

cPa DIXON, WALLER & CO., INC.

SANTA FE TRAIL RANCH
PROPERTY OWNERS
ASSOCIATION

REVIEWED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2022

DIXON, WALLER & CO., INC.

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PROPERTY OWNERS ASSOCIATION

DECEMBER 31, 2022

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FINANCIAL SECTION

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Santa Fe Trail Ranch Property Owners Association
Trinidad, Colorado 81082

We have reviewed the accompanying financial statements of Santa Fe Trail Ranch Property Owners Association (a property owners association), which comprise the balance sheet as of December 31, 2022, and the related statements of revenues and expenses, cash flows and members' equity 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 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 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 Santa Fe Trail Ranch Property Owners Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.

As discussed in Note 4, the Association has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be a part of, the basic financial statements.

Dixon, Waller & Co. Inc.

June 5, 2023

SANTA FE TRAIL RANCH
PROPERTY OWNERS ASSOCIATION
BALANCE SHEET
DECEMBER 31, 2022

ASSETS

Cash	229,705
Cash for Future Improvements	-
Assessments Receivable – Annual	11,392
Fixed Assets (Net of Depreciation)	23,543
Other Assets	-
<u>Total Assets</u>	<u>264,640</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities

Prepaid Assessments	-
Accounts Payable	25,599
Income Tax Payable	-
<u>Total Liabilities</u>	<u>25,599</u>

Members' Equity	<u>239,041</u>
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<u>TOTAL LIABILITIES AND MEMBERS' EQUITY</u>	<u>264,640</u>
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See accompanying notes and independent accountant's review report.

SANTA FE TRAIL RANCH
PROPERTY OWNERS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

REVENUES

Member Assessments	376,896
Interest	1,490
Finance Charges	1,693
Grazing Lease	1,360
Redemptions, Legal Fee Recoveries	182
Other	<u>4,787</u>
<u>Total Revenues</u>	<u>386,408</u>

EXPENSES

Maintenance – Common Areas	291,692
Accounting Services	9,450
Communications	4,558
Legal Services, Other	14,074
Income Taxes	273
Insurance	13,726
Supplies	1,927
Depreciation	6,250
Bridge Inspection	-
Credit Card Fees	6,188
Other Expenses	<u>3,556</u>
<u>Total Expenses</u>	<u>351,694</u>

REVENUES OVER (UNDER) EXPENSES 34,714

See accompanying notes and independent accountant's review report.

SANTA FE TRAIL RANCH
PROPERTY OWNERS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash Flows from Operating Activities:

Excess of Revenues (Expenses) 34,714

Adjustment to Reconcile to Net Cash Provided (Used):

Depreciation Expense 6,250

Bad Debt Expense -

Loss on Disposition of Assets -

(Increase) Decrease in Assessments Receivable – Annual 17

(Increase) Decrease in Other Assets -

Increase (Decrease) in Prepaid Assessments -

Increase (Decrease) in Taxes Payable -

Increase (Decrease) in Accounts Payable 21,274

Cash Provided (Used) by Operating Activities: 62,255

Cash Flows from Investing Activities:

Purchase of Fixed Assets (5,680)

Water System Improvements -

Phone System Improvements -

Power Lines -

Cash Used by Investing Activities (5,680)

Net Increase (Decrease) in Cash 56,575

Cash – Beginning of Year 173,130

Cash – End of Year 229,705

Cash Paid for Income Tax 273

Cash Paid for Interest -

See accompanying notes and independent accountant's review report.

SANTA FE TRAIL RANCH
PROPERTY OWNERS ASSOCIATION
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Future Improvements</u>	<u>Retained Earnings (Deficit)</u>	<u>Total Members' Equity</u>
Members Equity – Beginning of Year	-	204,327	204,327
Excess of Revenues (Expenses)	-	34,714	34,714
Transfer from Metro District	-	-	-
Improvements to Systems:			
Water	-	-	-
Power	-	-	-
Phone	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Members' Equity – End of Year	<u>-</u>	<u>239,041</u>	<u>239,041</u>

See accompanying notes and independent accountant's review report.

SANTA FE TRAIL RANCH
PROPERTY OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 ORGANIZATION

Santa Fe Trail Ranch Property Owners Association was incorporated in 1990 for the purpose of providing operation and maintenance of common property of Santa Fe Trail Ranch.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pervasiveness of Estimates. The preparation of financial statements to 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.

Fund accounting. The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the board of directors and property manager. Disbursements from the improvement fund generally may be made only for designated purposes.

Interest earned. The board's policy is to allocate to the improvement fund interest earned on all cash accounts net of income taxes based on amounts held for improvements.

Recognition of assets and depreciation policy. The Association recognized the costs associated with providing power poles and lines as an asset in the financial statements. That asset was transferred to San Isabel Electric in the year 2000 (see Note 8). Roads deeded to the Association by the developer have not been included. The developer estimated replacement cost of the deeded roads to be approximately \$1,600,000. Fixed assets including utility shed, entrance areas and bridges are depreciated on a straight-line basis for financial statement purposes. Estimated useful lives range from 10 to 40 years.

NOTE 3 OWNERS ASSESSMENTS

Annual assessments were \$832 for the year ended December 31, 2022. A covenant change, approved by a majority of the property owners, eliminated the lot assessment designation of "improved" or "unimproved". As of January 1, 2007 the annual assessment became the same for all lots.

Owners were originally assessed for future improvements to be made in the form of water transmission and power installation. Assessments for water were \$2,500 and for power were \$1,800. Receipts were turned over to the Santa Fe Trail Ranch Metropolitan District, the current owner and operator of the water system.

SANTA FE TRAIL RANCH
PROPERTY OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 FUTURE IMPROVEMENTS

The Association accumulates funds from original assessments for future improvements. Accumulated funds are generally not available for expenditures for normal operations.

Funds are being accumulated in the improvement fund based on estimates of future needs for those improvements. Actual expenditures may vary from the estimated future expenditures, and the variation may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. A study has not been conducted to estimate the remaining useful lives and replacement costs of the components of common property.

NOTE 5 FEDERAL AND STATE TAXES

In 2022, the Association filed its income tax returns as a regular corporation. An insignificant amount of income tax expense was paid based on estimated taxable net income. No provision for that income tax expense was made in the financial statements. Tax expense for 2022 was \$273.

NOTE 6 FIXED ASSETS

The amount of fixed assets reflected in the balance sheet consists of the following:

Mailboxes	22,345
Security System & Equipment	12,240
Security Building	12,336
Equipment	1,816
Brush Mower	5,680
Brush Chipper	<u>15,000</u>
	69,417
Accumulated Depreciation	(45,874)
	<u>23,543</u>

NOTE 7 ASSESSMENTS RECEIVABLE/PREPAID ASSESSMENTS

Assessments Receivable - Represent annual assessments unpaid by owners at December 31, 2022.

Prepaid Assessments are amounts collected in advance of billings for annual assessments.

SANTA FE TRAIL RANCH
PROPERTY OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 TRANSFER OF ASSETS

The Santa Fe Trail Ranch Metropolitan District (the District) was formed for the purpose of completing water and phone systems that will serve the members of the Association. The Association transferred assets consisting of phone lines, water system and cash to the District in 2000. The value of the assets transferred was \$1,124,343. Transfers in 2001 were \$3,036. Cash of \$51,230 was transferred in 2002. Cash of \$12,727 was transferred in 2006. Assets costing \$9,233 were purchased and transferred in 2014.

Power lines ownership was transferred to San Isabel Electric in the year 2000. The undepreciated value of those lines was removed from the financial statements. That value was \$536,205.

A bridge was transferred to the Santa Fe Trail Ranch Metropolitan District in 2016 at the depreciated cost of \$22,140.

In 2016, \$48,484 was transferred to the Metropolitan District in the form of payments to vendors on the bridge replacement project discussed in Note 9.

In 2017, the Metropolitan District decided to return the \$48,484 when additional unexpected funds for the bridge project became available to them.

NOTE 9 REPLACEMENT BRIDGE PROJECT

During 2015, the Santa Fe Trail Ranch Metro District began a capital project to replace the bridge transferred to them by the Santa Fe Trail Ranch Property Owners Association (see Note 8). The Santa Fe Trail Ranch Property Owners Association advanced funding to the Metro district in order to get the project underway. \$241,134 was advanced to the Metro District during 2015. That amount was repaid to the Association during 2016.

NOTE 10 SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 5, 2023, the date the financial statements were available to be issued. There were no subsequent events the effects of which required recognition in the financial statements or of such a nature that disclosure would be required to keep the financial statements from being misleading.