Canyon View Homeowners
Association
Financial Statements and Report of
Independent Certified Public Accountants
March 31, 2023

Blair and Associates, P.C. Consultants and Certified Public Accountants

Canyon View Homeowners Association

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Canyon View Homeowners Association

Opinion

We have audited the accompanying financial statements of Canyon View Homeowners Association, which comprise the balance sheet as of March 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Canyon View Homeowners Association as of March 31, 2023, 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. 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 Canyon View Homeowners Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Canyon View Homeowners Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment 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 Canyon View Homeowners Association's 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Canyon View Homeowners Association'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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Supplemental Information on Future Major Repairs and Replacements on page 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which 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.

Blair and Associates, P.C.

Cedaredge, Colorado

August 16, 2023

Canyon View Homeowners Association
Balance Sheet
March 31, 2023

	Operating Fund	Replacement Fund	Total
Assets			
Cash and cash equivalents	$ 83,381	$ -	$ 83,381
Certificate of Deposits	-	235,395	235,395
Accounts receivable	9,217	-	9,217
Interfund receivables (payables)	2,338	(2,338)	-
Total assets	$ 94,936	$ 233,057	$ 327,993
Liabilities and Fund Balance			
Liabilities			
Accounts payable	$ 4,033	$ -	$ 4,033
Taxes payable	164	-	164
Prepaid assessments	10,529	-	10,529
Total liabilities	14,726	-	14,726
Fund balance	80,210	233,057	313,267
Total liabilities and fund balance	$ 94,936	$ 233,057	$ 327,993

See accompanying notes

Canyon View Homeowners Association
Statement of Revenue, Expenses and Changes in Fund Balance
For the Year Ended March 31, 2023

	Operating Fund	Replacement Fund	Total
Revenue			
Regular assessment	$ 217,580	$ -	$ 217,580
Other income	2,920	1,747	4,667
Total revenue	220,500	1,747	222,247
Expenses			
Maintenance	28,211	-	28,211
Landscaping expense	49,042	-	49,042
Sprinkler system	5,556	-	5,556
Irrigation water	36,864	-	36,864
Trash removal	10,692	-	10,692
Insurance	30,070	-	30,070
Utilities	505	-	505
Management fees	19,598	-	19,598
Legal and accounting	5,048	-	5,048
Office expense	1,142	-	1,142
Repairs and replacements	-	48,110	48,110
Operating contingency	557	-	557
Transfer to (from) Reserve/Operating	45,360	(45,360)	-
Total expenses	232,645	2,750	235,395
Excess revenue over expenses	(12,145)	(1,003)	(13,148)
Fund balance - beginning of year	92,355	234,060	326,415
Fund balance - end of year	$ 80,210	$ 233,057	$ 313,267

See accompanying notes

Canyon View Homeowners Association
Statement of Cash Flows
For the Year Ended March 31, 2023

	Operating Fund	Replacement Fund	Total
Cash flows from operating activities	$ (12,145)	$ (1,003)	$ (13,148)
Excess revenue over expenses			
Adjustments to reconcile excess revenue			
over expenses to net cash			
provided by operating activities			
(Increase) decrease in accounts receivable	4,890	-	4,890
Increase (decrease) in accounts payable	3,112	-	3,112
Increase (decrease) in prepaid assessments	(6,193)	-	(6,193)
Increase (decrease) in Interfund receivables (payables)	2,422	(2,422)	-
Net cash provided by operating activities	(7,914)	(3,425)	(11,339)
Cash flows from investing activities			
Sale of Investments	-	3,425	3,425
Net cash provided by investment activities	-	3,425	3,425
Net increase in cash and cash equivalents	(7,914)	-	(7,914)
Cash and cash equivalents - beginning of year	91,295	-	91,295
Cash and cash equivalents - end of year	$ 83,381	$ -	$ 83,381
Cash paid for:			
Income taxes	$ -	$ -	$ -

See accompanying notes

Note 1 - Summary of Significant Accounting Policies

Canyon View Homeowners Association (the Association), a Colorado nonprofit corporation, is a homeowners association located in Battlement Mesa, Colorado. The Association was incorporated on August 24, 1993, to provide for the community, civic and social welfare of the homeowners in the common interest realty association. The Association began maintaining the streets, landscaped common areas and street lighting, and the exteriors of the homes on February 1, 1994. The Association has no employees. The Association contracts with a management agency for all services (see Note 3).

A summary of the Association's significant accounting policies follows:

Basis of Presentation

Association's financial statements are presented in accordance with the Audit and Accounting Guide for Common Interest Realty Associations published by the American Institute of Certified Public Accountants. Association follows the accrual method of accounting whereby assessments and revenues are recorded when due and expenses are recorded when incurred.

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.

Replacement Fund – This fund is used to accumulate financial resources designated for future major repairs, replacements, and acquisitions.

Cash and Cash Equivalents

Cash and cash equivalents for the statement of cash flows consist of cash in bank, cash on hand and securities with maturities of three months or less.

Investment

The Association's investment consisted of a certificate of deposit, which will be held to maturity and is reported at fair market value.

Total deposits and investments were $318,775, of which, $250,000 was insured under FDIC.

Note 1 - Summary of Significant Accounting Policies – (continued)

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts Receivable
Accounts receivable at the balance sheet date represent assessment 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 180 days or more delinquent. The Association considers all accounts receivable at March 31, 2023 to be fully collectible.

Income Taxes
Homeowner associations may elect to be taxed as regular corporations or as homeowners' associations. The association has elected to be taxed as a homeowner association. Under that election, the Association is generally taxed only on non-function income, such as interest earnings, at regular federal and state corporate tax rates. The appropriate IRS elections have been made to exclude function income from taxation. Income tax expense for the year ended March 31, 2023 was $0. Association is no longer subject to U.S. Federal or State examinations by tax authorities for the years before 2017.

Note 2 - Homeowners Fees and Economic Dependence

As of March 31, 2023, 67 of 71 lots annexed into the development had been transferred to owners other than Battlement Mesa Partners (the Declarant) or a builder. The remaining 4 undeveloped lots were owned by a builder other than the Declarant, but the 4 undeveloped lots were not yet annexed into the Association. All developed lots pay the full assessment of $260.00 per lot per month.

Note 3 - Management Agreement

The Association has entered into a management agreement with the Elk Peaks Consulting Group, Ltd to manage the day-to-day operations of the Association under the direction of the Association's Board of Directors. For the year ended March 31, 2023, management and accounting fees paid to the management company were $ 19,598 for general management of the entire Association.

Note 4 - Future Major Repairs and Replacements

The Association's governing documents allow funds to be accumulated for future major repairs and replacements including additions, alterations, or improvements. The Association conducted a study 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 cost, 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 to increase regular assessments, to levy special assessments, or it may delay major repairs and replacements until funds are available.

Note 5 - Fair Values of Financial Instruments

In accordance with the Fair Value Measurements of FASB Accounting Standards Codification (ASC) 820-10, assets and liabilities are grouped in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.

- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobserved assumptions reflect the Association's own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include the use of option pricing models, discounted cash flow models and similar techniques.

Note 5 - Fair Values of Financial Instruments – (continued)

In accordance with the Fair Value Measurements and Disclosures topic of the ASC, Association bases fair values on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements for assets and liabilities where there exists limited or no observable market data and, therefore, are based primarily upon Association's estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future values.

Note 6 - Subsequent Events

The Association has evaluated subsequent events through August 16, 2023, the date at which the financial statements we available to be issued. No subsequent events were noted.

Supplemental Information

Canyon View Homeowners Association
Supplemental Information on Future Major
Repairs and Replacements (Unaudited)
March 31, 2023
See Accountants Review Report

As required by Colorado House Bill 09-1359, the Association has adopted a Reserve Study Policy. In accordance with this Reserve Study Policy, it is the Association's intent to conduct a reserve study at such times as in its sole discretion it determines is necessary in order to determine the necessity and amount of reserves required to maintain, repair, replace and restore the Association's common elements. The Reserve Study is based on physical analysis and a financial analysis.

A reserve study was completed on January 15, 2018, which projected fund revenues and expenses out to 2046.

The Association's common elements consist of the improved landscape common areas, the streets, including Limberpine Circle, Larkspur Place, Cedar Court, Poppy Court and Aster Court, the Village entrance sign and most of the exterior surfaces of the patio homes including the roofs and siding.

For reserve evaluation purposes, it is assumed that all of the maintenance and replacement costs associated with the improved landscaped areas, including trees, shrubs, landscape rock, and the sprinkler system is currently and will continue to be funded annually from the operating fund. The future maintenance and / or replacement costs of the remaining common elements including the streets, the Village entrance sign, and exterior surfaces of the patio homes need to be funded by the monies set aside in the association's reserve fund.

The Association's reserve fund is a separate bank account apart from the Association's operating fund bank account. During the fiscal year ended on March 31, 2023, the Association contributed $45,360 to the reserve fund and spent $13,400 on electrical and water service lines, $6,985 for concrete replacement and $27,725 for exterior painting.

Reserve Fund Balance April 1, 2023	$ 234,060
Expenditures FYE March 31, 2023	(48,110)
Interest on deposits	1,747
Deposits to Reserve Fund FYR March 31, 2023	45,360
Reserve Fund Balance March 31, 2023	$ 233,057

Although the amount which needs to be contributed to the reserve fund is determined by the individual reserve fund common elements, specifically the streets, the roofing, painting, concrete, gutters & downspouts and the Village sign, the reserve fund is considered to be a general reserve in an amount that will meet the needs of all of the individual reserve fund common elements rather than each element being allocated an individual amount.

Canyon View Homeowners Association

Assumptions and Projected Costs

Reserve Study Year:	2018		
Interest Earned Rate:	**0.40%**	**Cost Increase Rate:**	**2.0%**

Streets/Asphalt

Description:	**Streets/Asphalt**	
Placed in Service:	1993	4 Cul-de-sacs = 3850 SY/34,650 SF
Useful Life:	60 Years	Limberpine = 5330 SY./47,970 SF
Adjustment Factor:	0.0%	Ratio o f41.9% to 58.1%
Replacement Year:	2053	
Remaining Useful Life:	35 Years	
Asset Cost:	Unknown	
% Replacement:	100 Percent	
Future Cost:	Unknown	
Units:	9180 Sq. Yds	82,620 Sq. Ft.

Roofing

Description:	**Roofing**	
Placed in Service:	1993	40 Year, 90 MPH CertainTeed
Useful Life:	30 Years	Used for Re-Roofing
Adjustment Factor:	0.0%	
Replacement Year:	2023	
Remaining Useful Life:	5 Years	
Asset Cost:	Unknown	
% Replacement:	100 Percent	
Future Cost:	Unknown	
Units:	63 Roofs	

Painting

Description:	**Painting**
Placed in Service:	2017
Useful Life:	8 Years
Adjustment Factor:	0.0%
Replacement Year:	2025
Remaining Useful Life:	7 Years
Asset Cost:	Unknown
% Replacement:	100 Percent
Future Cost:	Unknown
Units:	8.375 Homes/Yr

Concrete (driveways, entryways)		
Description:	**Concrete/Landscape Rocks**	
Placed in Service:	1993	Replace Concrete and Landscape Rocks as needed.
Useful Life:	50 Years	
Adjustment Factor:	100.0%	$1,000 / Yr; Not Cost Adjusted
Replacement Year:	2043	
Remaining Useful Life:	25 Years	
Asset Cost:	Unknown	
% Replacement:	100 Percent	
Future Cost:	Unknown	
Units:	67 Units	

Gutters & Downspouts			
Description:	**Gutters & Downspouts**		
Placed in Service:	1993		
Useful Life:	30 Years		
Adjustment Factor:	100.0%		
Replacement Year:	2023	& + by CO	
Remaining Useful Life:	5 Years		
Asset Cost:	Unknown		
% Replacement:	100 Percent		
Future Cost:	Unknown	Ave Lin Ft per Unit	Ave Cost per Lin Ft
Units:	67 Units	100	$5.50

Village Sign	
Description:	**Village Sign at Entrance**
Placed in Service:	1993
Useful Life:	50 Years
Adjustment Factor:	100.0%
Replacement Year:	2043
Remaining Useful Life:	25 Years
Asset Cost:	Unknown
% Replacement:	100 Percent
Future Cost:	Unknown
Units:	1 Sign

Canyon View Homeowners Association
Summary of Planned Deposits and Expenses
Reserve Evaluation

Beginning Fund Balance	Year Ended March 31st	Annual Reserve Fund Deposits	Required and Planned Expenses	Ending Fund Balance, Before Interest	Annual Interest on Fund Balance	Expense Type
$185,461	2008	$35,209	$52,250	$168,420	**$8,068**	Roofing, Painting & Concrete
$176,488	2009	$33,225	$42,335	$167,378	**$4,012**	Roofing & Painting
$171,390	2010	$33,225	$65,105	$139,510	**$2,306**	Crack Seal, Roofing & Painting
$141,816	2011	$33,225	$39,375	$135,667	**$687**	Roofing, Painting & Concrete
$136,354	2012	$33,225	$32,074	$137,505	**$365**	Seal Coat & Painting
$137,870	2013	$33,225	$17,250	$153,846	**$165**	Painting & Concrete
$154,011	2014	$33,225	$27,676	$159,560	**$143**	Painting
$159,703	2015	$33,225	$18,700	$174,228	**$215**	Crack Seal & Painting
$174,443	2016	$33,227	$24,534	$183,135	**$171**	Roofing, Painting, Concrete, Gutters
$183,306	2017	$33,230	$20,338	$196,198	**$228**	Roofing, Painting & Concrete
$196,426	2018	$36,840	$54,936	$178,330	**$325**	Seal Coat, Painting, Concrete, Gutters
$178,655	2019	$36,840	$12,700	$202,795	**$331**	Painting & Concrete
$203,126	2020	$36,840	$18,309	$221,657	**$813**	Painting & Concrete
$222,470	2021	$36,840	$35,039	$224,270	**$890**	Crack Seal, Seal Coat, Painting & Concrete
$225,160	2022	$36,840	$20,864	$241,136	**$901**	Painting & Concrete
$242,037	2023	$36,840	$21,063	$257,814	**$968**	Painting & Concrete
$258,782	2024	$36,840	$32,801	$262,821	**$1,035**	Roofing, Painting, Concrete & Gutters
$263,856	2025	$36,840	$81,927	$218,770	**$1,055**	Crack Seal, Seal Coat, Roofing, Painting, Concrete & Gutters
$219,825	2026	$36,840	$24,186	$232,479	**$879**	Painting, Concrete & Gutters
$233,358	2027	$36,840	$22,595	$247,603	**$933**	Painting, Concrete & Gutters
$248,536	2028	$40,860	$22,811	$266,585	**$994**	Painting, Concrete & Gutters
$267,579	2029	$40,860	$57,876	$250,563	**$1,070**	Crack Seal, Seal Coat, Roofing, Painting, Concrete & Gutters
$251,633	2030	$40,860	$33,505	$258,988	**$1,007**	Roofing, Painting, Concrete & Gutters
$259,994	2031	$40,860	$23,989	$276,865	**$1,040**	Painting, Concrete & Gutters
$277,905	2032	$40,860	$22,942	$295,823	**$1,112**	Painting & Concrete
$296,934	2033	$40,860	$41,140	$296,654	**$1,188**	Crack Seal, Seal Coat, Painting, Concrete & Gutters
$297,841	2034	$40,860	$162,646	$176,055	**$1,191**	Roofing, Painting, Concrete & Gutters
$177,247	2035	$40,860	$30,020	$188,087	**$709**	Roofing, Painting, Concrete & Gutters
$188,796	2036	$40,860	$88,757	$140,899	**$755**	Roofing, Painting, Concrete & Gutters
$141,654	2037	$40,860	$112,658	$69,856	**$567**	Crack Seal, Seal Coat, Roofing, Painting, Concrete, Gutters
$70,423	2038	$44,880	$43,360	$71,942	**$282**	Roofing, Painting Concrete& Gutters
$72,224	2039	$44,880	$85,427	$31,677	**$289**	Roofing , Painting, Concrete & Gutters
$31,966	2040	$44,880	$68,203	$8,643	**$128**	Roofing, Painting, Concrete
$8,771	2041	$44,880	$88,509	-$34,858	**$35**	Crack Seal, Seal Coat, Roofing, Painting, Concrete
-$34,823	2042	$44,880	$22,545	-$12,488	**-$139**	Painting & Concrete
-$12,627	2043	$44,880	$22,760	$9,493	**-$51**	Painting & Concrete
$9,442	2044	$44,880	$22,978	$31,344	**$38**	Painting & Concrete
$31,382	2045	$44,880	$53,626	$22,636	**$126**	Crack Seal, Seal Coat, Painting, Concrete & Village Sign
$22,761	2046	$44,880	$26,222	$41,419	**$91**	Painting & Concrete
$41,510	2047	$0	$0	$0	$0	

The table above shows the projected costs and revenues by year through 2046. The three key assumptions are that a) the annual contribution to the reserve fund will increase from the current $36,840 annually to $40,860 annually beginning in 2028 and to $44,880 in 2038, b) that inflationary cost increases will vary by maintenance type and 3) that the interest earned rate will average 0.40% per year.

In the event that inflationary cost raises faster than projected the Association will need and is prepared to increase the annual reserve fund contribution accordingly in order to assure that the Association will always have sufficient funds in order to meet planned reserve fund expenses as they come due without a special assessment.

Note: The Association anticipates that the streets will not require a 2-inch overlay until at least 2053. Additionally, since the cul-de-sacs – Larkspur Place, Cedar Court, Poppy Court, and Aster Court – are traveled less than Limberpine Circle, they may not require a 2 inch over lay for several years beyond 2053. The cul-de-sacs total 41.9 percent of the Association's street area and Limberpine Circle totals 58.1% of the total 9,180 square yards.