

# *Schonwit & Associates*

*Certified Public Accountants*

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June 24, 2021

Skiers Lodge Condominium Association of Unit Owners  
c/o Trading Places International  
25510 Commercentre Drive, Suite 100  
Lake Forest, California 92630

To the Board of Directors:

Enclosed you will find the final version of the financial statements for Skiers Lodge Condominium Association of Unit Owners. If you should have any questions, please contact our office for further explanation.

Again, it has been a pleasure providing service for your Association.

Very truly yours,



Schonwit & Associates

Enclosures

SKIERS LODGE CONDOMINIUM ASSOCIATION  
OF UNIT OWNERS  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020

WITH

INDEPENDENT AUDITORS' REPORT  
AND SUPPLEMENTARY INFORMATION

SKIERS LODGE CONDOMINIUM ASSOCIATION OF UNIT OWNERS

Table of Contents

Independent Auditor's Report	Pages 3-4
Balance Sheet	Page 5
Statement of Revenues, Expenses and Changes in Fund Balances	Page 6
Statement of Cash Flows	Page 7
Notes to Financial Statements	Pages 8-11

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Owners  
Skiers Lodge Condominium Association of Unit Owners

### Report on the Financial Statements

I have audited the accompanying financial statements of Skiers Lodge Condominium Association of Unit Owners, which comprise the balance sheet as of December 31, 2020, and the related statements of revenues, expenses and changes in fund balances, and cash flows for the year 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that I 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 auditors' judgment, including the assessment of 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of Skiers Lodge Condominium Association of Unit Owners as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Other Matters

Accounting principles generally accepted in the United States of America require that supplementary information on future major repairs and replacements 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. As discussed in Note 7 of the Notes to Financial Statements, the Association has not estimated the remaining lives and replacements of the common area property, thus the required supplementary information has not been presented with these financial statements.

  
SCHONWIT & ASSOCIATES  
Costa Mesa, California

February 26, 2021

SKIERS LODGE CONDOMINIUM ASSOCIATION OF UNIT OWNERS  
BALANCE SHEET  
AS OF DECEMBER 31, 2020

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 77,895	\$ 126,785	\$ 204,680
Accounts receivable	4,084	--	4,084
Prepaid expenses	14,217	--	14,217
Prepaid taxes	<u>7,582</u>	<u>--</u>	<u>7,582</u>
Total Assets	<u>\$ 103,778</u>	<u>\$ 126,785</u>	<u>\$ 230,563</u>
 <b>LIABILITIES</b>			
Accounts payable & accrued expenses	\$ 45,262	\$ 481	\$ 45,743
Deferred assessments	175,039	--	175,039
Deferred income	--	6,800	6,800
Contract liability [Note 4]	<u>--</u>	<u>119,504</u>	<u>119,504</u>
Total Liabilities	220,301	126,785	347,086
<b>FUND BALANCES</b>	<u>(116,523)</u>	<u>--</u>	<u>(116,523)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 103,778</u>	<u>\$ 126,785</u>	<u>\$ 230,563</u>

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

SKIERS LODGE CONDOMINIUM ASSOCIATION OF UNIT OWNERS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Member assessments	\$ 286,186	\$ 18,508	\$ 304,694
Room revenue	44,952	--	44,952
Other income	13,597	--	13,597
Interest income	3	205	208
	<u>344,738</u>	<u>18,713</u>	<u>363,451</u>
Total Revenues			
<b>EXPENSES</b>			
Utilities:			
Electricity	13,682	--	13,682
Water & sewer	17,622	--	17,622
Gas	8,389	--	8,389
Telephone /cable/internet	9,111	--	9,111
Maintenance:			
Common areas repair & maintenance	8,976	481	9,457
Spa maintenance	197	--	197
Fire sprinklers	--	4,811	4,811
Sofas	--	4,580	4,580
Room maintenance/repairs	--	8,841	8,841
Houskeeping	16,163	--	16,163
Salaries & related	178,522	--	178,522
Administrative:			
Insurance	16,288	--	16,288
Management fees	19,800	--	19,800
Professional fees	2,550	--	2,550
Property taxes	5,194	--	5,194
Income taxes [Note 3]	4,706	--	4,706
Postage and printing expense	3,159	--	3,159
Other administrative expenses	15,356	--	15,356
	<u>319,715</u>	<u>18,713</u>	<u>338,428</u>
Total Expenses			
<b>Excess of Revenues Over Expenses</b>	25,023	--	25,023
<b>Beginning Fund Balances</b>	<u>(141,546)</u>	<u>--</u>	<u>81,649</u>
<b>Ending Fund Balances</b>	<u>\$ (116,523)</u>	<u>\$ --</u>	<u>\$ 106,672</u>

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

SKIERS LODGE CONDOMINIUM ASSOCIATION OF UNIT OWNERS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>Excess of revenues over expenses:</b>	\$ 25,023	\$ --	\$ 25,023
Adjustments to reconcile excess of revenues over expenses to net cash provided/(used) by operating activities:			
Decrease in assessment receivables	1,199	--	1,199
Decrease in other receivables	1,986	--	1,986
Increase in prepaid expenses	(4,053)	--	(4,053)
Increase in prepaid taxes	(7,582)	--	(7,582)
Decrease in accounts payable	10,897	(481)	10,416
Decrease in income taxes payable	(3,812)	--	(3,812)
Decrease in deferred assessments	(22,239)	--	(22,239)
Decrease in deferred income	--	735	735
Decrease in contract liability [Note 4]	--	(12,508)	(12,508)
Change in due to/(from) fund	<u>(84,885)</u>	<u>84,885</u>	<u>--</u>
Net cash provided/(used) by operating activities	(83,466)	72,631	(10,835)
Cash at beginning of year	<u>161,361</u>	<u>54,154</u>	<u>215,515</u>
Cash at end of year	<u>\$ 77,895</u>	<u>\$ 126,785</u>	<u>\$ 204,680</u>

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

SKIERS LODGE CONDOMINIUM ASSOCIATION OF UNIT OWNERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1. ORGANIZATION

Skiers Lodge Condominium Association of Unit Owners (The Association) was incorporated on June 29 1992 as a Utah non-profit corporation. The Association's specific and primary purpose is to promote the interest and welfare of the owners of time share interests in this 16 unit project (816 time share intervals) located in Park City, Utah.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Accounting - The books and records for the Association are maintained on the accrual basis of accounting. The tax returns are also reported on the accrual basis of accounting.

(b) Capitalization Policy and Depreciation- In accordance with industry standards, the Association has not capitalized in the financial statements the common area real property acquired at its inception from the developer. Replacements and improvements to the real property which are directly associated with the units are also not capitalized. They are instead charged directly to either operating or replacement funds in the period they are incurred.

Significant capital assets not directly associated with the units, referred to as personal property assets, and certain other expenditures relating to operations, are capitalized and depreciated over their estimated useful life using the straight-line method of depreciation. During the year ended December 31, 2020, there were no significant personal property additions.

(c) Fund Accounting-The Association's accompanying financial statements have been prepared using fund accounting. Under this method of accounting, funds are separated into two categories; the operating fund and the replacement fund. Disbursements from the replacement fund generally may be made only for designated repair or replacement of major common area components. Disbursements from the operating fund are at the discretion of the Board of Directors and generally are for on-going repairs, maintenance, and administrative functions.

(d) Investment Income-The Board's policy is to allocate interest earned on replacement fund cash accounts to the replacement fund, and to pay the related income taxes out of the respective fund.

(e) Use of 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 period. Actual results could differ from those estimates.

SKIERS LODGE CONDOMINIUM ASSOCIATION OF UNIT OWNERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 3. ASSESSMENTS, ASSESSMENTS RECEIVABLE AND DEFERRED ASSESSMENTS

Association members are subject to paying assessments to fund for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. The Association's governing documents provide for various collection remedies for delinquent assessments, including filing of liens on the owner's unit, foreclosing on the unit owner, or obtaining judgment on other assets of the unit owner.

Under the new revenue recognition standard of ASC 606 [Note 5], the Association (considered an entity) has a performance obligation to the unit/unit owners (customers). The Association's approved annual Operating Fund budget establishes the maintenance, management, and administrative services it is obligated to perform, and such services can be bundled together as a single commercial objective and a single performance obligation. The budget establishes an implied contract price, and because these services are provided for within an annual cycle, the respective Operating Fund assessments are considered revenue for the current period.

Performance obligations related to Replacement Fund assessments are satisfied when these financial resources are expended for their designated purpose. Accordingly, the reported Replacement Fund assessments for a given year will be increased or decreased to match the expenditures for the year.

For 2020, annual assessments were \$706 and \$774, depending upon unit type. The 2021 annual assessments, which are \$720 or \$889 (depending upon unit), were billed in 2020 and are included in deferred assessments until earned.

It is the Association's policy to write off past due balances at the end of the year for assessments billed in the previous year. Correspondingly, any bad debt recovery is included in this account. During 2020, The Association has written off \$157,368 of 2020 assessments billed in 2019

NOTE 4. CONTRACT LIABILITY

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations which specifically pertains to Replacement Fund assessments. The contract liability balance at the beginning of the year and end of the year was \$132,012 and \$119,504, respectively.

NOTE 5. REVENUE RECOGNITION

The Financial Accounting Standards Board (FASB) issued new guidance in the Accounting Standards Codification (ASC) Topic 606 Revenue from Contracts with Customers. FASB ASC 606 is a new revenue recognition standard that affects businesses that enter into contracts with customers to transfer goods and services, including public, private and non-public entities. The purpose of the standard is to eliminate variations in the way businesses across industries handle accounting for similar transactions. FASB ASC 606 went into effect for annual reporting periods beginning after December 15, 2018.

SKIERS LODGE CONDOMINIUM ASSOCIATION OF UNIT OWNERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 5. REVENUE RECOGNITION (continued)

FASB ASC 606 supersedes the revenue recognition requirements of FASB ASC 972-605 and most industry-specific revenue guidance in the FASB ASC, including the accounting guidance that Common Interest Realty Associations (CIRA's) followed in previous years. The Association adopted the new guidance as of January 1, 2019.

NOTE 6. INCOME TAXES

The Association may elect to file its federal income tax return as either a regular corporation [under Internal Revenue Code Section 277] or as a time share equivalent entity [under Internal Revenue Code Section 528]. For the year ended December 31, 2020, the Association elected to file as a time share organization, where generally the Association is taxed only on income unrelated to membership dues and assessments [such as interest income less related expenses] at a rate of 32%. For Utah purposes, income is taxed similarly. For 2020, the Federal and Utah tax liability was \$4,070 and \$636, respectively.

The Association utilizes the liability method of accounting for income taxes. Under the liability method deferred income tax assets and liabilities are provided based on the difference between the financial statements and tax basis of assets and liabilities measured by the currently enacted tax rates in effect for the years in which these differences are expected to reverse.

The Association has adopted accounting standards for the accounting for uncertainty in income taxes. These standards provide guidance for the accounting and disclosure about uncertain tax positions taken by the Association. Management believes that all of the positions taken by the Association in its federal income tax returns are more likely than not to be sustained upon examination. The Association's tax returns are subject to examination by the Internal Revenue Service for three years after they are filed.

NOTE 7. REPLACEMENT FUNDING PROGRAM

In accordance with the Association's governing documents, the Association has established certain amounts as reserves for future capital expenditures. Members' assessments relating to the replacement funding program are considered capital contributions from members' dues and as such are restricted in usage. Disbursements are to be made only if specifically approved by the Board of Directors.

The Association has not conducted a current study to determine the estimated remaining lives of the components of common property and current estimated costs of major repairs and replacements. Therefore, the required supplementary information regarding this information, as required by generally accepted accounting principles, has not been included with these financial statements.

Replacement funds are being accumulated based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement funds may not be adequate to meet all future needs for major repairs and replacements.

SKIERS LODGE CONDOMINIUM ASSOCIATION OF UNIT OWNERS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 8. MANAGEMENT AGREEMENT

The Association is operated under a management agreement with a professional property management company, Trading Places International. Compensation for management services is based on the Association's approved operating budget.

NOTE 9. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for income taxes totaled \$12,288 during the year and there were no non-cash investing or financing transactions during the year.

NOTE 10. SUBSEQUENT EVENTS AND CONTINGENCIES

Subsequent events have been evaluated through February 26, 2021, which is the date the financial statements were available to be issued.

On January 31, 2020, the U.S. Health and Human Services Secretary declared a public health emergency for the United States due to the coronavirus outbreak (COVID-19), and Utah experienced various closures for non-essential businesses in 2020. At this time, it is uncertain how Covid-19 may further affect the Association.