

Pine Bluffs Community Association, Inc.

Audited Financial Statements
December 31, 2021



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Independent Auditor's Report

To the Board of Directors
Pine Bluffs Community Association, Inc.

We have audited the accompanying financial statements of Pine Bluffs Community Association, Inc., which comprise the balance sheet as of December 31, 2021, and the related statements of revenues, expenses, and changes in members' equity and cash flows for the period then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 from material misstatement.

An audit involves 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 purpose 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 have 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 Pine Bluffs Community Association, Inc., at December 31, 2021, and the results of its operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to that matter.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Schedule of Future Major Repairs and Replacements 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.

Griffin Group, CPA

Denver, Colorado
May 17, 2022

Pine Bluffs Community Association, Inc.
December 31, 2021

Balance Sheet

	Operating Fund	Replacement Fund	Total
Assets:			
Cash and cash equivalents	\$ 133,756	\$ 474,713	\$ 608,469
Accounts receivable	3,018	-	3,018
Prepaid insurance	6,577	-	6,577
Property and equipment, net	361,986	-	361,986
Total assets	\$ 505,337	\$ 474,713	\$ 980,050
Liabilities:			
Accounts payable	\$ 7,972	\$ -	\$ 7,972
Contract liabilities (assessments received in advance)	-	474,371	474,371
Prepaid assessments	16,145	-	16,145
Total liabilities	24,117	474,371	498,488
Members' equity:			
Fund balance (deficit)	481,220	342	481,562
Total members' equity	481,220	342	481,562
Total liabilities and members' equity	\$ 505,337	\$ 474,713	\$ 980,050

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

Pine Bluffs Community Association, Inc.
December 31, 2021

Statement of Revenues, Expenses, and Changes in Members' Equity

	Operating Fund	Replacement Fund	Total
Revenues:			
Member assessments	\$ 479,376	\$ 41,124	\$ 520,500
Change in contract liabilities	-	(41,124)	(41,124)
Interest income	-	81	81
Late fees and other income	15,883	-	15,883
Working capital contributions	12,000	-	12,000
Total revenues	507,259	81	507,340
Expenses:			
Administrative	14,542		14,542
Electricity and gas	12,530	-	12,530
Building maintenance	24,104	-	24,104
Depreciation	13,295	-	13,295
Grounds maintenance	163,066	-	163,066
Insurance	7,471	-	7,471
Management	42,000	-	42,000
Pool maintenance	31,629	-	31,629
Professional	10,618	-	10,618
Snow removal	14,622	-	14,622
Social	16,839	-	16,839
Trash removal	41,959	-	41,959
Water and sewer	63,835	-	63,835
Total expenses	456,510	-	456,510
Excess (deficit) of revenues over expenses	50,749	81	50,830
Members' equity:			
Beginning of year	430,471	261	430,732
End of Year	\$ 481,220	\$ 342	\$ 481,562

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

Pine Bluffs Community Association, Inc.
December 31, 2021

Statement of Cash Flows

	Operating Fund	Replacement Fund	Total
Operating activities:			
Excess (deficit) of revenues over expenses	\$ 50,749	\$ 81	\$ 50,830
Decrease (increase) in operating assets:			
Accounts receivable, net	(551)	-	(551)
Prepaid insurance	(355)	-	(355)
Property and equipment, net	4,905	-	4,905
Increase (decrease) in operating liabilities:			
Accounts payable	1,926	-	1,926
Contract liabilities	-	41,124	41,124
Prepaid assessments	(5,725)	-	(5,725)
Cash provided by (used from) operating	50,949	41,205	92,154
Net change in cash and cash equivalents	50,949	41,205	92,154
Cash and cash equivalents:			
Beginning of year	82,807	433,508	516,315
End of year	\$ 133,756	\$ 474,713	\$ 608,469
Supplemental Information:			
Cash paid for income taxes	\$ -	\$ -	\$ -
Cash paid for interest	\$ -	\$ -	\$ -

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

(1) Nature of the Organization

Pine Bluffs Community Association, Inc. (the "Association") is a nonprofit corporation organized pursuant to the laws of Colorado on October 27, 2005. The Association was formed to maintain all common property and to govern the community in accordance with the governing documents. The community consists of 320 single family homes located in Parker, Colorado.

(2) Summary of Significant Accounting Policies

Fund Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Accounting Standards Codification as produced by the Financial Accounting Standards Board is the sole source of authoritative GAAP for non-governmental entities.

Basis of Presentation

The Association's governing documents provide certain guidelines for governing its financial activities which includes using a system of fund accounting to classify financial resources to their intended purpose.

The Operating Fund is used to account and report for the use of operating resources.

The Replacement Fund is used to account and report for resources designated for future major repairs and replacement.

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid instruments available for current use and are carried at historical cost, which approximates market value.

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the assessments are satisfied when these funds are expended for their designated purpose. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from members.

Interest Earned

Interest income is allocated to the operating fund and replacement fund in proportion to the interest-bearing deposits of each fund.

Contract Liabilities (Assessments received in advance)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance) is (are) recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to the assessments.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association. The Association capitalizes personal property at cost and depreciates it using the straight-line method.

(2) Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of these financial statements requires management to make estimates that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Management bases their estimates on historical experience and on various other assumptions and factors that are believed to be reasonable. Actual results may vary from these estimates, and such variations may be material.

(3) Concentration of Credit Risk

The Association maintains cash balances at financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") which provides coverage up to \$250,000 per depository institution. If these balances exceed the FDIC limits, the uninsured balances will constitute a credit risk.

(4) Federal Income Taxes

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the period ended December 31, 2021. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property. Net nonexempt function income, which includes earned interest and revenues received from nonmembers, is taxed at 30% by the federal government and 4.5% by the State of Colorado.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Association's federal tax filings are subject to examination for three years.

(5) Future Major Repairs and Replacements

The Association's governing documents require that each proposed annual budget includes provisions for future major repairs and replacements. Accumulated funds are presented on the accompanying balance sheet as a contract liability (assessments received in advance) on December 31, 2021, are held in separate accounts and are generally not available for operating purpose.

The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on management estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments, pass special assessments, obtain loans, or delay major repairs and replacements until funds are available.

(6) Property and Equipment, net

As of December 31, 2021, the balances of the property and equipment, at cost and fair value, are as follows.

<u>Description</u>	<u>Useful Life</u>	<u>Amount</u>
Furniture and equipment	6	\$ 3,515
Capital improvements	38	388,957
Total property and equipment		400,862
Less: Accumulated depreciation		(38,876)
Total property and equipment, net		\$ 361,986

(7) Accounts Receivable

The Association governing documents provide for various collection remedies for delinquent assessments including the filing of liens, foreclosing on the unit owner, and obtaining judgment on other assets of the unit owner. In the absence of foreclosure or personal bankruptcy proceedings of the delinquent members, the Association will prevail in most instances.

The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of experience and susceptibility to factors outside the Association's control. It is the opinion of the board of directors that the Association will ultimately prevail against homeowners with delinquent assessments and, accordingly, no allowance for uncollectible accounts is deemed necessary.

(8) Commitments

The Association has contracted with various vendors for the administration and maintenance of the common property. These contracts have different expiration dates and renewal terms.

(9) Contingencies

Insurance Deductible

The Association's insurance policy contains a deductible. The Association is responsible for losses up to this amount if common property damage claims occur. Accordingly, if such funds are needed, the Association may increase assessments, pass special assessments, obtain loans, or delay repairs and replacements until funds are available.

Legal

The Association is party to various legal actions normally associated with common interest communities, such as the collection of delinquent assessments and covenant compliance matters, the aggregate effect of which, in management's opinion, would not be material to the future financial condition of the Association.

(10) Subsequent Events

Management has evaluated subsequent events through May 17, 2022, the date these financial statements were available to be issued. There was no material subsequent event that required recognition or additional disclosure in these financial statements.

Supplemental Information

Schedule of Future Major Repairs and Replacements

The Association conducted an independent study, dated October 7, 2019, to estimate the remaining useful life and the replacement costs of the significant components of common property. The reserve component detail from that study is presented in the following page. Actual results may vary from these estimates, and such variations may be material.

Significant Components For Pine Bluffs

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
105	Comp Shingle Roof - Replace	15	0	\$11,600	\$773	1.1030%
120	Gutters/Downspouts - Replace	15	0	\$1,675	\$112	0.1593%
204	Pool Building - Repaint	8	0	\$2,613	\$327	0.4658%
207	Metal Fencing - Repaint	4	0	\$3,563	\$891	1.2703%
208	Privacy Fence - Restain (Hilltop Pines)	3	0	\$13,088	\$4,363	6.2222%
401	Asphalt - Overlay	20	8	\$23,063	\$1,153	1.6447%
402	Asphalt - Seal Coat/crack fill	4	0	\$2,750	\$688	0.9806%
403	Concrete - Repair/Replace	4	0	\$3,325	\$831	1.1856%
506	Windows - Replace	25	7	\$15,750	\$630	0.8986%
601	Concrete Sidewalks/Pool Deck - Repair	8	4	\$34,450	\$4,306	6.1420%
703	Water Heater - Replace	15	3	\$3,000	\$200	0.2853%
801	Monuments - Rebuild (Hilltop Pines)	20	14	\$16,625	\$831	1.1856%
801	Monuments - Rebuild (Pine Bluffs)	20	8	\$49,875	\$2,494	3.5568%
803	Mailboxes - Replace (Pine Bluffs 1)	16	1	\$10,500	\$656	0.9360%
804	Mailboxes - Replace (Pine Bluffs 2)	16	7	\$16,800	\$1,050	1.4976%
805	Mailboxes - Replace (Hilltop Pines)	16	11	\$14,700	\$919	1.3104%
1001	Simtek Fencing - Replace (Pine Bluffs)	25	23	\$223,963	\$8,959	12.7774%
1002	Wood Privacy Fencing - Replace (Hilltop Pi	15	9	\$133,688	\$8,913	12.7118%
1003	Metal Fencing - Replace	20	7	\$20,188	\$1,009	1.4397%
1009	Split Rail Fencing - Replace (Pine Bluffs)	16	7	\$68,850	\$4,303	6.1375%
1010	Rail Fencing - Replace (Hilltop Pines)	16	10	\$46,013	\$2,876	4.1017%
1101	Pool - Resurface	12	0	\$42,038	\$3,503	4.9965%
1103	Wader - Replaster	6	0	\$3,200	\$533	0.7607%
1104	Coping Stone / Tile - Replace	24	12	\$24,413	\$1,017	1.4508%
1105	Pool Heater - Replace	18	5	\$27,500	\$1,528	2.1791%
1107	Wader Heater - Replace	12	1	\$6,000	\$500	0.7131%
1108	Pool Filter - Replace	20	7	\$11,000	\$550	0.7845%
1109	Wader Filter - Replace	15	3	\$2,250	\$150	0.2139%
1111	Pool Pump - Replace	10	4	\$10,000	\$1,000	1.4263%
1112	Wader Pumps - Replace	10	3	\$6,250	\$625	0.8914%
1113	Pool/Wader Cover - Replace	12	3	\$11,250	\$938	1.3371%
1121	Pool Furniture - Replace	10	4	\$18,225	\$1,823	2.5994%
1124	Filter Media - Replace	8	4	\$4,900	\$613	0.8736%
1126	Misc. Pool Equipment - Replace	10	2	\$4,750	\$475	0.6775%
1301	Play Equipment - Replace (Hilltop Pines)	17	11	\$37,000	\$2,176	3.1043%
1301	Play Equipment - Replace (Pine Bluffs)	17	4	\$53,900	\$3,171	4.5222%
1303	Tot Lot Groundcover - Refill (Pine Bluffs)	3	1	\$3,000	\$1,000	1.4263%
1304	Drinking Fountains - Replace	12	0	\$3,600	\$300	0.4279%
1307	Park Furnishings - Replace	16	2	\$25,925	\$1,620	2.3110%
1307	Park Furnishings - Replace (Hilltop Pines)	16	10	\$3,150	\$197	0.2808%
1314	Shade Canopy - Replace	18	5	\$7,500	\$417	0.5943%
1413	Restroom - Remodel	20	7	\$21,500	\$1,075	1.5333%
1604	Pole Lights - Replace	20	19	\$5,000	\$250	0.3566%
1609	Street Lights - Replace	20	7	\$7,400	\$370	0.5277%