

Gold Point Homeowners Association, Inc.

Financial Statements

December 31, 2017



Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Financial Statements
December 31, 2017
Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
Balance Sheets	3
Statements of Revenues, Expenses and Changes in Fund Balances	4
Statements of Cash Flows	5
Notes to the Financial Statements	6 - 11
Supplementary Information:	
Schedule of Operating Fund Revenues and Expenses – Budget and Actual	12
Supplementary Information on Future Major Repairs and Replacements - Common Reserve and Unit Reserve Funds	13



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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, 2017, 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, 2017, 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 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 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, 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, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 5, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 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 27, 2018

Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Balance Sheets
December 31, 2017
(With Comparative Totals for 2016)

	2017				2016	
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Commons Building Fund	Total	Total
Assets:						
Cash in banks	129,358	194	451	152	130,155	512,498
Investments	-	135,399	314,386	106,382	556,167	-
Accrued Interest		381	885	300	1,566	-
Member assessments receivable (net of allowance for doubtful accounts of \$252,465 and \$216,740 at 2017 and 2016)	137,521	-	-	-	137,521	152,930
Due from (to) other funds	(118,581)	133,571	(1,420)	(13,570)	-	-
Due from (to) Gold Point II Condominium	4,343	-	-	-	4,343	7,498
Due from (to) Grand Timber Lodge	(2,875)	-	-	-	(2,875)	(1,238)
Due from (to) GPLR	13,758	-	-	-	13,758	3,715
Inventory - Units	91,079	-	-	-	91,079	52,425
Inventory - Housekeeping supplies	8,854	-	-	-	8,854	4,218
Prepaid expenses	3,410	-	-	-	3,410	3,971
Commons building (net of accumulated depreciation of \$268,692 and \$258,120 at 2014 and 2015)	-	-	-	154,167	154,167	164,739
Total Assets	266,867	269,545	314,302	247,431	1,098,145	900,756
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	53,247	-	-	-	53,247	36,770
Deferred assessment revenue	13,697	-	-	-	13,697	12,142
Property tax payable	40,388	-	-	-	40,388	36,447
Note payable	-	-	53,000	-	53,000	153,000
Due to Management Company	89,163	-	-	-	89,163	71,224
Total Liabilities	196,495	-	53,000	-	249,495	309,583
Fund Balances (Deficit)	70,372	269,545	261,302	247,431	848,650	591,173
Total Liabilities and Fund Balances (Deficit)	266,867	269,545	314,302	247,431	1,098,145	900,756

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, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	2017				2016	
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Commons Building Fund	Total	Total
Revenues:						
Assessments, net of discounts	1,153,004	107,844	253,134	16,173	1,530,155	1,459,139
Less: Association owned unit-weeks	(56,278)	-	-	-	(56,278)	(36,970)
Late fee revenue	52,328	-	-	-	52,328	43,935
Interest income	-	1,655	3,842	1,300	6,797	5,635
Unit rental income	7,239	-	-	-	7,239	4,735
Office rental income	-	-	-	13,967	13,967	13,302
Miscellaneous	3,168	-	-	3,000	6,168	7,106
Total Revenues	<u>1,159,461</u>	<u>109,499</u>	<u>256,976</u>	<u>34,440</u>	<u>1,560,376</u>	<u>1,496,882</u>
Expenses:						
Bad debt expense	78,749	-	-	-	78,749	45,105
Accounting	17,617	-	-	-	17,617	16,777
Assessment servicing fees	10,642	-	-	-	10,642	11,259
Cable television	15,116	-	-	-	15,116	22,669
Common area expenses	36,032	-	-	-	36,032	33,591
Collection expense	9,977	-	-	-	9,977	13,304
Elevator maintenance	2,188	-	-	-	2,188	1,099
Fire alarm maintenance	5,348	-	-	-	5,348	6,119
Health club dues	12,232	-	-	-	12,232	22,197
Hot tub maintenance	3,566	-	-	-	3,566	4,649
HR Fees	20,180	-	-	-	20,180	19,219
Insurance	43,808	-	-	-	43,808	47,649
Management fees	40,176	-	-	-	40,176	38,263
Miscellaneous	8,180	-	-	-	8,180	7,985
Printing and postage	2,227	-	-	-	2,227	1,447
Professional fees	10,767	-	-	-	10,767	13,446
Property tax expense	40,388	-	-	-	40,388	36,447
Front desk and reservationists	119,107	-	-	-	119,107	113,435
Snow removal	3,318	-	-	-	3,318	1,371
Trash removal	7,299	-	-	-	7,299	6,412
Meeting expenses	1,656	-	-	-	1,656	1,409
Truck lease	6,716	-	-	-	6,716	6,716
Unit expenses	590,306	-	-	-	590,306	531,653
Water and sanitation	33,054	-	-	-	33,054	31,951
Common reserve - exterior	-	23,294	-	-	23,294	41,033
Unit reserve - interest expense	-	-	4,695	-	4,695	9,289
Unit reserve - furniture and inventory replacement	-	-	60,107	-	60,107	156,452
Unit reserve - renovation	-	-	69,046	-	69,046	-
Common building - operating expenses	-	-	-	16,537	16,537	20,262
Common building - depreciation	-	-	-	10,571	10,571	10,571
Total Expenses	<u>1,118,649</u>	<u>23,294</u>	<u>133,848</u>	<u>27,108</u>	<u>1,302,899</u>	<u>1,271,779</u>
Excess (Deficiency) of Revenues Over Expenses	40,812	86,205	123,128	7,332	257,477	225,103
Beginning Fund Balances (Deficit)	29,560	183,340	138,174	240,099	591,173	366,070
Ending Fund Balances (Deficit)	<u>70,372</u>	<u>269,545</u>	<u>261,302</u>	<u>247,431</u>	<u>848,650</u>	<u>591,173</u>

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, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	2017				2016	
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Commons Building Fund	Total	Total
Cash Flow From Operating Activities:						
Cash received from owners	1,094,507	107,844	253,134	19,173	1,474,658	1,398,888
Interest received	-	1,274	2,957	1,000	5,231	5,635
Other receipts of cash	3,168	-	-	13,967	17,135	30,008
Cash transfers from (to) other account	(34,560)	1,767	44,366	(11,573)	-	-
Cash payments for goods and services	(1,013,075)	(23,294)	(129,153)	(16,536)	(1,182,058)	(1,233,647)
Cash payments for property taxes	(36,447)	-	-	-	(36,447)	(35,381)
Cash payments for interest on loans	-	-	(4,695)	-	(4,695)	(9,289)
Net Cash Provided (Used) by Operating Activities	13,593	87,591	166,609	6,031	273,824	156,214
Cash Flow From Investing Activities:						
Purchase of investments	-	(110,333)	(110,333)	(110,333)	(330,999)	-
Sale of investments	-	33,333	33,333	33,333	-	-
Transfer of investment allocation	-	(58,399)	(237,386)	(29,382)	-	-
Net Cash Provided (Used) by Investing Activities	-	(135,399)	(314,386)	(106,382)	(330,999)	-
Cash Flow From Financing Activities:						
Financing proceeds	-	-	-	-	-	-
Principal paid on notes payable	-	-	(100,000)	-	(100,000)	(100,000)
Net Cash Provided (Used) by Financing Activities	-	-	(100,000)	-	(100,000)	(100,000)
Net Increase (Decrease) in Cash and Cash Equivalents	13,593	(47,808)	(247,777)	(100,351)	(382,343)	56,214
Net Cash and Cash Equivalents - Beginning of Year	115,765	48,002	248,228	100,503	512,498	456,284
Net Cash and Cash Equivalents - End of Year	129,358	194	451	152	130,155	512,498
Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:						
Excess (Deficiency) of Revenues Over Expenses	40,812	86,205	123,128	7,332	257,477	225,103
Adjustments to Reconcile Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:						
Depreciation	-	-	-	10,572	10,572	10,572
Unrealized (gain) loss on investments	-	(381)	(885)	(300)	(1,566)	0
(Increase) decrease in interfund balances	(34,560)	1,767	44,366	(11,573)	-	-
(Increase) decrease in assessments receivable	(20,317)	-	-	-	(20,317)	(100,707)
Increase (decrease) in allowance for doubtful accounts	35,725	-	-	-	35,725	67,794
(Increase) decrease in due from Grand Timber Lodge	1,637	-	-	-	1,637	1,238
(Increase) decrease in prepaid expenses	561	-	-	-	561	(8)
(Increase) decrease in unit inventory	(38,654)	-	-	-	(38,654)	(30,736)
(Increase) decrease in housekeeping inventory	(4,636)	-	-	-	(4,636)	227
Increase (decrease) in due to Gold Point II Condominium	3,155	-	-	-	3,155	(3,512)
Increase (decrease) in due to related parties	7,897	-	-	-	7,897	(12,735)
Increase (decrease) in accounts payable	16,477	-	-	-	16,477	(5,154)
Increase (decrease) in property tax payable	3,941	-	-	-	3,941	1,067
Increase (decrease) in deferred revenue	1,555	-	-	-	1,555	3,065
Total Adjustments	(27,219)	1,386	43,481	(1,301)	16,347	(68,889)
Net Cash Provided (Used) by Operating Activities	13,593	87,591	166,609	6,031	273,824	156,214

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, 2017

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 time-span 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, 2017 and December 31, 2016, 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, 2017
(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, 2017, the Association incurred \$78,749 in bad debt expense and wrote off accounts totaling \$98,128 (net of recoveries totaling \$47,407). For the year ended December 31, 2016, the Association incurred \$45,105 in bad debt expense and wrote off accounts totaling \$25,830 (net of recoveries totaling \$0).

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, 2017 and 2016 Gold Point II owed the Association \$4,343 and \$7,498, 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.

Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2017
(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, 2016, 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 27, 2018**, the date these financial statements were available to be issued.

3. 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 2012 by the Internal Revenue Service and for tax years prior to 2011 by the Colorado Department of Revenue.

4. Fixed Assets

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

Commons Building:

<u>Description</u>	<u>12/31/17</u>	<u>12/31/16</u>
Commons Building, at cost	\$ 422,859	\$ 422,859
Less: Accumulated depreciation	<u>(268,692)</u>	<u>(258,120)</u>
Net Commons Building	<u>\$ 154,167</u>	<u>\$ 164,739</u>

Depreciation expense is computed on the straight-line basis and was \$10,571 and \$10,571 for the fiscal years ended December 31, 2017 and 2016, respectively.

Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2017
(Continued)

5. Promissory Note – Renovation

During 2013 the Association began a major renovation project to update and maintain the units. On September 17, 2013 the Association obtained a regular single advance term promissory note for the renovation in the amount of \$490,000. The loan bears interest at an annual fixed rate of 4.5%. The note matures on September 1, 2018. The note is collateralized by an assignment of assessments. The outstanding principal balances at December 31, 2017 and 2016 were \$53,000 and \$153,000, respectively. Future debt service requirements are as follows:

Fiscal Year Ended	Principal	Interest	Total
2018	53,000	665	53,665
Total	\$ 53,000	665	53,665

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.

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, 2017 and 2016, respectively:

	12/31/17	12/31/16
Management fee	\$ 40,176	\$ 38,263
Accounting	17,617	16,777
Front desk/reservations	119,107	113,435
Human resources	20,180	19,219
Unit cleaning	351,520	306,343
Office rental	13,967	13,302
Sustainability programs	1,860	-
Maintenance labor	160,467	147,337
Total Services	\$ 724,894	\$ 654,676

The net amount owed by the Association to the Management Companies for these services was \$72,108 and \$67,509 at December 31, 2017 and 2016, respectively.

Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2017
(Continued)

6. Significant Agreements and Transactions (continued)

The Association entered into an operating lease with Gold Point Lodging and Realty, Inc. (“GPLR”), whereby GPLR rents office space in the Commons Building for management and sales offices. The lease term began on November 1, 1992, and ended on October 31, 2002. This agreement has remained in effect through a verbal renewal. The rent payments may be reviewed and adjusted on an annual basis. The lease automatically terminates with the management agreement. For the year ended December 31, 2016 the lease required rent of \$13,302. For the year ended December 31, 2017, the lease was amended to require rent of \$13,967.

On July 29, 2011, the Association entered into an agreement with 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, 2017 and 2016, the Association received \$16,695 and \$16,190, respectively from GPLR for the purchase of inventory units. At December 31, 2017 and 2016, the Association owned 69 and 23 unit-weeks in inventory, respectively.

GPLR pays assessments relating to its owned unit weeks throughout the year. This amount totaled \$54,725 and \$39,986 during the fiscal years ended December 31, 2017 and 2016, respectively. The GPLR assessments excluded cleaning fees of \$35,087 and \$18,838 related to services not incurred in unoccupied units for the fiscal years ending December 31, 2017 and 2016, 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, 2017 and 2016, the Association paid \$10,642 and \$11,259, respectively, for services provided by Concord Servicing Corporation.

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.

During the fiscal year ended December 31, 2017, management performed an internal update of the most recent 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 table included in the unaudited Supplementary Information on Future Major Repairs and Replacements is based on the study.

Gold Point Homeowners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2017
(Continued)

7. Future Major Repairs and Replacements (continued)

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 \$107,844 and \$253,134 for the Common Reserve Fund and Unit Reserve Fund, respectively, were reported during the year ended December 31, 2017. During the year ended December 31, 2016, the Association levied assessments of \$99,208 and \$239,578 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, 2017 up to \$250,000 on all accounts. At December 31, 2017, the Association had no uninsured balances.

9. Operating Lease – Truck

During 2013, Gold Point and Gold Point II jointly entered into an operating lease to lease a truck with GPLR, L.L.C. The lease requires monthly payment of \$525.18 beginning on January 1, 2013 through December 1, 2019. Gold Point and Gold Point II split the payment according to the agreed upon cost sharing percentages. During the year ended December 31, 2017 and 2016, the Association paid \$4,632 and \$4,632, respectively, in accordance with the terms of the lease.

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, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	<u>2017</u>		Variance Positive (Negative)	<u>2016</u>
	Budget (Unaudited)	Actual		Actual
Revenues:				
Assessments, net of discounts	1,179,679	1,153,004	(26,675)	1,104,950
Less: Association owned unit-weeks	(82,060)	(56,278)	25,782	(36,970)
Late fee revenue	42,080	52,328	10,248	43,935
Unit rental income	2,903	7,239	4,336	4,735
Miscellaneous	3,188	3,168	(20)	4,106
Total Revenues	<u>1,145,790</u>	<u>1,159,461</u>	<u>13,671</u>	<u>1,120,756</u>
Expenses:				
Bad debt expense	50,856	78,749	(27,893)	45,105
Accounting	17,616	17,617	(1)	16,777
Assessment servicing fees	11,608	10,642	966	11,259
Cable television	21,006	15,116	5,890	22,669
Common area - Other	14,920	12,577	2,343	13,626
Common area utilities	20,080	23,455	(3,375)	19,965
Collection expense	6,738	9,977	(3,239)	13,304
Elevator maintenance	1,032	2,188	(1,156)	1,099
Fire alarm maintenance	6,559	5,348	1,211	6,119
Health club dues	18,699	12,232	6,467	22,197
Hot tub maintenance	3,924	3,566	358	4,649
HR fees	20,180	20,180	-	19,219
Insurance	47,788	43,808	3,980	47,649
Management fees	40,176	40,176	-	38,263
Miscellaneous	10,303	8,180	2,123	7,985
Office expense	3,169	2,227	942	1,447
Professional fees	30,131	10,767	19,364	13,446
Property taxes	41,334	40,388	946	36,447
Front desk and reservationists	119,107	119,107	-	113,435
Snow removal	3,000	3,318	(318)	1,371
Trash removal	8,013	7,299	714	6,412
Travel and entertainment	1,653	1,656	(3)	1,409
Truck lease	6,720	6,716	4	6,716
Unit cleaning	364,512	352,600	11,912	307,330
Unit utilities	69,433	63,181	6,252	65,063
Unit maintenance	174,089	174,525	(436)	159,260
Water and sanitation	34,961	33,054	1,907	31,951
Total Expenses	<u>1,147,607</u>	<u>1,118,649</u>	<u>28,958</u>	<u>1,034,172</u>
(Deficiency) of Revenues Over Expenses - GAAP Basis		<u>40,812</u>		<u>86,584</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 Unit Reserve Funds
December 31, 2017
(Unaudited)

During the fiscal year ended December 31, 2017, management performed an internal update of the most recent 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 on 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 Unit Reserve Funds at December 31, 2017 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 12/31/17
Common Reserve			
Amenities	2 - 24	17,080	
Ammenities	2 - 8	7,900	
Aquatics	2 - 7	130,350	
Concrete	2	370	
Contingency	0 - 3	40,000	
Doors	7 - 16	253,810	
Driveway	1 - 10	307,033	
Electronics	1 - 18	33,270	
Fire System	3 - 18	7,810	
Flooring	2 - 16	56,960	
Furniture	0 - 13	26,600	
Heating	7 - 12	3,255	
Housekeeping	5	2,000	
HVAC	7	1,440	
IT	0 - 1	6,619	
Lighting	1 - 4	35,903	
Paint	2- 9	138,905	
Plumbing	1	-	
Remodel	0 - 17	47,000	
Roofs	2 - 15	216,270	
Signs	2 - 17	19,050	
Stairs	2 - 20	91,093	
Trim	9	2,717	
Windows	2 - 11	503,000	
Unit Reserve			
Appliances	1 - 8	151,766	
Cabinets	20 - 21	814,742	
Electronics	1 - 12	70,325	
Flooring	2 - 8	108,864	
Furnishings	1 - 18	188,511	
Furniture	1 - 18	434,094	
Interior Component	0 - 24	1,187,537	
Plumbing	1 - 9	60,130	
Contingency	0 - 7	139,901	
Total		<u>5,104,305</u>	<u>848,650</u>

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