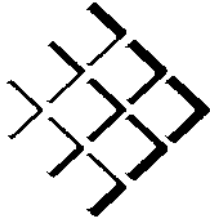


**PINERIDGE HOMEOWNERS ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**And**  
**INDEPENDENT AUDITOR'S REPORT**  
**For The Three Years Ended December 31, 2017**



**WEIDNER  
& ASSOCIATES, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
8157 CHAPARRAL ROAD  
LONE TREE, CO 80124



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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, 2017, and the related statements of revenues, expenses, 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***

The Association's Board of Directors and its designated agents comprise "Management" of the Association. 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, 2017, 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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***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 thereon.

A handwritten signature in black ink that reads "Weidner & Associates, P.C." with a stylized flourish at the end.

Certified Public Accountants  
Lone Tree, Colorado  
August 29, 2018

**PineRidge Homeowners Association  
Balance Sheet  
December 31, 2017**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
<b>ASSETS:</b>			
Cash: checking accounts	\$26,748	\$53,900	\$80,648
Accounts receivable - members	201		201
Prepaid insurance	261		261
Interfund receivable (payable) (Note 4)	(10,000)	10,000	0
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<b><u>\$17,210</u></b>	<b><u>\$63,900</u></b>	<b><u>\$81,110</u></b>
<b>LIABILITIES AND FUND BALANCES:</b>			
Deferred revenue - prepaid assessments	1,373		1,373
Total liabilities	<u>1,373</u>	<u>0</u>	<u>1,373</u>
Fund balances	<u>15,837</u>	<u>63,900</u>	<u>79,737</u>
Total liabilities and fund balances	<b><u>\$17,210</u></b>	<b><u>\$63,900</u></b>	<b><u>\$81,110</u></b>

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

**PineRidge Homeowners Association**  
**Statement of Revenues, Expenses, and Changes in Fund Balances**  
**For the Three Years Ended December 31, 2017**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
<b>REVENUES:</b>			
Assessments - members (Note 3)	\$154,000		\$154,000
Allocation of assessments to replacement fund (Note 4)	(63,288)	\$63,288	0
Legal fees, late fees and other member charges	961		961
Interest		78	78
Total revenues	<u>91,673</u>	<u>63,366</u>	<u>155,039</u>
<b>EXPENSES:</b>			
<b>Administrative</b>			
Insurance	\$3,659		\$3,659
Audit and tax returns	3,360		3,360
Social	2,650		2,650
Management company contract	2,017		2,017
Other administrative	1,587	\$140	1,727
<b>Grounds</b>			
Fire mitigation, net of reimbursements	16,645		16,645
Snow removal	14,879		14,879
Landscape contract	8,026		8,026
Asphalt repairs		4,656	4,656
Other grounds	11,711		11,711
<b>Utilities</b>			
Gas and electric	12,967		12,967
Total expenses	<u>77,501</u>	<u>4,796</u>	<u>82,297</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>14,172</b>	<b>58,570</b>	<b>72,742</b>
Fund balances - beginning of period	1,665	5,330	6,995
<b>FUND BALANCES - END OF YEAR</b>	<b><u>\$15,837</u></b>	<b><u>\$63,900</u></b>	<b><u>\$79,737</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, 2017**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Excess (deficiency) of revenues over expenses	\$14,172	\$58,570	\$72,742
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used in) operating activities:			
(Increase) decrease in accrued interest		17	17
(Increase) decrease in accounts receivable	289		289
(Increase) decrease in prepaid insurance	300		300
Increase (decrease) in accounts payable	(5,961)		(5,961)
Increase (decrease) in prepaid assessments	(3,771)		(3,771)
Net cash provided by (used in) operating activities	<u>5,029</u>	<u>58,587</u>	<u>63,616</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Change in interfund receivable (payable)	16,251	(16,251)	0
Net cash provided by (used in) financing activities	<u>16,251</u>	<u>(16,251)</u>	<u>0</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	21,280	42,336	63,616
Cash at beginning of period	<u>5,468</u>	<u>11,564</u>	<u>17,032</u>
<b>CASH AT END OF PERIOD</b>	<u><b>\$26,748</b></u>	<u><b>\$53,900</b></u>	<u><b>\$80,648</b></u>

Supplemental Disclosure of Cash Flows Information:

Income taxes paid during the period	<u>\$0</u>	<u>\$0</u>	<u>\$0</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, 2017**

**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 expenses 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.

**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 \$110 per quarter for 2015. Assessments to homeowners were increased to \$137.50 per quarter for 2016 and 2017. Assessments included amounts designated in the Association’s budget 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.

**PineRidge Homeowners Association  
Notes to Financial Statements  
December 31, 2017**

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

The Association's governing documents require that a replacement fund be accumulated 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 2015, 2016, and 2017 allocated a total of \$39,400 of assessment revenues to the replacement fund. The Board approved additional contributions to the replacement fund of \$23,888 during the period bringing total approved contributions to \$63,288. The amount transferred to the replacement fund during the period was \$53,288. The difference between the approved allocation of assessments to the replacement fund and actual transfers to the replacement fund is \$10,000. That difference comprises the year-end interfund balance on the Balance Sheet. The interfund balance was eliminated by movement of cash in January 2018.

Future allocations of assessment revenues to the replacement fund may vary from the amounts detailed in the reserve study. Further, the timing and amount of actual replacement fund expenses may vary from the reserve study's estimates. These variations may be material. 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. The Association files its federal income tax return as a homeowners' association (Form 1120-H) in accordance with Internal Revenue Code Section 528. Under Section 528 the Association is not taxed on assessment revenues or on other income derived from members and used to serve the Association's exempt purposes. Those exempt purposes generally include the maintenance, management and care of Association property. However, under Section 528 certain income, such as interest, is deemed to be related to nonexempt purposes. Nonexempt income, net of expenses allocable to that income, is taxable for both federal and Colorado tax purposes. The Association had no net taxable income for federal or Colorado purposes for 2015, 2016, or 2017.

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

The Association's Board of Directors and its designated agents comprise "Management" of the Association. In preparing the financial statements, Management 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 HOA Reserve Account Projections 2018

Year	Begin Balance	Annual Contrib	Asphalt	Concrete	Misc	Year End Balance	Description
2014						5,330	Per 2014 Audited Financials
						5,330	
2015	5,330	8,226				13,556	
2016	13,556	29,000	4,656			37,900	Crack fill edges
2017	37,900	16,000				53,900	
2018	53,900	26,000	12,000			67,900	Crack fill & Seal coat
2019	67,900	16,000		25,000		58,900	Concrete
2020	58,900	23,000			13,500	68,400	Kiosk Mail Boxes
2021	68,400	23,000				91,400	
2022	91,400	23,000	13,600			100,800	Crack fill & Seal coat
2023	100,800	23,000		28,000		95,800	Concrete
2024	95,800	23,000				118,800	
2025	118,800	33,000			89,000	62,800	Monument Entry Signs
2026	62,800	33,000	14,000			81,800	Crack fill & Seal coat
2027	81,800	33,000		30,000		84,800	Concrete
2028	84,800	33,000				117,800	
2029	117,800	33,000	14,500			136,300	Crack fill & Seal coat
2030	136,300	44,000		35,000		145,300	Concrete
2031	145,300	44,000				189,300	
2032	189,300	44,000	15,000			218,300	Crack fill & Seal coat
2033	218,300	44,000				262,300	
2034	262,300	44,000		40,000	200,000	66,300	Concrete & Street Repave
2035	66,300	44,000				110,300	
	110,300					110,300	