

The Riverview Resort Condominium Trust

**Financial Statements and
Supplementary Information**

**For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended
December 31, 2017)**

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, 2018, 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 2017 financial statements of The Riverview Resort Condominium Trust were reviewed by us and our report, dated August 21, 2018, 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, 2017, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

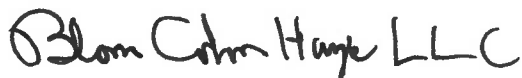
To the Board of Trustees and Members
The Riverview Resort Condominium Trust

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 10 and 11 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 12 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.



September 23, 2019

The Riverview Resort Condominium Trust
Balance Sheet
As of December 31, 2018
(With Comparative Totals as of December 31, 2017)

	2018			2017
	Operating Fund	Replacement Fund	Total	Total
Assets				
Cash and cash equivalents	\$ 54,844	\$ 65,179	\$ 120,023	\$ 125,184
Prepaid insurance	14,535	-	14,535	14,699
Other prepaid charges	9,317	-	9,317	9,507
Other receivables	3,246	-	3,246	2,034
Interfund balance	6,251	(6,251)	-	-
Total assets	\$ 88,193	\$ 58,928	\$ 147,121	\$ 151,424
Liabilities and Fund Balance				
Accounts payable	\$ 11,939	\$ -	\$ 11,939	\$ 13,419
Accrued expenses	12,760	-	12,760	11,297
Note payable	-	72,181	72,181	93,775
Prepaid assessments	473,910	46,659	520,569	492,772
Total liabilities	498,609	118,840	617,449	611,263
Fund balance (deficit)	(410,416)	(59,912)	(470,328)	(459,839)
Total liabilities and fund balance	\$ 88,193	\$ 58,928	\$ 147,121	\$ 151,424

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, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	2018			2017
	Operating Fund	Replacement Fund	Total	Total
Revenues				
Annual assessments	\$ 789,317	\$ 77,983	\$ 867,300	\$ 927,083
Rental income	53,162	-	53,162	32,064
Bad debt recovery	9,116	1,262	10,378	6,612
Collection fee	1,728	-	1,728	857
Interest income	7	45	52	19
Miscellaneous income	21,345	-	21,345	12,301
Total revenues	874,675	79,290	953,965	978,936
Expenses				
Administrative	319,734	-	319,734	366,186
Utilities	70,091	-	70,091	69,872
Operating	120,259	-	120,259	121,559
Payroll	354,023	-	354,023	321,282
Other charges	76,160	7,849	84,009	92,090
Total operating expenses	940,267	7,849	948,116	970,989
Major repairs and replacements	-	16,338	16,338	192,876
Total expenses	940,267	24,187	964,454	1,163,865
Excess of (deficiency) revenues over expenses	(65,592)	55,103	(10,489)	(184,929)
Beginning fund balance (deficit)	(344,824)	(115,015)	(459,839)	(274,910)
Ending fund balance (deficit)	\$ (410,416)	\$ (59,912)	\$ (470,328)	\$ (459,839)

See accompanying notes and independent accountants' review report.

The Riverview Resort Condominium Trust
Statement of Cash Flows
For The Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	2018			2017
	Operating Fund	Replacement Fund	Total	Total
Cash flows from operating activities				
Excess (deficiency) of revenues over expenses	\$ (65,592)	\$ 55,103	\$ (10,489)	\$ (184,929)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:				
Interfund balance	(16,170)	16,170	-	-
(Increase) decrease in:				
Prepaid insurance	164	-	164	(301)
Other prepaid charges	190	-	190	14,647
Other receivables	(1,212)	-	(1,212)	5,814
(Decrease) increase in:				
Accounts payable	(1,480)	-	(1,480)	5,711
Accrued expenses	1,463	-	1,463	719
Prepaid assessments	18,305	9,492	27,797	(31,170)
Net cash used by operating activities	(64,332)	80,765	16,433	(189,509)
Cash flows from financing activities				
Proceeds from issuance of note payable	-	-	-	121,218
Principal payments on note payable	-	(21,594)	(21,594)	(27,443)
Net cash provided by financing activities	-	(21,594)	(21,594)	93,775
Net decrease in cash and cash equivalents	(64,332)	59,171	(5,161)	(95,734)
Cash and cash equivalents, beginning of year	119,176	6,008	125,184	220,918
Cash and cash equivalents, end of year	\$ 54,844	\$ 65,179	\$ 120,023	\$ 125,184
Supplemental cash flow disclosures:				
Income taxes paid	\$ -	\$ -	\$ -	\$ -
Interest paid	\$ -	\$ 8,658	\$ 8,658	\$ 11,367

See accompanying notes and independent accountants' review report.

The Riverview Resort Condominium Trust

Notes to Financial Statements December 31, 2018 and 2017

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. Any excess assessments at year end are retained by the Association for use in future years.

The Riverview Resort Condominium Trust

Notes to Financial Statements December 31, 2018 and 2017

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.

Income Taxes

Timeshare associations may be taxed either as homeowners associations or as regular corporations. For the year ended December 31, 2018, 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%.

Effective January 1, 2009, the Association has adopted Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 740-10, formerly FIN 48, Accounting for Uncertainty in Income Taxes. The Association's policy is to recognize any tax penalties and interest as an expense when incurred. For the years ended December 31, 2018 and 2017, the Association did not incur any penalties and interest related to income taxes. The Association's federal and state tax returns for the past three years remain subject to examination by federal and state taxing authorities.

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.

Subsequent Events

Subsequent events have been evaluated through September 23, 2019, which is the date the financials were available to be issued.

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, 2018 and 2017.

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 \$133,962, payable monthly. The agreement also provides for additional services for rentals, collections, etc., at specific charges as set forth in the agreement.

The Riverview Resort Condominium Trust

Notes to Financial Statements December 31, 2018 and 2017

Note 4 – Future Major Repairs and Replacements

The Trust's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated deficits in the replacement fund aggregate to \$59,912 and \$115,015 at December 31, 2018 and 2017, respectively. It is the Trust's policy to allocate interest earned on such funds to the Replacement Fund.

Actual expenditures may vary from 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, 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, 2018 and 2017 was \$72,181 and \$93,775, respectively.

Future principal payments will be as follows:

2019	\$	23,926
2020		26,510
2021		<u>21,745</u>
	\$	<u><u>72,181</u></u>

Supplementary Information

The Riverview Resort Condominium Trust
Schedule of Operating Fund Expenses - Budget and Actual
For The Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	2018		2017
	(Compiled) Budget	Actual	Actual
Administrative			
Advertising	\$ 1,245	\$ 395	\$ -
Bad debt	40,488	77,243	136,522
Billing and collections	10,860	9,432	10,593
Computer and accounting fees	37,404	37,404	36,480
Credit card fees	8,794	8,247	7,193
Data line	4,285	5,056	4,868
Licenses	1,150	787	787
Management fee	134,040	133,962	130,696
Miscellaneous	6,524	23,375	14,236
Office expense	3,400	2,974	4,420
Payroll processing fee	2,000	2,043	1,279
Printing and mailing	8,655	9,304	9,681
Professional fees	6,750	6,784	7,636
Travel	2,874	2,728	1,795
	<u>268,469</u>	<u>319,734</u>	<u>366,186</u>
Utilities			
Water	4,650	5,014	759
Electricity	51,500	50,556	60,523
Gas	11,900	14,521	8,590
	<u>68,050</u>	<u>70,091</u>	<u>69,872</u>
Operating			
General repairs and maintenance	12,188	9,018	6,628
Guest/cleaning supplies	37,000	38,868	44,446
HVAC	3,000	450	4,920
Landscaping	6,000	4,126	2,955
Maintenance supplies and equipment	11,500	12,141	5,927
Miscellaneous	10,600	8,829	8,482
Recreation activities	3,400	3,666	3,238
Room furnishings	13,500	15,504	15,861
Septic system	3,630	3,450	3,450
Swimming pool/spa	6,000	3,603	5,055
Telephone, internet and cable	17,040	16,909	15,439
Trash removal	4,479	3,695	5,158
	<u>128,337</u>	<u>120,259</u>	<u>121,559</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, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	2018		2017
	(Compiled)		
	Budget	Actual	Actual
Payroll			
Administrative	66,652	68,102	64,996
Front desk	80,166	84,455	74,231
Housekeeping	80,255	74,769	74,436
Maintenance	56,711	57,164	50,106
Taxes and benefits	69,390	69,533	57,513
	<u>353,174</u>	<u>354,023</u>	<u>321,282</u>
Other charges			
Real estate taxes	20,000	19,848	19,628
Insurance	49,000	56,312	58,127
	<u>69,000</u>	<u>76,160</u>	<u>77,755</u>
 Total operating fund expenses	 <u>\$ 887,030</u>	 <u>\$ 940,267</u>	 <u>\$ 956,654</u>

See independent accountants' review report.

The Riverview Resort Condominium Trust
Supplementary Information on Future Major Repairs and Replacements
December 31, 2018
(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.