

NO. 25 DOWNING CONDOMINIUM ASSOCIATION, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2012

NO. 25 DOWNING CONDOMINIUM ASSOCIATION, INC.

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July 2, 2013

INDEPENDENT AUDITOR'S REPORT

Board of Directors
No. 25 Downing Condominium Association, Inc.

Report on the Financial Statements

I have audited the accompanying financial statements of No. 25 Downing Condominium Association, Inc., which comprise the balance sheet as of December 31, 2012, 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.

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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of No. 25 Downing Condominium Association, Inc. as December 31, 2012, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information about future major repairs and replacements on pages nine and ten 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, 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Frank J. Savelle CPA, PC.

NO. 25 DOWNING CONDOMINIUM ASSOCIATION, INC.

BALANCE SHEET
DECEMBER 31, 2012

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 47,041	\$ 69,461	\$ 116,502
Certificates of Deposit		331,818	331,818
Mortgage Backed Securities		89,651	89,651
Accrued Interest		891	891
Assessments Receivable - Homeowners	1,941		1,941
Prepaid Insurance	5,326		5,326
Other Prepaid Expenses	2,400		2,400
Due From Operating Fund		2,376	2,376
Due To Replacement Fund	(2,376)		(2,376)
<u>Total Assets</u>	<u>\$ 54,332</u>	<u>\$ 494,197</u>	<u>\$ 548,529</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 15,930	\$	\$ 15,930
Assessments Received in Advance	19,630		19,630
Payroll Taxes Payable	3,485		3,485
Income Taxes Payable	931		931
Deferred Income	800		800
<u>Total Liabilities</u>	<u>40,776</u>		<u>40,776</u>
<u>Fund Balances</u>	<u>13,556</u>	<u>494,197</u>	<u>507,753</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 54,332</u>	<u>\$ 494,197</u>	<u>\$ 548,529</u>

See Accompanying Notes to Financial Statements

NO. 25 DOWNING CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Operating Fund	Replacement Fund	Total
<u>REVENUES:</u>			
Member Assessments	\$ 398,320	\$ 50,000	\$ 448,320
Late Fees and Other Income	8,883		8,883
Interest and Dividend Income	40	8,198	8,238
Realized Loss on Investments		(456)	(456)
<u>Total Revenues</u>	407,243	57,742	464,985
<u>EXPENSES:</u>			
Repairs and Maintenance:			
Heating and Air Conditioning Repairs	35,231		35,231
Janitorial Expenses	24,056		24,056
Building Repairs and Maintenance	23,778	2,345	26,123
Grounds and Fountain Maintenance	22,832		22,832
Elevator Repair and Maintenance	12,664		12,664
Security and Fire System	12,124		12,124
Trash and Snow Removal	6,943		6,943
Electrical Repairs and Supplies	3,508		3,508
Garage Repairs and Improvements	3,137	35,644	38,781
Plumbing Repairs and Maintenance	1,618		1,618
Exercise Equipment	897		897
Water Storage Tanks		39,155	39,155
Utilites:			
Gas and Electric	76,699		76,699
Water and Sewer	17,978		17,978
Payroll and Related Expenses	96,262		96,262
Insurance	26,414		26,414
Office and Administration	13,315		13,315
Management Fees	5,129		5,129
Legal and Accounting	3,167		3,167
Income Tax	1,467		1,467
<u>Total Expenses</u>	387,219	77,144	464,363
<u>Revenues Over (Under) Expenses</u>	20,024	(19,402)	622
Fund Balances (Deficit), December 31, 2011	(6,468)	513,599	507,131
<u>Fund Balances, December 31, 2012</u>	\$ 13,556	\$ 494,197	\$ 507,753

See Accompanying Notes to Financial Statements

NO. 25 DOWNING CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<u>Cash Flows From Operating Activities:</u>			
Revenues Over (Under) Expenses	\$ 20,024	(\$ 19,402)	\$ 622
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Changes in Assets and Liabilities:			
Increase in Assessments Receivable - Homeowner	(199)		(199)
Decrease in Accrued Interest		749	749
Increase in Prepaid Expenses	(216)		(216)
Decrease in Prepaid Income Tax	1,697		1,697
Increase in Other Prepaid Expenses	(2,400)		(2,400)
Decrease in Accounts Payable	(18,727)		(18,727)
Increase in Assessments Received in Advance	847		847
Increase in Payroll Taxes Payable	699		699
Increase in Income Taxes Payable	931		931
Increase in Deferred Income	400		400
<u>Net Cash Provided (Used) By Operating Activities</u>	<u>3,056</u>	<u>(18,653)</u>	<u>(15,597)</u>
<u>Cash Flows Provided By Investing Activities:</u>			
Decrease in Certificates of Deposit		31,182	31,182
Decrease in Mortgage Backed Securities		21,483	21,483
<u>Net Cash Provided By Investing Activities</u>		<u>52,665</u>	<u>52,665</u>
<u>Cash Flows Provided (Used) By Financing Activities:</u>			
Decrease in Interfund Liability	(8,544)	8,544	
Net Increase (Decrease) in Cash and Cash Equivalents	(5,488)	42,556	37,068
<u>Cash and Cash Equivalents at Beginning of Year</u>	<u>52,529</u>	<u>26,905</u>	<u>79,434</u>
<u>Cash and Cash Equivalents at December 31, 2012</u>	<u>\$ 47,041</u>	<u>\$ 69,461</u>	<u>\$ 116,502</u>

Supplemental Disclosures of Cash Flow Information

Cash paid during the year for:

Income Taxes	\$350
Interest Expense	-0-

Disclosure of Accounting Policy:

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

See Accompanying Notes to Financial Statements