

**The Riverview Resort Condominium Trust**

**Financial Statements and  
Supplementary Information**

**For the Year Ended December 31, 2020  
(With Comparative Totals for the Year Ended  
December 31, 2019)**

# The Riverview Resort Condominium Trust

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## **Independent Accountants' Review Report**

To the Board of Trustees and Members  
The Riverview Resort Condominium Trust

We have reviewed the accompanying financial statements of The Riverview Resort Condominium Trust, which comprise the balance sheet as of December 31, 2020, 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. 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'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.

### **Accountants' 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 a 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.

### **Accountants' Conclusion on the Financial Statements**

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.

### **Report on Summarized Comparative Information**

The 2019 financial statements of The Riverview Resort Condominium Trust were reviewed by us and our report, dated November 13, 2020, stated that based on the procedures we performed, we did not become aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

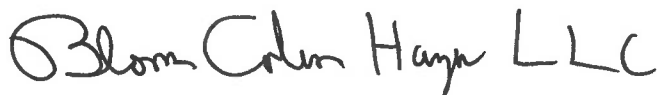
To the Board of Trustees and Members  
The Riverview Resort Condominium Trust

**Supplementary Information**

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information in the Schedule of Operating Fund Expenses—Budget and Actual on pages 12 and 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information (except for budget information, which was compiled without audit or review from information that is the representation of management, on which we do not express an opinion or any form of assurance) has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to 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 14 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, 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. The information is the representation of management. We have compiled the supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on it.



January 24, 2022

**The Riverview Resort Condominium Trust**  
**Balance Sheet**  
**As of December 31, 2020**  
**(With Comparative Totals as of December 31, 2019)**

	<b>2020</b>			<b>2019</b>
	Operating Fund	Replacement Fund	Total	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 249,080	\$ 15,888	\$ 264,968	\$ 393,048
Prepaid insurance	17,129	-	17,129	16,123
Other receivables	3,433	-	3,433	8,703
Contract assets	-	-	-	69,568
Interfund balance	(672,447)	672,447	-	-
<b>Total assets</b>	<b>\$ (402,805)</b>	<b>\$ 688,335</b>	<b>\$ 285,530</b>	<b>\$ 487,442</b>
<b>Liabilities and Fund Balance</b>				
Accounts payable	\$ 55,155	\$ -	\$ 55,155	\$ 75,694
Accrued expenses	5,045	-	5,045	9,780
Note payable	-	21,745	21,745	48,255
Prepaid assessments	40,581	52,973	93,554	837,942
Contract liabilities	-	613,617	613,617	-
<b>Total liabilities</b>	<b>100,781</b>	<b>688,335</b>	<b>789,116</b>	<b>971,671</b>
Fund balance (deficit)	(503,586)	-	(503,586)	(484,229)
<b>Total liabilities and fund balance (deficit)</b>	<b>\$ (402,805)</b>	<b>\$ 688,335</b>	<b>\$ 285,530</b>	<b>\$ 487,442</b>

*See accompanying notes and independent accountants' review report.*

**The Riverview Resort Condominium Trust**  
**Statement of Revenues, Expenses and Changes in Fund Balances**  
**For The Year Ended December 31, 2020**  
**(With Comparative Totals for the Year Ended December 31, 2019)**

	<b>2020</b>			<b>2019</b>
	Operating Fund	Replacement Fund	Total	Total
<b>Revenues</b>				
Annual assessments	\$ 818,113	\$ -	\$ 818,113	\$ 870,351
Income transfers from contract liabilities	-	767,169	767,169	95,764
Rental income	33,462	-	33,462	64,657
Bad debt recovery	40,140	525	40,665	5,981
Collection fee	-	-	-	1,274
Interest income	-	2	2	35
Miscellaneous income	13,016	-	13,016	25,593
<b>Total revenues</b>	<b>904,731</b>	<b>767,696</b>	<b>1,672,427</b>	<b>1,063,655</b>
<b>Expenses</b>				
Administrative	378,305	-	378,305	409,969
Utilities	55,741	-	55,741	72,366
Operating	100,967	-	100,967	120,873
Payroll	307,067	-	307,067	359,959
Other charges	82,008	25,565	107,573	100,161
<b>Total operating expenses</b>	<b>924,088</b>	<b>25,565</b>	<b>949,653</b>	<b>1,063,328</b>
Major repairs and replacements	-	742,131	742,131	74,140
<b>Total expenses</b>	<b>924,088</b>	<b>767,696</b>	<b>1,691,784</b>	<b>1,137,468</b>
<b>Excess of (deficiency) revenues over expenses</b>	<b>(19,357)</b>	<b>-</b>	<b>(19,357)</b>	<b>(73,813)</b>
Beginning fund balance (deficit)	(484,229)	-	(484,229)	(470,328)
Adjustment for the cumulative effect on previous years of applying retrospectively the new accounting method for revenue from contracts	-	-	-	59,912
Beginning fund balances (deficit)	(484,229)	-	(484,229)	(410,416)
<b>Ending fund balance (deficit)</b>	<b>\$ (503,586)</b>	<b>\$ -</b>	<b>\$ (503,586)</b>	<b>\$ (484,229)</b>

*See accompanying notes and independent accountants' review report.*

**The Riverview Resort Condominium Trust**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2020**  
**(With Comparative Totals for the Year Ended December 31, 2019)**

	<b>2020</b>			<b>2019</b>
	Operating Fund	Replacement Fund	Total	Total
<b>Cash flows from operating activities</b>				
Excess (deficiency) of revenues over expenses	\$ (19,357)	\$ -	\$ (19,357)	\$ (73,813)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:				
Adjustment for the cumulative effect on previous years of applying retrospectively the new accounting method for revenue from contracts	-	-	-	59,912
Interfund balance	376,192	(376,192)	-	-
(Increase) decrease in:				
Prepaid insurance	(1,006)	-	(1,006)	(1,588)
Other prepaid charges	-	-	-	9,317
Other receivables	5,270	-	5,270	(5,457)
Contract assets	-	-	-	(69,568)
(Decrease) increase in:				
Accounts payable	(20,539)	-	(20,539)	63,755
Accrued expenses	(4,735)	-	(4,735)	(2,980)
Prepaid assessments	(315,046)	(429,342)	(744,388)	317,373
Contract liabilities	-	683,185	683,185	-
Net cash provided (used) by operating activities	20,779	(122,349)	(101,570)	296,951
<b>Cash flows from financing activities</b>				
Principal payments on note payable	-	(26,510)	(26,510)	(23,926)
Net increase (decrease) in cash and cash equivalents	20,779	(148,859)	(128,080)	273,025
Cash and cash equivalents, beginning of year	228,301	164,747	393,048	120,023
<b>Cash and cash equivalents, end of year</b>	<b>\$ 249,080</b>	<b>\$ 15,888</b>	<b>\$ 264,968</b>	<b>\$ 393,048</b>
<b>Supplemental cash flow disclosures:</b>				
Income taxes paid	\$ -	\$ -	\$ -	\$ -
Interest paid	\$ -	\$ 2,253	\$ 2,253	\$ 6,549

*See accompanying notes and independent accountants' review report.*

# The Riverview Resort Condominium Trust

## Notes to Financial Statements December 31, 2020 and 2019

### Note 1 – Nature of Organization

The Riverview Resort Condominium Trust was originally recorded on December 9, 1997 in the County of Barnstable of the Commonwealth of Massachusetts. The Master Deed was created pursuant to the provisions of Chapter 183B of the General Laws of the Commonwealth of Massachusetts. The condominium is located in the Town of South Yarmouth and consists of 43 units contained in 1 building.

The master deed provides for 1,978 ownership intervals, based upon 43 units, times 46 weeks, retaining 6 weeks for maintenance. The original developer and the successor developer exercised their discretion, however, and only sold intervals in 40 weeks. The Board of Trustees has subsequently reduced available intervals to 36 weeks reserving 16 weeks for maintenance.

The affairs of the Trust are administered by a Board of Trustees.

### Note 2 – Summary of Significant Accounting Policies

#### Method of 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 accrual-basis 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 operation of the Association.

#### Replacement Fund

This fund is used to accumulate financial resources designated for future major repairs and replacements.

#### 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 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 vary from those estimates.

#### Member Assessments

Association members are subject to annual assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.



# The Riverview Resort Condominium Trust

## Notes to Financial Statements December 31, 2020 and 2019

### Note 2 – Summary of Significant Accounting Policies (continued)

#### **Cash and Cash Equivalents**

The Association considers all highly liquid investments with maturities of no greater than 90 days to be cash equivalents. From time to time, cash balances in these accounts may exceed federally insured limits. To date, the Association has not experienced any losses in any of its accounts and does not believe it is exposed to any significant credit risk on its cash.

At December 31, 2020 and 2019 the Association had deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits of approximately \$0 and \$60,000, respectively.

#### **Property and Equipment**

The Association only capitalizes property and equipment to which it holds title or has other evidence of ownership and which may be disposed of at the discretion of the Board of Trustees. Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Associations' financial statements because those properties are owned by the individual unit owners in common and not by the Association. The Association capitalizes personal property at cost and depreciates it over its useful life.

#### **Contract Assets and Liabilities**

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract asset is recorded when the Association has the obligation to assess future fees to pay for previously satisfied replacement fund performance obligations. A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement fund assessments.

#### **Prepaid Assessments**

Prepaid assessments shown in the accompanying balance sheet represents the amount of subsequent year member assessments collected from interval owners on or before December 31, 2020 and 2019.

#### **Income Taxes**

Timeshare associations may be taxed either as homeowners associations or as regular corporations. For the year ended December 31, 2020, the Association was taxed as homeowners association in accordance with Internal Revenue Code Section 528. Under that section the Association is taxed only on its net nonexempt function income, such as interest income, at the rate of 32%.

#### **Subsequent Events**

Subsequent events have been evaluated through January 24, 2022, which is the date the financials were available to be issued.

# The Riverview Resort Condominium Trust

## Notes to Financial Statements December 31, 2020 and 2019

### Note 3 – Management Company Fees

The Association has a management agreement with Vacation Resorts International (agent) to perform total management services. Services require the collection of annual and special assessments, supervision of the complex, control of the funds, etc. Compensation for these services is based on an annual fee of \$134,136, payable monthly. The agreement also provides for additional services for rentals, collections, etc., at specific charges as set forth in the agreement.

### Note 4 – 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 \$613,617 and (\$69,568), and are presented on the accompanying balance sheet as contract liabilities and contract assets at December 31, 2020 and 2019, respectively, are held in separate accounts and are generally not available for operating purposes. It is the Association's policy to allocate interest earned on such funds to the replacement fund.

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, levy special assessments, borrow the necessary funds or delay major repairs and replacements until funds are available.

### Note 5 – Note Payable

In December 2016, the Association entered into a note payable to finance the purchase of furniture and carpet replacement secured by the Association's assets. Monthly payments of \$2,521 including interest at 10.3% will be made for 60 months through December 2021. The outstanding balance at December 31, 2020 and 2019 was \$21,745 and \$48,255, respectively.

### Note 6 – FASB ASC 606 New Accounting Guidance Implementation

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, *Real Estate—Common Interest Realty Associations, Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services.

The Association adopted the new guidance as of January 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenue and contract liabilities, as previously described.

# The Riverview Resort Condominium Trust

## Notes to Financial Statements December 31, 2020 and 2019

### Note 6 – FASB ASC 606 New Accounting Guidance Implementation (continued)

The adoption of the new revenue recognition guidance resulted in the following change to fund balance as of January 1, 2019:

Fund balance (deficit), as previously reported, at January 1, 2019	\$	(470,328)
Adjustment		59,912
Fund balance (deficit), as adjusted, at January 1, 2019	\$	(410,416)

The effect of the adoption is an increase in 2019 assessments by \$9,656 and a recording of a contract asset at December 31, 2019 of \$69,568. The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

The modified retrospective method of transition requires us to disclose the effect of applying the new guidance on each item included in our 2019 financial statements. Following are the line items from our balance sheet as of December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

	<b>Amounts That Would Have Been Reported</b>	<b>Effects of Applying New Guidance</b>	<b>As Reported</b>
<b>Assets</b>			
Contract assets	\$ -	\$ 69,568	\$ 69,568
<b>Total assets</b>	417,874	69,568	487,442
<b>Fund balance</b>			
Ending fund balance (deficit)	(553,797)	69,568	(484,229)

# The Riverview Resort Condominium Trust

## Notes to Financial Statements December 31, 2020 and 2019

### Note 6 – FASB ASC 606 New Accounting Guidance Implementation (continued)

The following are the line items from the statement of revenues, expenses, and changes in fund balances and the statement of cash flows for the year ended December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance:

	<u>Amounts That Would Have Been Reported</u>	<u>Effects of Applying New Guidance</u>	<u>As Reported</u>
<b>Revenue</b>			
Member assessments	\$ 956,459	\$ (86,108)	\$ 870,351
Income transfers from contract assets	-	95,764	95,764
Excess (deficiency) of revenues over expenses	(83,469)	9,656	(73,813)
<b>Cash Flows</b>			
Excess (deficiency) of revenues over expenses	(83,469)	9,656	(73,813)
Increase in contract assets	-	(69,568)	(69,568)

### Note 7 – Special Assessment

In October 2019, the Board of Trustees levied a \$1,451,691 special assessment to fund unit renovations. Interval owners could pay in full January 1, 2020 or pay in two installments January 1, 2020 and January 1, 2021. Those interval owners who paid in full by January 1, 2020 received a 10% discount.

### Note 8 – Subsequent Event

Beginning in early 2020, the COVID-19 outbreak in the United States has caused significant business disruption throughout all sectors of the United States economy. As of January 24, 2022, the financial impact to the Association is unknown and cannot be reasonably estimated.

## **Supplementary Information**

**The Riverview Resort Condominium Trust**  
**Schedule of Operating Fund Expenses - Budget and Actual**  
**For The Year Ended December 31, 2020**  
**(With Comparative Totals for the Year Ended December 31, 2019)**

	<b>2020</b>		<b>2019</b>
	(Compiled) Budget	Actual	Actual
<b>Administrative</b>			
Advertising	\$ 1,245	\$ -	\$ -
Bad debt	65,881	156,161	156,890
Billing and collections	-	18,441	9,317
Computer and accounting fees	-	-	38,340
Credit card fees	8,794	20,374	8,479
Data line	4,285	4,737	5,355
Licenses	1,150	1,372	1,227
Management fee	134,136	134,136	137,314
Miscellaneous	17,300	18,291	18,718
Office expense	3,400	5,201	3,636
Payroll processing fee	2,000	2,461	5,362
Printing and mailing	9,755	9,678	13,073
Professional fees	7,050	7,453	7,400
Travel	1,275	-	4,858
	<u>256,271</u>	<u>378,305</u>	<u>409,969</u>
<b>Utilities</b>			
Water	4,650	4,867	4,316
Electricity	51,900	40,164	52,750
Gas	14,600	10,710	15,300
	<u>71,150</u>	<u>55,741</u>	<u>72,366</u>
<b>Operating</b>			
General repairs and maintenance	9,500	5,591	5,429
Guest/cleaning supplies	47,875	27,898	40,472
HVAC	3,000	743	5,014
Landscaping	3,750	6,191	4,303
Maintenance supplies and equipment	8,000	6,053	7,345
Miscellaneous	10,950	7,462	7,409
Recreation activities	3,400	2,841	2,685
Room furnishings	17,584	15,589	17,246
Septic system	3,630	-	3,795
Swimming pool/spa	6,000	4,621	4,980
Telephone, internet and cable	17,892	20,442	18,845
Trash removal	3,584	3,536	3,350
	<u>135,165</u>	<u>100,967</u>	<u>120,873</u>

*See independent accountants' review report.*

**The Riverview Resort Condominium Trust**  
**Schedule of Operating Fund Expenses - Budget and Actual**  
**For The Year Ended December 31, 2020**  
**(With Comparative Totals for the Year Ended December 31, 2019)**

	<b>2020</b>		<b>2019</b>
	(Compiled)		
	Budget	Actual	Actual
<b>Payroll</b>			
Administrative	70,686	73,273	70,962
Front desk	85,375	70,909	87,472
Housekeeping	86,264	55,680	76,725
Maintenance	63,463	47,453	60,880
Taxes and benefits	66,214	59,752	63,920
	<u>372,002</u>	<u>307,067</u>	<u>359,959</u>
<b>Other charges</b>			
Real estate taxes	20,000	19,848	20,555
Insurance	63,528	62,160	57,228
	<u>83,528</u>	<u>82,008</u>	<u>77,783</u>
 Total operating fund expenses	 <u>\$ 918,116</u>	 <u>\$ 924,088</u>	 <u>\$ 1,040,950</u>

*See independent accountants' review report.*

**The Riverview Resort Condominium Trust**  
**Supplementary Information on Future Major Repairs and Replacements**  
**December 31, 2020**  
**(Compiled)**

Better Reserve Consultants, an independent appraisal firm, conducted a study in May 2016 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study.

The following information is based on the study and presents significant information about the components of common property.

<u>Component</u>	<u>Estimated Remaining Useful Life in Years</u>	<u>Estimated Replacement Cost at May 2016</u>
Building exterior	0-14	\$ 456,501
Building interior	0-20	605,900
Common area	0-10	23,000
Pool area	1-9	86,000
Roads and parking	0-20	68,563
Units	0-21	1,636,275
Utilities/mechanical/systems	9	30,000
Reserve study - annual & update	0-2	3,300
		<u>\$ 2,909,539</u>

*See independent accountants' review report.*