

Gold Point II Condominium Association, Inc.

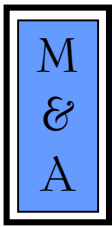
Financial Statements

December 31, 2020 and 2019



Gold Point II Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Financial Statements
December 31, 2020
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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Gold Point II Condominium Association, Inc.
Breckenridge, CO**

Report on the Financial Statements

We have audited the accompanying financial statements of Gold Point II Condominium Association, Inc. (the "Association"), a Colorado non-profit corporation, which comprise the balance sheets as of December 31, 2020, 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 II Condominium Association, Inc. as of December 31, 2020, 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

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INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Gold Point II Condominium Association, Inc.
Breckenridge, CO

Emphasis of Matter

As discussed in Note 9 to the financial statements, the Association adopted Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09), and all subsequent amendments, in 2020. Our opinion is not modified with respect to this matter.

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 13 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, except for that portion marked "unaudited", on which we express no opinion, 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 14 - 15 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, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 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.
May 4, 2021

Gold Point II Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Balance Sheets
December 31, 2020
(With Comparative Totals for 2019)

	<u>2020</u>			<u>2019</u>	
	<u>Operating Fund</u>	<u>Common Reserve Fund</u>	<u>Unit Reserve Fund</u>	<u>Total</u>	<u>Total</u>
Assets:					
Cash in banks	167,625	136,779	583,111	887,515	612,865
Investments	-	4,397	18,746	23,143	148,961
Accrued Interest	-	4	15	19	1,499
Member assessments receivable (net of allowance for doubtful accounts of \$74,224 and \$50,089 at 2020 and 2019)	65,247	-	-	65,247	51,203
Due from (to) other funds	2,733	(60,646)	57,913	-	-
Due from (to) Grand Lodge on Peak 7	-	-	-	-	1,028
Inventory - Units	21,510	-	-	21,510	35,302
Inventory - Housekeeping supplies	5,208	-	-	5,208	4,193
Prepaid expenses	187	-	-	187	1,226
Total Assets	<u>262,510</u>	<u>80,534</u>	<u>659,785</u>	<u>1,002,829</u>	<u>856,277</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	15,551	-	-	15,551	18,972
Deferred assessment revenue	18,984	-	-	18,984	10,426
Due to Grand Timber Lodge	-	-	-	-	165
Due to (from) Gold Point Condominium	3,200	-	-	3,200	98,498
Property tax payable	31,595	-	-	31,595	31,604
Due to Management Company	28,845	-	-	28,845	39,372
Total Liabilities	<u>98,175</u>	<u>-</u>	<u>-</u>	<u>98,175</u>	<u>199,037</u>
Fund Balances (Deficit)	<u>164,335</u>	<u>80,534</u>	<u>659,785</u>	<u>904,654</u>	<u>657,240</u>
Total Liabilities and Fund Balances (Deficit)	<u>262,510</u>	<u>80,534</u>	<u>659,785</u>	<u>1,002,829</u>	<u>856,277</u>

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

Gold Point II Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Statements of Revenues, Expenses and Changes in Fund Balances
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	2020			2019	
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total	Total
Revenues:					
Assessments, net of discounts	481,980	56,866	192,964	731,810	669,907
Less: Association owned unit-weeks	(25,685)	-	-	(25,685)	(28,113)
Late fee revenue	20,338	-	-	20,338	29,122
Investment income	-	629	2,681	3,310	13,587
Rental income	3,060	-	-	3,060	4,039
Rental resort fee income	2,906	-	-	2,906	2,311
Exchange resort fee	388	-	-	388	-
Activities income	484	-	-	484	884
HOA inventory sales income	38,880	-	-	38,880	12,632
Miscellaneous	567	-	-	567	713
Total Revenues	522,918	57,495	195,645	776,058	705,082
Expenses:					
Accounting	-	-	-	-	7,004
Activities	424	-	-	424	390
Assessment servicing fees	6,181	-	-	6,181	6,121
Bad debt expense	25,842	-	-	25,842	8,386
Board and annual meetings	362	-	-	362	721
Cable television	4,684	-	-	4,684	5,469
Collections expense	4,250	-	-	4,250	3,035
Common area expenses	5,526	-	-	5,526	7,114
Common building expenses	5,935	-	-	5,935	5,652
COVID equipment	12,154	-	-	12,154	-
COVID safety	3,678	-	-	3,678	-
Credit card fees	6,354	-	-	6,354	4,531
Dues and subscriptions	2,767	-	-	2,767	-
Elevator maintenance	359	-	-	359	371
Employee housing reimbursement	2,220	-	-	2,220	-
Fire alarm maintenance	6,179	-	-	6,179	6,608
Front desk and reservations	-	-	-	-	64,804
Future truck replacement	-	2,652	-	2,652	2,652
Guest services	34,104	-	-	34,104	-
Health club dues	-	-	-	-	3,684
Hot tub maintenance	1,048	-	-	1,048	1,822
HR Fees	-	-	-	-	8,021
Income tax expense (refund)	1,468	-	-	1,468	167
Insurance	23,905	-	-	23,905	14,526
Landscaping	183	-	-	183	68
Management fee	17,244	-	-	17,244	18,865
Miscellaneous	-	-	-	-	1,301
Owner relations fee	43,056	-	-	43,056	-
Printing and postage	5,362	-	-	5,362	1,796
Professional fees	10,062	-	-	10,062	6,820
Property tax expense	31,595	-	-	31,595	31,604
Snow removal	1,145	-	-	1,145	1,516
Sustainability	-	-	-	-	1,788
Trash removal	2,150	-	-	2,150	2,926
Unit expenses	236,535	-	-	236,535	236,005
UTV lease	-	-	-	-	751
Water and sanitation	13,954	-	-	13,954	13,450
Common reserve - exterior	-	12,611	-	12,611	175,320
Unit reserve - renovation	-	-	459	459	33,291
Unit reserve - furniture and inventory replacement	-	-	4,196	4,196	10,331
Total Expenses	508,726	15,263	4,655	528,644	686,910
Excess (Deficiency) of Revenues Over Expenses	14,192	42,232	190,990	247,414	18,172
Beginning Fund Balances (Deficit)	150,143	38,302	468,795	657,240	639,068
Ending Fund Balances (Deficit)	164,335	80,534	659,785	904,654	657,240

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

Gold Point II Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Statements of Cash Flows
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	2020			2019	
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total	Total
Cash Flow From Operating Activities:					
Cash received from owners	474,925	56,866	192,964	724,755	666,350
Interest received	-	722	2,526	3,248	7,281
Other receipts of cash	42,507	-	-	42,507	17,384
Cash transfers from (to) other fund	54,911	(47,885)	(7,026)	-	-
Cash payments for goods and services	(571,698)	(15,263)	(4,655)	(591,616)	(586,389)
Cash payments for property taxes	(31,604)	-	-	(31,604)	(23,972)
Net Cash Provided (Used) by Operating Activities	<u>(30,959)</u>	<u>(5,560)</u>	<u>183,809</u>	<u>147,290</u>	<u>80,654</u>
Cash Flow From Investing Activities:					
Purchase of investments	-	(148,540)	(401,609)	(550,149)	(234,832)
Sale of investments	-	179,550	485,450	665,000	317,000
Transfer of investment allocation	-	3,616	8,893	12,509	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>34,626</u>	<u>92,734</u>	<u>127,360</u>	<u>82,168</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(30,959)	29,066	276,543	274,650	162,822
Cash and Cash Equivalents - Beginning of Year	198,584	107,713	306,568	612,865	450,043
Cash and Cash Equivalents - End of Year	<u>167,625</u>	<u>136,779</u>	<u>583,111</u>	<u>887,515</u>	<u>612,865</u>
Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:					
Excess (Deficiency) of Revenues Over Expenses	14,192	42,232	190,990	247,414	18,172
Adjustments to Reconcile Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:					
Unrealized (gain) loss on investments	-	93	(155)	(62)	(6,306)
Increase (decrease) in interfund balances	54,911	(47,885)	(7,026)	-	-
(Increase) decrease in assessments receivable	(38,179)	-	-	(38,179)	(24,969)
Increase (decrease) in allowance for doubtful accounts	24,135	-	-	24,135	15,577
(Increase) decrease in due from Gold Point Condominium	(95,298)	-	-	(95,298)	49,697
(Increase) decrease in due from Grand Timber Lodge	(165)	-	-	(165)	165
(Increase) decrease in due from Grand Lodge on Peak 7	1,028	-	-	1,028	(1,028)
(Increase) decrease in prepaid expenses	1,039	-	-	1,039	(182)
(Increase) decrease in inventory - units	13,792	-	-	13,792	7,174
(Increase) decrease in inventory - supplies	(1,015)	-	-	(1,015)	(977)
Increase (decrease) in due to related parties	(10,527)	-	-	(10,527)	4,808
Increase (decrease) in accounts payable	(3,421)	-	-	(3,421)	9,260
Increase (decrease) in property tax payable	(9)	-	-	(9)	7,632
Increase (decrease) in deferred assessment revenue	8,558	-	-	8,558	1,631
Total Adjustments	<u>(45,151)</u>	<u>(47,792)</u>	<u>(7,181)</u>	<u>(100,124)</u>	<u>62,482</u>
Net Cash Provided (Used) by Operating Activities	<u>(30,959)</u>	<u>(5,560)</u>	<u>183,809</u>	<u>147,290</u>	<u>80,654</u>

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

Gold Point II Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2020
(Continued)

1. Organization

Gold Point II Condominium 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 is located in Breckenridge, Colorado and consists of 13 units which are divided into 50 owners per unit. The Association, which is located in Breckenridge, Colorado, was incorporated April 25, 1995.

2. Summary of Significant Accounting Policies

A. Fund Accounting

The Association uses fund accounting, which requires that funds, such as operating funds and funds for future major repairs and replacements, be classified separately for accounting and reporting purposes. As of December 31, 2020 and 2019, 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.

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.

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 II Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2020
(Continued)

2. Summary of Significant Accounting Policies (continued)

F. Revenues and Revenue Recognition

Common assessments are the primary source of revenue for the Association. The Board, together with the Managing Agent, prepares an annual budget to estimate the annual expenses of maintaining the Association's common elements. On an annual basis, members of the Association are assessed for their respective pro-rata share of these estimated expenses.

The Association has determined that the relationship of the members to the Association is not that of a customer as defined in generally accepted accounting principles, since the members control the governance of the Association, and it is not possible to separate the members from the Association itself. Further, the nature of the Association's governing documents as it relates to the billing and collection of member assessments does not meet the definition of a contract under generally accepted accounting principles. Consequently, all assessment revenues are recognized as revenue by the Association when levied, as determined by the Board-approved annual budget.

The Association also recognizes revenues from various administrative fees and fines as earned upon provision of the underlying goods or service. All such revenues are non-refundable.

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 approval of the membership, transferred to the Replacement Fund.

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, 2020, the Association incurred \$25,842 in bad debt expense and wrote off accounts totaling \$6,844 (net of recoveries). For the year ended December 31, 2019, the Association incurred \$8,386 in bad debt expense and wrote off accounts totaling \$1,824 (net of recoveries totaling \$11,100).

Gold Point II Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2020
(Continued)

2. Summary of Significant Accounting Policies (continued)

I. Due (To) From Gold Point Homeowners Association, Inc. (“Gold Point HOA”)

Gold Point HOA is a condominium association located adjacent to the Association. Gold Point HOA and the Association are both managed by Breckenridge Grand Vacations, which is owned and operated by Peak 8 Properties, L.L.C. The Association pays Gold Point HOA for their share of expenses related to the operation of the Common Building. At December 31, 2020 and 2019 the Association owed Gold Point HOA \$3,200 and \$98,498 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.

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. 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, 2019, 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 May 4, 2021, the date these financial statements were available to be issued.

Gold Point II Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2020
(Continued)

3. Investments

The Association's investments were comprised of the following certificates of deposit at December 31, 2020 and 2019, respectively:

	12/31/20	12/31/19
Certificates of deposit, maturing within one year, bearing interest at 2.300% per annum	\$ -	125,380
Certificates of deposit, maturing in more than one year, bearing interest at .0125% - 1.125% per annum	14,890	23,581
Total Investments	\$ 14,890	148,961

The Association also had \$10,613 invested in US Treasuries. Included in the Association's investment income for the fiscal years ended December 31, 2020 and 2019 are unrealized gains (losses) totaling (\$6,306) and (\$62), respectively, with respect to investments held at December 31, 2020 and 2019.

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 Federal income tax returns of the Company are subject to examination by the Internal Revenue Service and Colorado Department of Revenue. The Company's returns are no longer subject to examination for tax years prior to 2017 by the Internal Revenue Service and for tax years prior to 2016 by the Colorado Department of Revenue.

5. Revenue from Contracts with Customers

For the year ended December 31, 2020, revenue recognized for goods transferred or performance obligations met at a point in time were \$776,058. There were no revenues recognized for goods transferred or performance obligations met over time during 2020. Revenues may be affected by general economic conditions and inflationary pressures. Revenues are primarily collected from members of the Association.

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 II Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2020
(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, 2020 and 2019, respectively:

	<u>12/31/20</u>	<u>12/31/19</u>
Accounting fee	-	7,004
Owner relations	43,056	-
Employee housing reimbursement	2,220	-
Guest services	34,104	-
Engineering	76,372	77,627
Front desk and reservation fee	-	64,804
HR fee	-	8,021
Management fee	\$ 17,244	\$ 18,865
Resort cleaning	141,505	128,035
Sustainability programs	-	1,788
Total Services	<u>\$ 314,501</u>	<u>\$ 306,144</u>

The net amount owed by the Association to the Management Companies for these services was \$28,845 and \$39,372 at December 31, 2020 and 2019, respectively.

On July 29, 2011, the Association entered into an agreement with Gold Point Lodging and Realty ("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, 2020 and 2019, the Association received \$57,810 and \$32,474, respectively from GPLR for the purchase of inventory units. At December 31, 2020 and 2019, the Association owned 29 and 44 unit-weeks in inventory, respectively.

GPLR pays assessments relating to its owned unit weeks throughout the year. This amount totaled \$15,302 and \$13,881 during the fiscal years ending December 31, 2020 and 2019, 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, 2020 and 2019 the Association paid \$6,181 and \$6,121, respectively, for services provided by Concord Servicing Corporation.

Gold Point II Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2020
(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 periods, 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 \$56,866 and \$192,964 for the Common Reserve Fund and Unit Reserve Fund, respectively, were reported during the year ended December 31, 2020. During the year ended December 31, 2019, the Association levied assessments of \$22,196 and \$153,538 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, 2020 up to \$250,000 on all accounts. At December 31, 2020, the Association had no uninsured balances.

Gold Point II Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2020
(Continued)

9. New Accounting Standard

Effective January 1, 2020, the Association implemented Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”), issued by the Financial Accounting Standards Board (“FASB”), and all subsequent amendments. ASU 2014-09 requires enhanced disclosures of the Association’s revenue recognition policies. The implementation of ASU 2014-09 has been applied retrospectively to all periods presented, with no effect to net assets or previously issued financial statements.

Gold Point II Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Schedule of Operating Fund Revenues and Expenses -
Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	2020		Variance Favorable (Unfavorable)	2019
	Budget (Unaudited)	Actual		Actual
Revenues:				
Assessments, net of discounts	490,164	481,980	(8,184)	494,173
Less: Association owned unit-weeks	(10,865)	(25,685)	(14,820)	(28,113)
Late fee revenue	24,576	20,338	(4,238)	29,122
Rental income	5,492	3,060	(2,432)	4,039
Resort rental fee income	2,179	2,906	727	2,311
Exchange resort fee	-	388	388	-
Activities income	762	484	(278)	884
HOA inventory sales income	25,000	38,880	13,880	12,632
Miscellaneous	877	567	(310)	713
Fund deficit reduction	-	-	-	-
Total Revenues	538,185	522,918	(15,267)	515,761
Expenses:				
Accounting	-	-	-	7,004
Activities	381	424	(43)	390
Assessment servicing fees	8,591	6,181	2,410	6,121
Bad debt expense	14,943	25,842	(10,899)	8,386
Bank service charges	-	-	-	-
Board and annual meetings	1,252	362	890	721
Cable television	5,854	4,684	1,170	5,469
Collection expense	2,391	4,250	(1,859)	3,035
Common area cleaning	-	-	-	-
Common area part and supplies	-	-	-	3,474
Common area utilities	4,310	5,526	(1,216)	3,640
Common building expense	5,935	5,935	-	5,652
COVID equipment	-	12,154	(12,154)	-
COVID safety	-	3,678	(3,678)	-
Dues and subscriptions	4,653	2,767	1,886	-
Elevator maintenance	444	359	85	371
Employee housing reimbursement	2,225	2,220	5	-
Fire alarm maintenance	8,365	6,179	2,186	6,608
Front desk and reservations	-	-	-	64,804
Future truck replacement	-	-	-	2,652
Guest services	40,110	34,104	6,006	-
Health club dues	3,710	-	3,710	3,684
Hot tub maintenance	1,440	1,048	392	1,822
HR fees	-	-	-	8,021
Income taxes	-	1,468	(1,468)	167
Insurance	19,839	23,905	(4,066)	14,526
Landscaping	300	183	117	68
Management fee	17,242	17,244	(2)	18,865
Miscellaneous	-	-	-	1,301
Owner relations fee	43,055	43,056	(1)	-
Printing and postage	2,137	5,362	(3,225)	1,796
Professional fees	16,288	10,062	6,226	6,820
Property taxes	31,464	31,595	(131)	31,604
Snow removal	1,500	1,145	355	1,516
Sustainability	-	-	-	1,788
Trash removal	1,994	2,150	(156)	2,926
Unit cleaning	154,041	141,505	12,536	128,954
Unit maintenance	92,498	76,808	15,690	87,453
Unit telephones	3,564	3,331	233	3,280
Unit utilities	18,256	14,891	3,365	16,318
UTV lease	-	-	-	751
Water and sanitation	15,546	13,954	1,592	13,450
Total Expenses	522,328	502,372	19,956	463,437
Excess (Deficiency) of Revenues Over Expenses - GAAP Basis		20,546		52,324

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

Gold Point II Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Supplementary Information on Future Major Repairs and Replacements
Common Reserve Fund
December 31, 2020
(Unaudited)

During the fiscal year ended December 31, 2020, management completed an internal review and also commissioned an external review 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 Fund at December 31, 2020 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.

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Fund Balances at 12/31/20</u>
Accessibility	14	22,000	
Amenities	5 - 7	5,000	
Aquatics	9 - 24	162,000	
Boiler	2 - 22	107,200	
Contingency	0 - 4	25,000	
Doors	5 - 14	84,550	
Driveways	23	109,970	
Fire Systems	4 - 17	34,248	
Flooring	2 - 10	16,500	
Furnishings	3 - 6	2,400	
Housekeeping	2	600	
Lighting	1 -15	57,768	
Paint	3 - 8	31,900	
Par	9 - 18	300,000	
Roofs	3 - 21	114,985	
Signs	14	1,550	
Stairs	11 - 24	22,695	
Trim	9 - 16	207,520	
Total		<u>1,305,886</u>	<u>80,534</u>

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

Gold Point II Condominium Association, Inc.
(A Colorado Non-Profit Corporation)
Supplementary Information on Future Major Repairs and Replacements
Unit Reserve Fund
December 31, 2020
(Unaudited)

During the fiscal year ended December 31, 2020, management completed an internal review and also commissioned an external review 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 Fund at December 31, 2020 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.

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Fund Balances at 12/31/20</u>
Appliances	0 - 13	33,038	
Contingency	0 - 2	22,500	
Doors	2 - 3	36,190	
Electronics	2 - 10	23,020	
Elevator	20	44,430	
Fireplaces	10	94,395	
Flooring	2 - 6	123,094	
Furnishings	1 - 16	420,211	
Housekeeping	4 - 5	8,274	
HVAC	12 - 14	81,819	
Lighting	5 - 22	11,047	
Paint	6 - 7	75,080	
Stairs	7 - 8	6,481	
Trim	7 - 8	60,592	
Update	1 - 17	1,146,767	
Total		<u><u>2,186,938</u></u>	<u><u>659,785</u></u>

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