,883)	(12,281)	(66,169)
Late fee revenue	45,670	43,184	(2,486)	42,421
Unit rental income	8,559	13,112	4,553	10,603
Rental resort fee income	6,071	6,409	338	116
Activities income	-	2,522	2,522	141
Market income	-	51	51	-
HOA inventory sales income	-	23,329	23,329	-
Miscellaneous	3,112	3,353	241	4,338
Fund deficit reduction	26,000	-	(26,000)	-
Total Revenues	<u>1,292,463</u>	<u>1,275,076</u>	<u>(17,387)</u>	<u>1,207,541</u>
Expenses:				
Bad debt expense	60,343	75,809	(15,466)	101,372
Accounting	19,423	19,423	-	18,498
Activities	-	1,343	(1,343)	-
Assessment servicing fees	10,541	9,846	695	10,533
Cable television	15,988	15,289	699	15,023
Common area - Other	16,301	13,833	2,468	14,491
Common area utilities	24,606	20,819	3,787	25,746
Collection expense	10,097	11,404	(1,307)	11,648
Elevator maintenance	1,232	405	827	1,039
Fire alarm maintenance	5,518	10,393	(4,875)	5,172
Future truck replacement	7,350	7,356	(6)	-
Health club dues	10,290	10,217	73	12,965
Hot tub maintenance	3,840	3,547	293	3,486
HR fees	22,249	22,249	-	21,189
Insurance	49,072	48,503	569	42,509
Management fees	44,294	44,294	-	42,185
Miscellaneous	12,112	12,921	(809)	9,970
Office expense	2,889	2,107	782	4,136
Professional fees	36,679	7,392	29,287	13,095
Property taxes	50,485	57,063	(6,578)	43,981
Front desk and reservations	131,315	131,315	-	125,062
Snow removal	3,000	3,401	(401)	1,081
Sustainability	5,232	5,232	-	-
Trash removal	6,513	6,366	147	5,967
Travel and entertainment	2,427	1,307	1,120	1,911
UTV lease	2,088	2,084	4	6,716
Unit cleaning	405,086	356,265	48,821	342,345
Unit utilities	62,370	59,187	3,183	61,431
Unit maintenance	230,759	227,384	3,375	191,069
Unit telephones	4,161	3,460	701	3,757
Water and sanitation	37,712	33,334	4,378	34,427
Total Expenses	<u>1,293,972</u>	<u>1,223,548</u>	<u>70,424</u>	<u>1,170,804</u>
(Deficiency) of Revenues Over Expenses - GAAP Basis		<u>51,528</u>		<u>36,737</u>

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

Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Supplementary Information on Future Major Repairs and Replacements
Common Reserve and Common Building Reserve Funds
December 31, 2019
(Unaudited)

During the fiscal year ended December 31, 2019, management performed an internal update of the most recent external Level I - Full Service Reserve Study, completed in 2011, to estimate the remaining useful lives and replacement costs of the components of common property. The Level I - Full Service Reserve Study ascertained replacement cost estimates from industry standard estimating manuals and based upon the engineering firm's experience with similar projects. The life expectancy of all components was ascertained from visual inspections made during the study.

The balance of the Common Reserve and Common Building Reserve Funds at December 31, 2019 has not been designated by the Board for specific components of common property.

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

Components	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs	Fund Balances at 12/31/19
Amenities	4 - 22	29,130	
Ammenities	4 - 14	8,500	
Aquatics	1 - 6	321,000	
Concrete	6	370	
Contingency	0 - 4	50,000	
Doors	6 - 15	235,960	
Driveway	1 - 24	323,745	
Electronice	17	550	
Electronics	0 - 17	41,520	
Fire System	3 - 17	34,344	
Flooring	2 - 15	68,003	
Furniture	6 - 11	28,200	
Heating	6 - 11	2,955	
Housekeeping	1 - 6	6,400	
IT	0 - 2	6,736	
Lighting	1 - 23	15,743	
Paint	2- 14	118,235	
Remodel	0 - 16	41,000	
Roofs	2 - 17	379,184	
Signs	1 - 17	16,650	
Stairs	2 - 19	91,093	
Trim	8	2,717	
Update	3 - 16	19,500	
Windows	1 - 17	1,060,000	
Total		2,901,535	772,167

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

Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Supplementary Information on Future Major Repairs and Replacements
Unit Reserve Fund
December 31, 2019
(Unaudited)

During the fiscal year ended December 31, 2019, management performed an internal update of the most recent external Level I - Full Service Reserve Study, completed in 2011, to estimate the remaining useful lives and replacement costs of the components of common property. The Level I - Full Service Reserve Study ascertained replacement cost estimates from industry standard estimating manuals and based upon the engineering firm's experience with similar projects. The life expectancy of all components was ascertained from visual inspections made during the study.

The balance of the Unit Reserve Funds at December 31, 2019 has not been designated by the Board for specific components of common property.

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

Components	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs	Fund Balances at 12/31/19
Appliances	0 - 2	40,181	
Blinds	1 - 3	148,911	
Contingency	0	7,500	
Doors	0 - 4	96,425	
Electronics	2 - 11	59,943	
Fireplaces	23 - 24	315,655	
Flooring	3 - 6	153,402	
Furnishings	0 - 17	768,321	
Housekeeping	3 - 7	23,984	
HVAC	0 - 16	51,136	
Lighting	1 - 22	16,407	
Paint	0 - 7	125,164	
Stairs	1 - 5	10,615	
Trim	0 - 4	80,295	
Update	0 - 24	1,759,837	
Total		3,657,776	112,294

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