

MASTER HOMEOWNERS ASSOCIATION FOR GREEN VALLEY RANCH

FINANCIAL STATEMENTS

with

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

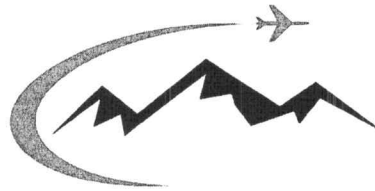
and

SUPPLEMENTARY INFORMATION

December 31, 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Board of Directors and Members of the:  
Master Homeowners Association for Green Valley Ranch

*Opinion*

We have audited the accompanying financial statements of the Master Homeowners Association for Green Valley Ranch, which comprise the balance sheet as of December 31, 2022, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Master Homeowners Association for Green Valley Ranch as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

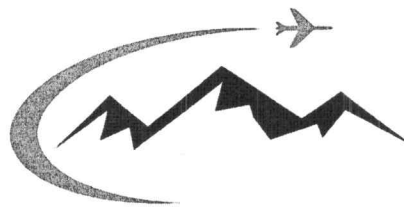
*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Master Homeowners Association for Green Valley Ranch and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Master Homeowners Association for Green Valley Ranch's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Mountain Capital CPA PC

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material ***if there is a substantial likelihood that***, individually or in the aggregate, they ***would*** influence the ***judgement made by a reasonable user based*** on the financial statements.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Master Homeowners Association for Green Valley Ranch internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Master Homeowners Association for Green Valley Ranch's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Mountain Capital, CPA*

Westminster, CO  
October 31, 2023

MASTER HOMEOWNERS ASSOCIATION FOR GREEN VALLEY RANCH

BALANCE SHEET

December 31, 2022

ASSETS

Current Assets:

|  |                                |
|--|--------------------------------|
| Cash   | \$ 1,341,587                   |
| Accounts receivable, net allowance<br>for doubtful accounts of \$838,010 | 289,633                        |
| Prepaid expenses   | <u>6,873</u>                   |
| <br>TOTAL ASSETS   | <br><u><u>\$ 1,638,093</u></u> |

LIABILITIES AND FUND BALANCES

Liabilities:

|   |                                |
|---|--------------------------------|
| Accounts payable                          | \$ 28,321                      |
| Prepaid assessments                       | <u>3,650</u>                   |
| <br>TOTAL LIABILITIES                     | <br>31,971                     |
| <br>Contingencies (Notes 5 and 6)         | <br>-                          |
| <br>Fund Balance                          | <br><u>1,606,122</u>           |
| <br>TOTAL LIABILITIES AND<br>FUND BALANCE | <br><u><u>\$ 1,638,093</u></u> |

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

MASTER HOMEOWNERS ASSOCIATION FOR GREEN VALLEY RANCH

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2022

|   |                     |
|---|---------------------|
| Revenues:   |                     |
| Covenant violation, fines and fees                | \$ 160,156          |
| Property transfer and closing fees                | 71,300              |
| Miscellaneous                                     | 1,015               |
| Interest income                                   | 3,239               |
| Lien fees   | 7,500               |
| Total Revenues                                    | <u>243,210</u>      |
| Expenses:   |                     |
| Insurance   | 8,269               |
| Professional fees                                 | 20,067              |
| Community events                                  | 12,489              |
| Mailboxes   | 13,944              |
| Miscellaneous                                     | 15,861              |
| Green Valley Ranch Metropolitan District (Note 5) | 112,560             |
| Total Expenses                                    | <u>183,190</u>      |
| Excess of Revenues Over Expenses                  | 60,020              |
| Fund Balance - January 1, 2022                    | <u>1,546,102</u>    |
| Fund Balance - December 31, 2022                  | <u>\$ 1,606,122</u> |

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

MASTER HOMEOWNERS ASSOCIATION FOR GREEN VALLEY RANCH

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

|   |                     |
|---|---------------------|
| Cash flows from operating activities:   |                     |
| Excess of revenues over expenses  | \$ 60,020           |
| Adjustment to reconcile excess of revenues over expenses to net cash provided (used) by operating activities: |                     |
| Decrease in assessments receivable  | 266,732             |
| Decrease in accounts payable  | (46,652)            |
| Decrease in prepaid assessments   | (1,011)             |
| Increase in prepaid expenses  | (1,434)             |
|   | <u>217,635</u>      |
| Net cash provided by operating activities   | 277,655             |
| <br>  |                     |
| Cash Balance - January 1, 2022  | <u>1,063,932</u>    |
| Cash Balance - December 31, 2022  | <u>\$ 1,341,587</u> |

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

MASTER HOMEOWNERS ASSOCIATION FOR GREEN VALLEY RANCH

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

(1) Nature of Organization

Master Homeowners Association for Green Valley Ranch (the Association), a not-for-profit corporation organized under the laws of Colorado in 1984, was formed to manage and maintain the common property on behalf of the members of the Association, to enforce the provisions of the master and supplemental declarations, and to adopt rules and regulations covering ownership of property. The Association transferred ownership and the responsibility for maintenance for all of its common areas, including parkways, entrance monuments, grounds improvements, fences, and utility easements, to the GVR metropolitan district in the latter part of 2001. The Association is located in the City and County of Denver, Colorado, and consists of owners of 4,593 homes and lots. During June of 2007, an additional 1.6 million square feet of common property was transferred to the Association from the declarant under the provisions of the Master declaration. Maintenance of this common area was transferred to the GVR Metropolitan District during 2010.

(2) Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 31, 2023, the date that the financial statements were available to be issued.

(3) Summary of Significant Accounting Policies

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 purposes.

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

Member Assessments

Association members are subject to annual assessments to provide funds for the Association's operating expenses. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent. For the year end December 31, 2022 there were no annual assessments.



MASTER HOMEOWNERS ASSOCIATION FOR GREEN VALLEY RANCH

NOTES TO FINANCIAL STATEMENTS, CONTINUED

December 31, 2022

(3) Summary of Significant Accounting Policies, Continued

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.

Depreciation

Capitalized common property is depreciated over its estimated useful life using the straight-line method of depreciation.

Property and Equipment

The Association capitalizes all property and equipment to which it has title or other evidence of ownership with the exception of real property directly associated with the units. According to the Association's governing documents, three-fourths of all unit owners must approve dispositions of any common real property. Property and equipment acquired by the Association are recorded at cost and property contributed to the Association by the developer is recorded at estimated fair value at the date of contribution.

(4) Income Taxes

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year ended December 31, 2022. 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 at 4.55% by the State of Colorado. The Association had no taxable income for the year ended December 31, 2022.

MASTER HOMEOWNERS ASSOCIATION FOR GREEN VALLEY RANCH

NOTES TO FINANCIAL STATEMENTS, CONTINUED

December 31, 2022

(5) Green Valley Ranch Metropolitan District

During December of 2010, the Association entered into an agreement with the Green Valley Ranch Metropolitan District (District). The District will provide covenant enforcement and design review services for the Association under the agreement. The District's services will be funded by property tax revenues levied by the District and revenues collected by the Association and transferred to the District as part of this agreement. The amount transferred to the District during 2022 was \$112,560 with the amount budgeted for 2023 of \$ 111,000.