

The Riverview Resort Condominium Trust

**Financial Statements and
Supplementary Information**

**For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended
December 31, 2021)**

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, 2022, 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.

We are required to be independent of The Riverview Resort Condominium Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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 2021 financial statements of The Riverview Resort Condominium Trust were reviewed by us and our report, dated October 14, 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, 2021, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

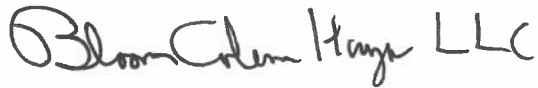
To the Board of Trustees and Members
The Riverview Resort Condominium Trust

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

Management has omitted supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



March 11, 2024

The Riverview Resort Condominium Trust
Balance Sheet
As of December 31, 2022
(With Comparative Totals as of December 31, 2021)

	2022			2021
	Operating Fund	Replacement Fund	Total	Total
Assets				
Cash and cash equivalents	\$ 162,419	\$ 103,224	\$ 265,643	\$ 236,594
Prepaid insurance	33,969	-	33,969	19,318
Other receivables	6,739	-	6,739	6,066
Contract assets	-	52,722	52,722	-
Interfund balance	(70,717)	70,717	-	-
Total assets	\$ 132,410	\$ 226,663	\$ 359,073	\$ 261,978
Liabilities and Fund Balance				
Accounts payable	\$ 130,842	\$ -	\$ 130,842	\$ 96,837
Accrued expenses	7,381	-	7,381	6,165
Insurance claim liability	295,386	-	295,386	-
Note payable	-	192,568	192,568	227,562
Prepaid assessments	458,628	34,095	492,723	487,499
Contract liabilities	-	-	-	64,756
Total liabilities	892,237	226,663	1,118,900	882,819
Fund balance (deficit)	(759,827)	-	(759,827)	(620,841)
Total liabilities and fund balance	\$ 132,410	\$ 226,663	\$ 359,073	\$ 261,978

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, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	2022			2021
	Operating Fund	Replacement Fund	Total	Total
Revenues				
Annual assessments	\$ 1,045,513	\$ -	\$ 1,045,513	\$ 832,484
Income transfers from contract assets & liabilities	-	200,487	200,487	648,770
Rental income	55,851	-	55,851	96,694
Bad debt recovery	23,245	9,505	32,750	19,665
Interest income	37	2	39	1
Miscellaneous income	7,516	-	7,516	5,389
Total revenues	1,132,162	209,994	1,342,156	1,603,003
Expenses				
Administrative	585,084	-	585,084	415,042
Utilities	77,698	-	77,698	82,555
Operating	82,676	-	82,676	107,839
Payroll	388,907	-	388,907	373,254
Other charges	136,783	53,210	189,993	296,490
Total operating expenses	1,271,148	53,210	1,324,358	1,275,180
Major repairs and replacements	-	156,784	156,784	445,078
Total expenses	1,271,148	209,994	1,481,142	1,720,258
Excess of (deficiency) revenues over expenses	(138,986)	-	(138,986)	(117,255)
Beginning fund balance (deficit)	(620,841)	-	(620,841)	(503,586)
Ending fund balance (deficit)	\$ (759,827)	\$ -	\$ (759,827)	\$ (620,841)

See accompanying notes and independent accountants' review report.

The Riverview Resort Condominium Trust
Statement of Cash Flows
For The Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	2022			2021
	Operating Fund	Replacement Fund	Total	Total
Cash flows from operating activities				
Excess (deficiency) of revenues over expenses	\$ (138,986)	\$ -	\$ (138,986)	\$ (117,255)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:				
Interfund balance	(146,659)	146,659	-	-
(Increase) decrease in:				
Prepaid insurance	(14,651)	-	(14,651)	(2,189)
Other receivables	(673)	-	(673)	(2,633)
Contract assets	-	(52,722)	(52,722)	(613,617)
(Decrease) increase in:				
Accounts payable	34,005	-	34,005	41,682
Accrued expenses	1,216	-	1,216	1,120
Insurance claim liability	295,386	-	295,386	-
Prepaid assessments	5,263	(39)	5,224	393,945
Contract liabilities	-	(64,756)	(64,756)	64,756
Net cash provided (used) by operating activities	34,901	29,142	64,043	(234,191)
Cash flows from financing activities				
Proceeds from issuance of note payable	-	-	-	225,078
Principal payments on note payable	-	(34,994)	(34,994)	(19,261)
Net cash (provided) used by financing activities	-	(34,994)	(34,994)	205,817
Net increase (decrease) in cash and cash equivalents	34,901	(5,852)	29,049	(28,374)
Cash and cash equivalents, beginning of year	127,518	109,076	236,594	264,968
Cash and cash equivalents, end of year	\$ 162,419	\$ 103,224	\$ 265,643	\$ 236,594
Supplemental cash flow disclosures:				
Income taxes paid	\$ -	\$ -	\$ -	\$ -
Interest paid	\$ -	\$ 22,024	\$ 22,024	\$ 70

See accompanying notes and independent accountants' review report.

The Riverview Resort Condominium Trust

Notes to Financial Statements December 31, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021.

Income Taxes

Timeshare associations may be taxed either as homeowners associations or as regular corporations. For the year ended December 31, 2022, 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 March 11, 2024, 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 \$139,560, 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, 2022 and 2021

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 \$52,722 and \$64,756, and are presented on the accompanying balance sheet as contract assets and contract liabilities at December 31, 2022 and 2021, 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% were made for 60 months through December 2021. The outstanding balance at December 31, 2021 was \$6,619.

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, 2022 and 2021 is \$192,568 and \$220,943, respectively.

Future principal payments are as follows:

2023	\$	31,528
2024		35,029
2025		38,920
2026		43,243
2027		43,848
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	\$	<u>192,568</u>

Note 6 – 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.

Supplementary Information

The Riverview Resort Condominium Trust
Schedule of Operating Fund Expenses - Budget and Actual
For The Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	2022		2021
	(Compiled) Budget	Actual	Actual
Administrative			
Bad debt	\$ 91,632	\$ 375,909	\$ 216,532
Billing and collections	7,500	10,482	9,912
Credit card fees	8,100	9,925	12,193
Data line	6,136	5,934	4,124
Licenses	1,150	912	397
Management fee	139,560	139,560	136,818
Miscellaneous	15,600	18,079	12,905
Office expense	2,800	3,479	3,708
Payroll processing fee	2,500	2,675	2,842
Printing and mailing	8,425	10,258	8,606
Professional fees	7,400	7,518	5,532
Travel	300	353	1,473
	<u>291,103</u>	<u>585,084</u>	<u>415,042</u>
Utilities			
Water	6,000	5,211	5,652
Electricity	43,800	59,901	62,570
Gas	11,000	12,586	14,333
	<u>60,800</u>	<u>77,698</u>	<u>82,555</u>
Operating			
General repairs and maintenance	4,575	2,555	5,663
Guest/cleaning supplies	47,119	31,129	37,144
HVAC	-	-	2,770
Landscaping	3,750	7,695	6,884
Maintenance supplies and equipment	4,200	5,390	7,903
Miscellaneous	8,270	5,190	1,689
Recreation activities	1,200	11	2,552
Room furnishings	2,000	4,004	10,513
Septic system	6,000	1,067	6,329
Swimming pool/spa	3,600	3,781	2,681
Telephone, internet and cable	17,917	19,499	20,207
Trash removal	4,000	2,355	3,504
	<u>102,631</u>	<u>82,676</u>	<u>107,839</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, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	2022		2021
	(Compiled)		
	Budget	Actual	Actual
Payroll			
Administrative	72,809	72,654	73,256
Front desk	72,194	84,227	78,965
Housekeeping	87,874	90,394	86,614
Maintenance	62,753	66,724	61,840
Taxes and benefits	76,935	74,908	72,579
	<u>372,565</u>	<u>388,907</u>	<u>373,254</u>
Other charges			
Real estate taxes	21,000	20,340	20,649
Insurance	130,071	116,443	69,784
	<u>151,071</u>	<u>136,783</u>	<u>90,433</u>
 Total operating fund expenses	 <u>\$ 978,170</u>	 <u>\$ 1,271,148</u>	 <u>\$ 1,069,123</u>

See independent accountants' review report.