

THE 925 EAST 8TH AVENUE
CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

THE 925 EAST 8TH AVENUE CONDOMINIUM ASSOCIATION, INC.

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Independent Accountants' Review Report

February 27, 2015

To the Board of Directors
The 925 East 8th Avenue Condominium Association, Inc.
Denver, Colorado

We have reviewed the accompanying statements of assets, liabilities and members' equity - cash basis of The 925 East 8th Avenue Condominium Association, Inc. (a Colorado nonprofit corporation) as of December 31, 2014 and 2013, and the related statements of revenues and expenses - cash basis, changes in members' equity - cash basis and cash flows - cash basis for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the cash basis of accounting, as described in Note 2.

The American Institute of Certified Public Accountants has determined that supplementary information about future major repairs and replacements of common property is a required supplement, but not required to be a part of the basic financial statements. The 925 East 8th Avenue Condominium Association, Inc. has not presented this supplementary information.

The Seff Group, P.C.

THE 925 EAST 8TH AVENUE CONDOMINIUM ASSOCIATION, INC.

STATEMENTS OF ASSETS, LIABILITIES
AND MEMBERS' EQUITY - CASH BASIS
AS OF DECEMBER 31, 2014 AND 2013

<u>ASSETS</u>		
	<u>2014</u>	<u>2013</u>
CASH:		
Undesignated	\$ 13 093	\$ 9 924
Designated for future repairs and replacements	<u>22 907</u>	<u>29 922</u>
	<u>\$ 36 000</u>	<u>\$ 39 846</u>
 <u>LIABILITIES AND MEMBERS' EQUITY</u>		
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
COMMITMENTS AND CONTINGENCIES		
MEMBERS' EQUITY:		
Undesignated	13 093	9 924
Designated for future repairs and replacements	<u>22 907</u>	<u>29 922</u>
Total members' equity	<u>36 000</u>	<u>39 846</u>
	<u>\$ 36 000</u>	<u>\$ 39 846</u>

THE 925 EAST 8TH AVENUE CONDOMINIUM ASSOCIATION, INC.

STATEMENTS OF REVENUES AND EXPENSES - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
REVENUES:		
Member assessments – operations	\$ 84 580	\$ 78 706
Parking income	4 312	2 468
Late fees and other income	2 871	4 254
Laundry income	1 955	1 765
Interest income – designated	<u>43</u>	<u>19</u>
Total revenues	<u>93 761</u>	<u>87 212</u>
EXPENSES:		
Repairs and maintenance	38 568	32 079
Utilities	16 329	10 547
Insurance	13 315	7 858
Management fee	9 000	9 000
Water and sewer	6 305	6 276
Trash removal	4 784	5 325
Janitorial services	4 000	4 800
Accounting	1 830	1 830
Telephone	1 256	1 219
Legal	1 189	3 455
Administrative	<u>1 031</u>	<u>992</u>
Total expenses	<u>97 607</u>	<u>83 381</u>
EXCESS REVENUES (UNDER) OVER EXPENSES	<u>\$ (3 846)</u>	<u>\$ 3 831</u>

THE 925 EAST 8TH AVENUE CONDOMINIUM ASSOCIATION, INC.

STATEMENTS OF CHANGES IN MEMBERS' EQUITY - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Total</u>	<u>Undesignated</u>	<u>Designated for Future Repairs and Replacements</u>
MEMBERS' EQUITY – December 31, 2012	\$ 36 015	\$ 22 846	\$ 13 169
Excess revenues over expenses	3 831	3 812	19
Allocated for future repairs and replacements:			
Transfer	-	(21 508)	21 508
Major repairs and replacements	<u>-</u>	<u>4 774</u>	<u>(4 774)</u>
MEMBERS' EQUITY – December 31, 2013	39 846	9 924	29 922
Excess revenues (under) over expenses	(3 846)	(3 889)	43
Allocated for future repairs and replacements:			
Transfer	-	(3 108)	3 108
Major repairs and replacements	<u>-</u>	<u>10 166</u>	<u>(10 166)</u>
MEMBERS' EQUITY – December 31, 2014	<u>\$ 36 000</u>	<u>\$ 13 093</u>	<u>\$ 22 907</u>

THE 925 EAST 8TH AVENUE CONDOMINIUM ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess revenues (under) over expenses	\$ <u>(3 846)</u>	\$ <u>3 831</u>
Net cash provided by operating activities	<u>(3 846)</u>	<u>3 831</u>
NET INCREASE IN CASH	(3 846)	3 831
CASH, at beginning of year	<u>39 846</u>	<u>36 015</u>
CASH, at end of year	<u>\$ 36 000</u>	<u>\$ 39 846</u>
SUMMARY OF CASH ACCOUNTS:		
Undesignated	\$ 13 093	\$ 9 924
Designated for future repairs and replacements	<u>22 907</u>	<u>29 922</u>
	<u>\$ 36 000</u>	<u>\$ 39 846</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for income taxes	<u>\$ -</u>	<u>\$ -</u>

THE 925 EAST 8TH AVENUE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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(1) NATURE OF OPERATIONS

The 925 East 8th Avenue Condominium Association, Inc. (the "Association") is a not-for-profit condominium association incorporated in the State of Colorado on December 17, 1999. The Association is responsible for the operation and maintenance of the common property of The 925 East 8th Avenue Condominium (the "Condominium"). The Condominium consists of 30 residential units located in Denver, Colorado.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. Under that basis, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Consequently, the Association has not recognized accounts receivable from members or accounts payable to vendors and their related effects on earnings in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting 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.

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions and major repairs and replacements.

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In order to provide the Association with adequate working capital funds, the Association assessed from purchasers at the time of the initial sale of a unit, an amount equal to three months worth of annual assessments. As of December 31, 2014, 29 of the 30 units had been sold, with the developer keeping the remaining unit.

Income Taxes

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the operation and maintenance of the common property of the Condominium. Net nonexempt function income, which includes earned interest on its reserves and other miscellaneous revenue, is taxable. For the years ended December 31, 2014 and 2013, the Association had \$(861) and \$(1,673) of net nonexempt function expense, respectively.

Subsequent Events

The Association has evaluated subsequent events through February 27, 2015, the date the financial statements were available to be issued.

(3) FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate \$22,907 as of December 31, 2014, are held in a separate account and are generally not available for operating purposes. It is the Association's policy that interest earned on such funds is not available for operating purposes.

The Association incurred significant expenditures relating to repairing its roof. The Association paid approximately \$8,200 in 2014 related to this project.

As of February 27, 2015, the Association's board of directors has not conducted a study to estimate the remaining useful lives and the replacement cost of the common property components.