

The Riverview Resort Condominium Trust

**Financial Statements and
Supplementary Information**

**For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended
December 31, 2020)**

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, 2021, 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 2020 financial statements of The Riverview Resort Condominium Trust were reviewed by us and our report, dated January 24, 2022, 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, 2020, 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 11 and 12 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 13 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.



October 14, 2022

The Riverview Resort Condominium Trust
Balance Sheet
As of December 31, 2021
(With Comparative Totals as of December 31, 2020)

	2021			2020
	Operating Fund	Replacement Fund	Total	Total
Assets				
Cash and cash equivalents	\$ 127,518	\$ 109,076	\$ 236,594	\$ 264,968
Prepaid insurance	19,318	-	19,318	17,129
Other receivables	6,066	-	6,066	3,433
Interfund balance	(217,376)	217,376	-	-
Total assets	\$ (64,474)	\$ 326,452	\$ 261,978	\$ 285,530
Liabilities and Fund Balance				
Accounts payable	\$ 96,837	\$ -	\$ 96,837	\$ 55,155
Accrued expenses	6,165	-	6,165	5,045
Note payable	-	227,562	227,562	21,745
Prepaid assessments	453,365	34,134	487,499	93,554
Contract liabilities	-	64,756	64,756	613,617
Total liabilities	556,367	326,452	882,819	789,116
Fund balance (deficit)	(620,841)	-	(620,841)	(503,586)
Total liabilities and fund balance (deficit)	\$ (64,474)	\$ 326,452	\$ 261,978	\$ 285,530

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, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	2021			2020
	Operating Fund	Replacement Fund	Total	Total
Revenues				
Annual assessments	\$ 832,484	\$ -	\$ 832,484	\$ 818,113
Income transfers from contract liabilities	-	648,770	648,770	767,169
Rental income	96,694	-	96,694	33,462
Bad debt recovery	17,301	2,364	19,665	40,665
Interest income	-	1	1	2
Miscellaneous income	5,389	-	5,389	13,016
Total revenues	<u>951,868</u>	<u>651,135</u>	<u>1,603,003</u>	<u>1,672,427</u>
Expenses				
Administrative	415,042	-	415,042	378,305
Utilities	82,555	-	82,555	55,741
Operating	107,839	-	107,839	100,967
Payroll	373,254	-	373,254	307,067
Other charges	90,433	206,057	296,490	107,573
Total operating expenses	<u>1,069,123</u>	<u>206,057</u>	<u>1,275,180</u>	<u>949,653</u>
Major repairs and replacements	-	445,078	445,078	742,131
Total expenses	<u>1,069,123</u>	<u>651,135</u>	<u>1,720,258</u>	<u>1,691,784</u>
Excess of (deficiency) revenues over expenses	(117,255)	-	(117,255)	(19,357)
Beginning fund balance (deficit)	<u>(503,586)</u>	<u>-</u>	<u>(503,586)</u>	<u>(484,229)</u>
Ending fund balance (deficit)	<u><u>\$ (620,841)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (620,841)</u></u>	<u><u>\$ (503,586)</u></u>

See accompanying notes and independent accountants' review report.

The Riverview Resort Condominium Trust
Statement of Cash Flows
For The Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	2021			2020
	Operating Fund	Replacement Fund	Total	Total
Cash flows from operating activities				
Excess (deficiency) of revenues over expenses	\$ (117,255)	\$ -	\$ (117,255)	\$ (19,357)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:				
Interfund balance	(455,071)	455,071	-	-
(Increase) decrease in:				
Prepaid insurance	(2,189)	-	(2,189)	(1,006)
Other receivables	(2,633)	-	(2,633)	5,270
Contract assets	-	-	-	69,568
(Decrease) increase in:				
Accounts payable	41,682	-	41,682	(20,539)
Accrued expenses	1,120	-	1,120	(4,735)
Prepaid assessments	412,784	(18,839)	393,945	(744,388)
Contract liabilities	-	(548,861)	(548,861)	613,617
Net cash used by operating activities	(121,562)	(112,629)	(234,191)	(101,570)
Cash flows from financing activities				
Proceeds from issuance of note payable	-	225,078	225,078	-
Principal payments on note payable	-	(19,261)	(19,261)	(26,510)
Net cash used by financing activities	-	205,817	205,817	(26,510)
Net increase (decrease) in cash and cash equivalents	(121,562)	93,188	(28,374)	(128,080)
Cash and cash equivalents, beginning of year	249,080	15,888	264,968	393,048
Cash and cash equivalents, end of year	<u>\$ 127,518</u>	<u>\$ 109,076</u>	<u>\$ 236,594</u>	<u>\$ 264,968</u>
Supplemental cash flow disclosures:				
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ 70</u>	<u>\$ 70</u>	<u>\$ 2,253</u>

See accompanying notes and independent accountants' review report.

The Riverview Resort Condominium Trust

Notes to Financial Statements December 31, 2021 and 2020

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, 2021 and 2020

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.

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, 2021 and 2020.

Income Taxes

Timeshare associations may be taxed either as homeowners associations or as regular corporations. For the year ended December 31, 2021, 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 October 14, 2022, which is the date the financials were available to be issued.

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 \$136,818, 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, 2021 and 2020

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 \$64,756 and \$613,617, and are presented on the accompanying balance sheet as contract liabilities and contract assets at December 31, 2021 and 2020, 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 – Notes 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, 2021 and 2020 is \$6,619 and \$21,745, respectively.

In December 2021, the Association entered into a note payable to finance interior renovations secured by the Association's assets. Monthly payments of \$4,200 including interest at 10.6% will be made for 72 months through November 2027. The outstanding balance at December 31, 2021 is \$220,943.

Future principal payments are as follows:

2022	\$	34,995
2023		31,528
2024		35,029
2025		38,920
2026		43,243
Thereafter		43,847
		<u> </u>
	\$	<u>227,562</u>

Note 6 – 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.

The Riverview Resort Condominium Trust

Notes to Financial Statements December 31, 2021 and 2020

Note 7 – Storm Damage

A storm caused significant damage to the resort during October 2021, damaging 18 guest rooms and causing major roof damage. The resort is still in the process of attempting to settle the claim with the insurance carrier, but has also hired a Public Adjuster to represent them in the process.

Note 8 – COVID-19

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 October 14, 2022, the financial impact to the Association is unknown and cannot be reasonably estimated.

Note 9 – Subsequent Event

In 2022, the Association entered into \$253,945 of contracts for unit renovations.

Supplementary Information

The Riverview Resort Condominium Trust
Schedule of Operating Fund Expenses - Budget and Actual
For The Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	2021		2020
	(Compiled) Budget	Actual	Actual
Administrative			
Bad debt	\$ 91,488	\$ 216,532	\$ 156,161
Billing and collections	-	9,912	18,441
Credit card fees	10,445	12,193	20,374
Data line	5,844	4,124	4,737
Licenses	1,150	397	1,372
Management fee	136,824	136,818	134,136
Miscellaneous	7,398	12,905	18,291
Office expense	2,800	3,708	5,201
Payroll processing fee	2,200	2,842	2,461
Printing and mailing	9,155	8,606	9,678
Professional fees	7,700	5,532	7,453
Travel	300	1,473	-
	<u>275,304</u>	<u>415,042</u>	<u>378,305</u>
Utilities			
Water	4,650	5,652	4,867
Electricity	41,100	62,570	40,164
Gas	11,000	14,333	10,710
	<u>56,750</u>	<u>82,555</u>	<u>55,741</u>
Operating			
General repairs and maintenance	6,250	5,663	5,591
Guest/cleaning supplies	45,603	37,144	27,898
HVAC	-	2,770	743
Landscaping	3,750	6,884	6,191
Maintenance supplies and equipment	4,500	7,903	6,053
Miscellaneous	8,520	1,689	7,462
Recreation activities	1,700	2,552	2,841
Room furnishings	12,500	10,513	15,589
Septic system	2,930	6,329	-
Swimming pool/spa	4,800	2,681	4,621
Telephone, internet and cable	16,292	20,207	20,442
Trash removal	3,584	3,504	3,536
	<u>110,429</u>	<u>107,839</u>	<u>100,967</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, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	2021		2020
	(Compiled)		
	Budget	Actual	Actual
Payroll			
Administrative	70,687	73,256	73,273
Front desk	77,470	78,965	70,909
Housekeeping	85,314	86,614	55,680
Maintenance	60,927	61,840	47,453
Taxes and benefits	71,034	72,579	59,752
	<u>365,432</u>	<u>373,254</u>	<u>307,067</u>
Other charges			
Real estate taxes	20,554	20,649	19,848
Insurance	66,440	69,784	62,160
	<u>86,994</u>	<u>90,433</u>	<u>82,008</u>
 Total operating fund expenses	 <u>\$ 894,909</u>	 <u>\$ 1,069,123</u>	 <u>\$ 924,088</u>

See independent accountants' review report.

The Riverview Resort Condominium Trust
Supplementary Information on Future Major Repairs and Replacements
December 31, 2021
(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 amounts and timelines below were estimated by the independent engineers that performed the reserve study in 2016. The actual timing and amounts of these projections may vary significantly.

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.