

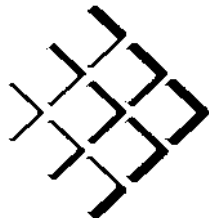
**PINERIDGE HOMEOWNERS ASSOCIATION**

**FINANCIAL STATEMENTS**

**And**

**INDEPENDENT AUDITOR'S REPORT**

**For The Three Years Ended December 31, 2014**



**WEIDNER  
& ASSOCIATES, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
3002 SOUTH OAK WAY  
LAKEWOOD, CO 80227



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### **Independent Auditor's Report**

To the Board of Directors of  
PineRidge Homeowners Association

We have audited the accompanying financial statements of PineRidge Homeowners Association, which comprise the balance sheet as of December 31, 2014, PineRidge Homeowners Association and the related statements of revenues and expenditures and changes in fund balances and of cash flows for the three years 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 responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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 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 Association'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 Association'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 opinion.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PineRidge Homeowners Association as of December 31, 2014, and the results of its operations and its cash flows for the three years then ended, in conformity with accounting principles generally accepted in the United States of America.

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DALE L. WEIDNER, CPA  
EMAIL: DALE@WEIDNERCPAS.COM  
SARA C. WEIDNER  
EMAIL: SARA@WEIDNERCPAS.COM  
PHONE/FAX: 303 708 8766

THOMAS R. WEIDNER, CPA  
EMAIL: TOM@WEIDNERCPAS.COM  
PHONE/FAX: 303 985 1299

SCOTT W. WEIDNER, CPA, CFE  
EMAIL: SCOTT@WEIDNERCPAS.COM  
PHONE: 720 810 2260  
FAX: 303 202 3633

**Disclaimer of Opinion on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements located after the footnotes in this report 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.

*Weidner & Associates, P.C.*

Certified Public Accountants  
Lakewood, Colorado  
November 10, 2015

**PineRidge Homeowners Association  
Balance Sheet  
December 31, 2014**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
<b>ASSETS:</b>			
Cash:			
Checking and money market accounts	\$5,468	\$6,722	\$12,190
Fixed income securities		4,842	4,842
Total cash	<u>5,468</u>	<u>11,564</u>	<u>17,032</u>
Accrued interest		17	17
Accounts receivable - members	490		490
Prepaid insurance	561		561
Interfund receivable (payable) (Note 4)	<u>6,251</u>	<u>(6,251)</u>	<u>0</u>
	<b><u>\$12,770</u></b>	<b><u>\$5,330</u></b>	<b><u>\$18,100</u></b>
<b>LIABILITIES:</b>			
Accounts payable	\$5,961		\$5,961
Deferred revenue - prepaid assessments	<u>5,144</u>		<u>5,144</u>
	11,105	<u>0</u>	<u>11,105</u>
<b>MEMBERS' EQUITY:</b>			
Fund balances	<u>1,665</u>	<u>5,330</u>	<u>6,995</u>
	<b><u>\$12,770</u></b>	<b><u>\$5,330</u></b>	<b><u>\$18,100</u></b>

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

**PineRidge Homeowners Association**  
**Statement of Revenues and Expenditures and Changes in Fund Balances**  
**For the Three Years Ended December 31, 2014**

	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total Funds</b>
<b>REVENUES:</b>			
Assessments - members (Note 3)	\$123,900		\$123,900
Allocation of assessments to replacement fund (Note 4)	(41,628)	\$41,628	0
Legal fees, late fees and other member charges	2,195		2,195
Interest	4	1,771	1,775
	<u>84,471</u>	<u>43,399</u>	<u>127,870</u>
<b>EXPENDITURES:</b>			
<b>Administrative</b>			
Management	\$6,320		\$6,320
Legal and audit	5,403		5,403
Insurance	4,382		4,382
Bad debt	2,501		2,501
Other administrative	4,553		4,553
<b>Grounds</b>			
Snow removal	12,381		12,381
Landscape contract	7,406		7,406
Other grounds	20,224		20,224
<b>Utilities</b>			
Electric	12,964		12,964
<b>Replacement</b>			
Street maintenance		\$140,498	140,498
Fire mitigation		16,323	16,323
Landscape		12,352	12,352
Other		567	567
	<u>76,134</u>	<u>169,740</u>	<u>245,874</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>8,337</b>	<b>(126,341)</b>	<b>(118,004)</b>
Fund balances - beginning of year	(6,672)	131,671	124,999
<b>Fund balances - end of year</b>	<b><u>\$1,665</u></b>	<b><u>\$5,330</u></b>	<b><u>\$6,995</u></b>

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

**PineRidge Homeowners Association  
Statement of Cash Flows  
For the Three Years Ended December 31, 2014**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Excess (deficiency) of revenues over expenditures	\$8,337	(\$126,341)	(\$118,004)
Adjustments to reconcile excess (deficiency) of revenues over expenditures to net cash provided by (used in) operating activities:			
(Increase) decrease in accrued interest		165	165
(Increase) decrease in accounts receivable	374		374
(Increase) decrease in prepaid insurance	(28)		(28)
(Increase) decrease in prepaid income taxes	244		244
Change in interfund receivable (payable)	(6,251)	6,251	0
Increase (decrease) in accounts payable	3,221		3,221
Increase (decrease) in prepaid assessments	(2,042)		(2,042)
Total adjustments	<u>(4,482)</u>	<u>6,416</u>	<u>1,934</u>
Net cash provided by (used in) operating activities	<u>3,855</u>	<u>(119,925)</u>	<u>(116,070)</u>
Cash at beginning of period	<u>1,613</u>	<u>131,489</u>	<u>133,102</u>
<b>Cash at end of period</b>	<b><u><u>\$5,468</u></u></b>	<b><u><u>\$11,564</u></u></b>	<b><u><u>\$17,032</u></u></b>
<u>Supplemental Disclosure of Cash Flows Information:</u>			
Income taxes refunded during the period	<u>\$244</u>	<u>\$0</u>	<u>\$244</u>
Interest paid during the period	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**PineRidge Homeowners Association  
Notes to Financial Statements  
December 31, 2014**

**NOTE 1. ORGANIZATION**

PineRidge Homeowners Association ("The Association") is a residential management association incorporated on February 2, 2000 as a Colorado nonprofit corporation. The Association was formed to maintain and preserve the common property on behalf of its members. The Association is located in Douglas County, Colorado and consists of the owners of 100 residences. The Members elect the Association's Board of Directors. The Board volunteers its time to manage the affairs of the Association.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

The accompanying financial statements and the related income tax returns have been prepared on the accrual basis.

**FUND ACCOUNTING**

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

**DELINQUENT ASSESSMENTS**

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

**COMMON PROPERTY**

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

**ESTIMATES**

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

**PineRidge Homeowners Association  
Notes to Financial Statements  
December 31, 2014**

**NOTE 3. ASSESSMENTS**

Assessments are determined by the Board of Directors upon approval of the annual budget and are intended to meet both the normal operating costs of the Association and the costs of estimated future major repairs or capital improvements. Assessments to homeowners were \$100 per quarter during 2012 and 2013. Assessments to homeowners were increased to \$110 per quarter during 2014. Assessments for the period included amounts designated in the Association's budgets for the replacement fund as discussed in Note 4 below. The Association may levy special assessments to cover costs as described in the Association's governing documents.

**NOTE 4. REPLACEMENT FUND - FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association accumulates funds for the future repair and replacement of the major components of the Association's common property. The Association's reserve study is a plan for the accumulation and disposition of replacement fund resources. The study provides estimates of the remaining useful lives of the components of the Association's common property. The study also provides estimates of annual additions to the replacement fund and of the periodic costs to repair and replace the common property. Information based on the Association's reserve study is presented on an unaudited page of this report captioned "Supplementary Information on Future Major Repairs and Replacements."

The Association's budgets for 2012, 2013, and 2014 allocated a total of \$41,628 of assessment revenues to the replacement fund. That amount was transferred during the period. However, \$6,251 was transferred back to the operating fund during the period which resulted in the interfund balance on the Balance Sheet.

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

**NOTE 5. FEDERAL AND STATE CORPORATE INCOME TAXES**

The Association must file annual federal and Colorado income tax returns. As a homeowner association, one of two federal forms can be filed – a Form 1120 Corporate Return, or a Form 1120-H Homeowner Association Return. Considerations made in selecting a form to be used include minimizing long-term income taxes, minimizing filing risks, and protecting the Association's replacement fund assessments from taxation.

For the years ended December 31, 2012 and December 31, 2013 the Association elected to use federal Form 1120. For the year ended December 31, 2014 the Association elected to use federal Form 1120-H. The Association had no taxable income for federal or Colorado income tax purposes for those years.

The Association's federal and state income tax returns are generally subject to examination by taxing authorities for three years after the returns are filed. The Association's tax returns for 2012, 2013, and 2014 remain open to examination.



**PineRidge Homeowners Association  
Notes to Financial Statements  
December 31, 2014**

**NOTE 6. DATE OF MANAGEMENT'S REVIEW**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditor's report, which is the date that the financial statements were available to be issued.

PineRidge Homeowners Association  
 Supplementary Information on Future Major Repairs and Replacements  
 December 31, 2014  
 Unaudited

## Reserve Account Projections with 25% Dues Increase 8-11-2015

Year	Begin Balance	Annual Contrib	Asphalt	Concrete	Misc	Year End Balance	Description
2014						4,883	Per 2014 Unaudited Financials
						4,883	
2015	4,883	7,400				12,283	
2016	12,283	16,000	12,000			16,283	Asphalt
2017	16,283	16,000				32,283	
2018	32,283	13,000		22,000		23,283	Concrete
2019	23,283	16,000	13,200			26,083	Asphalt
2020	26,083	23,000				49,083	
2021	49,083	23,000		25,000		47,083	Concrete
2022	47,083	23,000	13,600			56,483	Asphalt
2023	56,483	23,000			13,500	65,983	Mail Kiosk
2024	65,983	23,000		28,000		60,983	Concrete
2025	60,983	33,000	14,000			79,983	Asphalt
2026	79,983	33,000			89,000	23,983	Monument Entry Signs
2027	23,983	33,000		30,000		26,983	Concrete
2028	26,983	33,000	14,500			45,483	Asphalt
2029	45,483	33,000				78,483	
2030	78,483	44,000		35,000		87,483	Concrete
2031	87,483	44,000	15,000			116,483	Asphalt
2032	116,483	44,000				160,483	
3033	160,483	44,000				204,483	
2034	204,483	44,000		40,000	200,000	8,483	Concrete & Street Repave
2035	8,483	44,000				52,483	