

**FINANCIAL STATEMENTS**

**Interlude**  
**Condominium Association, Inc.**

**For the Year Ended December 31, 2021**

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### **Independent Accountant's Review Report**

Directors and Owners  
Interlude Condominium Association, Inc.  
Snowmass Village, Colorado 81615

We have reviewed the accompanying financial statements of Interlude Condominium Association, Inc., which comprise the balance sheet as of December 31, 2021, and the related statement of owners' support, revenue, expenses and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity 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's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement whether due to fraud or error.

#### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as the basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

#### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

#### **Supplementary Information**

The accompanying schedules of operating fund utilities, building maintenance and repairs, and office and administration expenses are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of

management and derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on it.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 not audited, reviewed, or compiled the required supplementary information and, according, do not express an opinion, a conclusion, nor provide any assurance on it.

*Kyle Landers, CPA*

Kyle Landers, CPA

CPA Aspen, LLC  
Basalt, Colorado

July 27, 2022

**INTERLUDE CONDOMINIUM ASSOCIATION, INC.**  
**BALANCE SHEET**  
**December 31, 2021**  
**(With Comparative Totals for 2020)**

	December 31, 2021			For Comparative Purposes Only 2020
	Operating Fund	Replacement Fund	Total All Funds	Total All Funds
<b>ASSETS</b>				
Current Assets				
Cash (Notes 1 & 4)	\$ 54,954	\$ 488,476	\$ 543,430	\$ 555,038
Accounts Receivable (Note 1)	-	-	\$ -	-
Prepaid Expenses (Note 1)	23,377	-	23,377	21,781
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 78,331</b>	<b>\$ 488,476</b>	<b>\$ 566,807</b>	<b>\$ 576,819</b>
Property and Equipment (Note 1)				
Machinery and Equipment	\$ 11,930	\$ -	\$ 11,930	\$ 11,930
Condominium Unit #102	69,774	-	69,774	69,774
	<u>\$ 81,704</u>	<u>\$ -</u>	<u>\$ 81,704</u>	<u>\$ 81,704</u>
Less: Accumulated Depreciation	\$ (69,691)	\$ -	\$ (69,691)	\$ (69,135)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>\$ 12,013</b>	<b>\$ -</b>	<b>\$ 12,013</b>	<b>\$ 12,569</b>
<b>TOTAL ASSETS</b>	<b>\$ 90,344</b>	<b>\$ 488,476</b>	<b>\$ 578,820</b>	<b>\$ 589,388</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts Payable	\$ 32,514	\$ -	\$ 32,514	\$ 12,215
Deferred Income (Note 1)	2,257	-	2,257	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 34,771</b>	<b>\$ -</b>	<b>\$ 34,771</b>	<b>\$ 12,215</b>
<b>FUND BALANCES</b>	<b>\$ 55,573</b>	<b>\$ 488,476</b>	<b>\$ 544,049</b>	<b>\$ 577,173</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 90,344</b>	<b>\$ 488,476</b>	<b>\$ 578,820</b>	<b>\$ 589,388</b>

See accompanying notes and independent accountants' review report.

**INTERLUDE CONDOMINIUM ASSOCIATION, INC.**  
**STATEMENT OF OWNERS' SUPPORT, REVENUE, EXPENSES AND**  
**CHANGES IN FUND BALANCES**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

	For the Year Ended December 31, 2021			For Comparative Purposes Only 2020
	Operating Fund	Replacement Fund	Total All Funds	Total All Funds
<b>REVENUE</b>				
Assessments-Regular	\$ 313,397	\$ 50,000	\$ 363,397	\$ 364,339
Interest Income	-	66	66	164
Rental Income	8,400		8,400	10,875
Other Income	6,275	-	6,275	-
<b>TOTAL REVENUE</b>	<b>\$ 328,072</b>	<b>\$ 50,066</b>	<b>\$ 378,138</b>	<b>\$ 375,378</b>
<b>EXPENSES</b>				
Utilities	\$ 130,241	\$ -	\$ 130,241	\$ 101,247
Insurance	22,626	-	22,626	17,359
Building Maintenance and Repairs	39,527	-	39,527	104,895
Office and Administration	50,323	-	50,323	52,777
Payroll	83,261			8,702
Special Projects	-	84,728	84,728	69,106
Depreciation (Note 1)	556	-	556	685
<b>TOTAL EXPENSES</b>	<b>\$ 326,534</b>	<b>\$ 84,728</b>	<b>\$ 411,262</b>	<b>\$ 354,771</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ 1,538</b>	<b>\$ (34,662)</b>	<b>\$ (33,124)</b>	<b>\$ 20,607</b>
<b>TRANSFERS</b>	494	(494)	-	-
<b>BEGINNING FUND BALANCES</b>	<b>53,541</b>	<b>523,632</b>	<b>577,173</b>	<b>556,566</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 55,573</b>	<b>\$ 488,476</b>	<b>\$ 544,049</b>	<b>\$ 577,173</b>

See accompanying notes and independent accountants' review report.

**INTERLUDE CONDOMINIUM ASSOCIATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

	For the Year Ended December 31, 2021			For Comparative Purposes Only 2020
	Operating Fund	Replacement Fund	Total All Funds	Total All Funds
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Excess (Deficiency) of Revenues over Expenses	\$ 1,538	\$ (34,662)	\$ (33,124)	\$ 20,607
Noncash Items Included Above:				
Depreciation (Note 1)	556	-	556	685
(Increase) Decrease in Accounts Receivable	-	-	-	-
(Increase) Decrease in Prepaid Expenses	(1,596)	-	(1,596)	(9,150)
Increase (Decrease) in Accounts Payable	20,299	-	20,299	1,050
Increase (Decrease) in Deferred Income	2,257	-	2,257	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 23,054</b>	<b>\$ (34,662)</b>	<b>\$ (11,608)</b>	<b>\$ 13,192</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>				
Fund Transfers	\$ 494	\$ (494)	\$ -	\$ -
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>\$ 494</b>	<b>\$ (494)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>\$ 23,548</b>	<b>\$ (35,156)</b>	<b>\$ (11,608)</b>	<b>\$ 13,192</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>31,406</b>	<b>523,632</b>	<b>555,038</b>	<b>541,846</b>
<b>CASH, END OF YEAR</b>	<b>\$ 54,954</b>	<b>\$ 488,476</b>	<b>\$ 543,430</b>	<b>\$ 555,038</b>

See accompanying notes and independent accountants' review report.

**INTERLUDE CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ORGANIZATION:**

The Interlude Condominium Association, Inc. (the Association) was incorporated December 9, 1969 under the laws of the State of Colorado as a not-for-profit corporation. In accordance with the articles of incorporation, no certificates or shares of stock will be issued. The Association manages the common elements and the 27 separately owned condominium units in the resort community of Snowmass Village, Colorado. Primary use of the property is for personal, or guest of owner use, although some owners participate in a rental program. The rental program financial activity is not a part of these financial statements. One of the units is owned by the Association. The Association contracts for management services with Destination Resorts Management.

**FUNDS:**

The Association prepares its financial statements on the accrual basis and in accordance with the principles of fund accounting. Fund accounting requires that resources be classified into funds according to their nature and purpose. The Association has established two funds:

**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 and replacements.

**ACCOUNTS RECEIVABLE:**

Association members are subject to annual assessments to provide funds for the Association's operating expenses, restricted expenses, and future capital purchases. The Association closely monitors delinquent assessments and when necessary, retains legal counsel to place liens on the property owners. It is the opinion of the board of directors that the Association will ultimately prevail against unit owners with delinquent assessments and, accordingly, no allowance for uncollectible accounts is deemed necessary.

**DEFERRED ASSESSMENTS:**

Deferred assessments arise from the prepayment of assessments for the next fiscal year prior to the end of the current fiscal year.

See independent accountant's review report.



**INTERLUDE CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**PREPAID EXPENSES:**

Prepaid expenses represent insurance, and elevator contract payments that will be expensed in the next fiscal year.

**CAPITALIZATION POLICY AND DEPRECIATION:**

Real property and common areas are not capitalized as the improvements belong to the owners and not the Association. Selected real and common area property originally acquired from the developer and property acquired through the reserve fund is included in the capital reserve/replacement program. The Association has the responsibility to preserve and maintain all the common elements.

Machinery and equipment purchased with Association funds is capitalized at cost and is depreciated over its estimated useful life of 5 years using the straight-line method of depreciation. Maintenance and repairs are charged to expense as incurred.

Condominium unit #102, acquired by the Association from the developer, was capitalized at cost and is depreciated over its estimated useful life of 40 years using the straight-line method of depreciation. 1/27<sup>th</sup> (the portion allocated to unit #102) of all replacements and improvements to the real property and common areas is capitalized and is depreciated over its estimated useful life of 5 to 18 years using the straight-line method of depreciation.

**CASH AND CASH EQUIVALENTS:**

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**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 reporting period. Actual results could differ from those estimates.

See independent accountant's review report.

**INTERLUDE CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 2 - REPLACEMENT FUNDING PROGRAM**

The Association maintains a replacement fund for future replacement and improvement of real and personal property. A study has been completed to determine the projected timing and costs of future major repairs, replacements and improvements.

Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, borrow funds or delay major repairs and replacements until funds are available.

During the year ended December 31, 2021, \$50,000 of assessments was allocated for the replacement fund and \$84,728 was charged to expense.

**NOTE 3 - INCOME TAXES**

Assessment income for operations and replacement funding is exempt from Federal and State income taxes under Revenue Ruling 70-604 and 75-371, respectively, providing the specific requirements of these rulings are followed. However, investment income and other non-assessment income including interest are taxed at the normal corporate rates. For the year ended December 31, 2021, the Association's net taxable income (loss) before net operating loss deduction was \$2,656. The Association has a net operating loss carry forward of \$19,285 which begins to expire in 2028.

The Association adopted the new accounting for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken or expected to be taken on its income tax returns. The Association's federal income tax returns for the last three years remain open to examination by the Internal Revenue Service; state income returns for the last four years are open to examination. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

**NOTE 4- CONCENTRATION OF CREDIT RISK**

The Association maintains its interest and non-interest-bearing accounts in multiple financial institutions. Non-interest-bearing accounts are fully insured and are not subject to the FDIC limitations. Interest bearing cash accounts are insured by the FDIC up to \$250,000, thus \$0 is not insured as of December 31, 2021.

See independent accountant's review report.

**INTERLUDE CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 5- COMMITMENTS/RELATED PARTY ACTIVITY**

The Association entered into a management agreement with Destination Resorts Management (DRM) whereby DRM acts as the exclusive managing agent of the common elements of the project. The Association paid \$22,200 for the year ended December 31, 2021 for these services. The agreement with DRM is renewable on an annual basis. DRM also provides rental services for individual owners. These rental service contracts are not part of the association.

**NOTE 6- DATE OF MANAGEMENT'S REVIEW**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through July 27, 2022, the date that the financial statements were available to be issued.

See independent accountant's review report.

**SUPPLEMENTARY INFORMATION**

**INTERLUDE CONDOMINIUM ASSOCIATION, INC.**  
**SUPPLEMENTARY SCHEDULES**  
**SCHEDULES OF OPERATING FUND UTILITIES, BUILDING MAINTENANCE AND REPAIRS,**  
**REPAIRS AND OFFICE AND ADMINISTRATION EXPENSES**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

	<u>For the Year Ended December 31, 2021</u>	<u>For Comparative Purposes Only 2020</u>
<b>UTILITIES</b>		
Electric	\$ 15,883	\$ 14,906
Trash	6,094	3,725
Natural Gas	57,164	36,484
Cable Television	13,814	14,744
Water and Sanitation	37,286	31,388
	<hr/>	<hr/>
<b>TOTAL UTILITIES</b>	<b><u>\$ 130,241</u></b>	<b><u>\$ 101,247</u></b>
<b>BUILDING MAINTENANCE AND REPAIRS</b>		
Snow Removal	\$ 38	\$ 1,542
GBG-Labor	-	60,768
GBG-Supplies	2,360	2,002
Building Maintenance and Repair	5,207	-
Boiler and Plumbing Repair	5,640	1,088
GBG Outside Services	8,281	4,115
Lawn and Tree	2,513	11,194
Painting	48	341
Window Washing	1,996	1,996
Elevator Service Contract	6,452	6,397
Elevator Telephones	1,776	730
Fire System Monitor	1,050	1,858
Pest Control	1,171	1,121
Hot Tub Supplies	2,995	3,343
Hot Tub Labor	-	8,400
	<hr/>	<hr/>
<b>TOTAL BUILDING MAINTENANCE AND REPAIRS</b>	<b><u>\$ 39,527</u></b>	<b><u>\$ 104,895</u></b>
<b>OFFICE AND ADMINISTRATION</b>		
Contribution to Manager and Accountant	\$ -	\$ 13,695
Management Contract	22,200	8,098
Office Supplies	1,170	5,651
Telephone	1,183	2,859
Legal Fees	-	525
Annual Audit	4,900	4,900
Unit #102 Expense	288	180
Internet Monthly Service	18,466	14,439
Taxes and Assessments	2,063	2,040
Miscellaneous	53	390
	<hr/>	<hr/>
<b>TOTAL OFFICE AND ADMINISTRATION</b>	<b><u>\$ 50,323</u></b>	<b><u>\$ 52,777</u></b>

See independent accountant's review report.

**INTERLUDE CONDOMINIUM ASSOCIATION, INC.**  
**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS & REPLACEMENTS**  
**December 31, 2021**

The Management engaged an independent engineering firm to conduct a study on October 18, 2010, to estimate the remaining useful lives and the replacement cost of the components of common property and interior furnishings. The following table is based on the study and presents significant information about the components of common property and interior furnishings. There is a reasonable possibility that these estimates could change in the near term. Estimated current replacement costs have not been revised to take into account actual inflation since that date.

<u>Component</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Replacement Cost</u>
Roof	0 to 7	\$ 194,000
Gutters/Downspouts	18	46,750
Heat Tape	1	18,750
Repaint Exterior Surfaces	0	125,500
Repair Wood Siding/Stucco	0	36,000
Asphalt Driveways	0	17,825
Repair Concrete Drain Swells/Sidewalks	0	23,650
Repair Wood/Concrete Decks	0	48,000
Stair Treads	0	2,500
Boilers	0	39,000
Hot Water Heater	0	2,250
Elevator/Elevator Cab	1	60,500
Boiler Pumps	0	3,500
Expansion Tanks	0	11,250
Signage	8	7,000
Fire Protection/Security System	8	39,000
Outdoor Carpet	0	30,500
Exterior Wall Mounts	0	20,250
Irrigation Time Clocks	0	1,800
Refurbish Waterfall Stream & Ponds	0	27,500
Utility Vehicle	0	16,000
<b>TOTALS</b>		<b>\$ 771,525</b>

See accountant's review report.