

**Fairway Springs Ski & Golf Villas Owners Association, Inc.**

**Year Ended December 31, 2023**

**Financial Statements  
With Supplementary Information**

**And**

**Independent Accountant's Compilation Report**



# **Fairway Springs Ski & Golf Villas Owners Association, Inc.**

## **Table of Contents**

Independent Accountant's Compilation Report	1
Financial Statements	
Balance Sheet	2
Statement of Revenues, Expenses, and Changes in Fund Balance	3
Statement of Cash Flows	4
Notes to Financial Statements	5
Supplementary Information	
Repairs, Replacements, and Future Acquisitions (unaudited)	8



## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors  
Fairway Springs Ski & Golf Villas Owners Association, Inc.  
Park City, Utah

Management is responsible for the accompanying financial statements of Fairway Springs Ski & Golf Villas Owners Association, Inc. (a corporation), which comprise the balance sheet as of December 31, 2023, and the related statements of revenues, expenses, and changes in fund balance, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the consolidated financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that information about future major repairs and replacements of common property on page 8 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required 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. Such information is the responsibility of management. The required supplementary information was subjected to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

The Association has declined to implement ASC 606, *Revenue from Contracts with Customers*, because it believes it misstates the financial statements for management and the users of the financial statements. Accounting principles generally accepted in the United States of America require revenue to be recognized in accordance with ASC 606. The impact of this departure has not been determined. The Association has chosen to follow revenue recognition prior to ASC 606 guidance (FASB ASC 972-605, *Real Estate-Common Interest Realty Associations, Revenue Recognition*).

*Bountiful Peak Advisors*

Bountiful, Utah  
February 17, 2024

# Fairway Springs Ski & Golf Villas Owners Association, Inc.

## Balance Sheet

December 31, 2023

With Comparative Totals for December 31, 2022

	12/31/2023			12/31/2022
	Operating Fund	Reserve Fund	Total	Total
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 64,028	\$ 351,465	\$ 415,493	\$ 417,582
Accounts receivable	<u>6,888</u>	<u>-</u>	<u>6,888</u>	<u>1,698</u>
Total current assets	<u>70,916</u>	<u>351,465</u>	<u>422,381</u>	<u>419,280</u>
Total assets	<u>\$ 70,916</u>	<u>\$ 351,465</u>	<u>\$ 422,381</u>	<u>\$ 419,280</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Current liabilities				
Accounts payable	\$ 7,938	\$ -	\$ 7,938	\$ 6,676
Prepaid dues	<u>53,076</u>	<u>-</u>	<u>53,076</u>	<u>65,684</u>
Total current liabilities	<u>61,014</u>	<u>-</u>	<u>61,014</u>	<u>72,360</u>
Fund balance	<u>9,902</u>	<u>351,465</u>	<u>361,367</u>	<u>346,920</u>
Total liabilities and fund balance	<u>\$ 70,916</u>	<u>\$ 351,465</u>	<u>\$ 422,381</u>	<u>\$ 419,280</u>

See independent accountant's compilation report and accompanying notes to financial statements.

# Fairway Springs Ski & Golf Villas Owners Association, Inc.

## Statement of Revenues, Expenses, and Changes in Fund Balance

Year Ended December 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

	12/31/2023			12/31/2022
	Operating Fund	Reserve Fund	Total	Total
<b>REVENUE</b>				
Assessments	\$ 447,828	\$ -	\$ 447,828	\$ 407,387
Reinvestment fees	-	36,738	36,738	103,161
CVMA dues	69,397	-	69,397	42,706
Utility chargeback	4,857	-	4,857	2,115
Interest	74	1,914	1,988	739
Late fees	1,618	-	1,618	1,457
Total revenue	<u>523,774</u>	<u>38,652</u>	<u>562,426</u>	<u>557,565</u>
<b>EXPENSES</b>				
Community enhancement	-	182,849	182,849	265,832
Master Association & CVMA dues	99,841	-	99,841	69,237
Utilities	86,696	-	86,696	70,567
Contract labor	69,932	-	69,932	71,234
General maintenance	45,539	-	45,539	50,087
Management fee	29,139	-	29,139	28,065
Insurance	24,621	-	24,621	37,693
Office / legal / professional	9,362	-	9,362	6,596
Total expenses	<u>365,130</u>	<u>182,849</u>	<u>547,979</u>	<u>599,311</u>
Excess of expenses over revenues	158,644	(144,197)	14,447	(41,746)
Fund transfers	(159,019)	159,019	-	-
Fund balance, beginning of year	<u>10,277</u>	<u>336,643</u>	<u>346,920</u>	<u>388,666</u>
Fund balance, end of year	<u>\$ 9,902</u>	<u>\$ 351,465</u>	<u>\$ 361,367</u>	<u>\$ 346,920</u>

See independent accountant's compilation report and accompanying notes to financial statements.

# Fairway Springs Ski & Golf Villas Owners Association, Inc.

## Statement of Cash Flows

Year Ended December 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

	12/31/2023			12/31/2022
	Operating Fund	Reserve Fund	Total	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Excess of expenses over revenues	\$ 158,644	\$ (144,197)	\$ 14,447	\$ (41,746)
Adjustments to reconcile excess of expenses over revenues to net cash provided by operating activities:				
Fund transfers	(159,019)	159,019	-	-
Changes in current assets and liabilities:				
Accounts receivable	(5,190)	-	(5,190)	1,227
Prepaid expenses	-	-	-	2,591
Accounts payable	1,262	-	1,262	(3,448)
Prepaid dues	(12,608)	-	(12,608)	41,729
Net cash provided by operating activities:	(16,911)	14,822	(2,089)	353
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	-	-	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-	-	-	-
Net change in cash and cash equivalents	(16,911)	14,822	(2,089)	353
Cash and cash equivalents, beginning of year	80,939	336,643	417,582	417,229
Cash and cash equivalents, end of year	\$ 64,028	\$ 351,465	\$ 415,493	\$ 417,582
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>				
Cash paid for interest			\$ -	\$ -
Cash paid for income taxes			\$ 118	\$ -

See independent accountant's compilation report and accompanying notes to financial statements.

# Fairway Springs Ski & Golf Villas Owners Association, Inc.

## Notes to Financial Statements

December 31, 2023

### 1. NATURE OF ASSOCIATION

Fairway Springs Ski & Golf Villas Owners Association, Inc. (the "Association") was incorporated as a non-profit corporation in the State of Utah for the purposes set forth in the Association's Articles of Incorporation and, in particular, to act as the Association under the Declarations of Covenants, Conditions, and Restrictions recorded September 13, 2011 in Summit County, Utah. The Association includes 46 residential condo units located in Summit County, Utah.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 17, 2024, the date that the financial statements were available to be issued.

#### Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund—this fund is used to account for financial resources available for the general operations of the Association.

Reserve Fund—this fund is used to accumulate financial resources designated for future major repairs and replacements.

#### Cash Equivalents

The Association considers all highly-liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

#### Member Assessments and Accounts Receivable

Association members are subject to quarterly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transactions amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purposes.

Accounts receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the units of members whose assessments are 60 days or more delinquent. Any prepaid assessments at year end are retained by the Association for use in the succeeding year. 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.

The Association treats uncollectible assessments as credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include consideration of past experience and susceptibility to factors outside the Association's control.

### Impairment of Long-Lived Assets

The Association evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amounts of the assets may not be fully recoverable. The Association evaluates the recoverability of long-lived assets by measuring the carrying amounts of the assets against the estimated undiscounted future cash flows associated with them. When future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying amounts of the assets, the assets are adjusted to their fair values.

### 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Income Taxes

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year ended December 31, 2023. 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, rental revenue, and other nonexempt sources, is taxed at 30% by the federal government and at 4.85% by the State of Utah. Total income tax expense for the year ended December 31, 2023 was \$118.

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, 2023, 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.

### Concentrations of Credit Risks

The Association maintains its cash in bank deposit accounts which at times may exceed federally insured limits. Accounts at those institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

During the year ended December 31, 2023, expenses related to services provided by Vendor A and Vendor B represented 22% and 13% of the Association's total expenses, respectively.



### **3. RESERVE FUND**

The Association's governing documents require funds to be accumulated for future major repairs, replacements and additions. Accumulated funds, which aggregate \$351,465, and are presented on the accompanying balance sheet as reserve fund at December 31, 2023, are held in separate accounts and are generally not available for operating purposes.

The Association engaged an independent firm who conducted a study in November 2021 to estimate the remaining useful lives and the replacement costs of the common property components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's 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 or levy special assessments, or it may delay major repairs and replacements until funds are available.

### **4. PRIOR YEAR INFORMATION**

The accompanying financial statements include certain 2022 summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America. The financial information for the year ended December 31, 2022 is presented for comparative purposes only. The notes presented herein contain information relating to December 31, 2023 only.