

No. 25 Downing Condominium Association, Inc.

Audited Financial Statements
December 31, 2024



No. 25 Downing Condominium Association, Inc.
December 31, 2024

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of No. 25 Downing Condominium Association, Inc. , which comprise the balance sheet as of December 31, 2024, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of No. 25 Downing Condominium Association, Inc. as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of No. 25 Downing Condominium Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about No. 25 Downing Condominium Association, Inc. 's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore it is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of No. 25 Downing Condominium Association, Inc. 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about No. 25 Downing Condominium Association, Inc. 's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a Schedule of Future Major Repairs and Replacements be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Denver, Colorado
March 25, 2025

No. 25 Downing Condominium Association, Inc.
December 31, 2024

Balance Sheet

	Operating Fund	Replacement Fund	Total
Assets:			
Cash and cash equivalents	\$ 35,055	\$ 439,000	\$ 474,055
Accounts receivable	246	-	246
Payroll deposit	6,500	-	6,500
Prepaid expenses	10,521	93,425	103,946
Property and equipment, net	2,974	-	2,974
Interfund due from (to)	(12,687)	12,687	-
Total assets	\$ 42,609	\$ 545,112	\$ 587,721
Liabilities:			
Accounts payable	\$ 41,190	\$ 3,341	\$ 44,531
Deferred reserve revenue	-	-	-
Insurance payable	2,878	-	2,878
Prepaid assessments	11,287	-	11,287
Total liabilities	55,355	3,341	58,696
Members' equity:			
Fund balance (deficit)	(12,746)	541,771	529,025
Total members' equity	(12,746)	541,771	529,025
Total liabilities and members' equity	\$ 42,609	\$ 545,112	\$ 587,721

The accompanying notes are an integral part of the financial statements.

No. 25 Downing Condominium Association, Inc.
December 31, 2024

Statement of Revenues, Expenses, and Changes in Members' Equity

	Operating Fund	Replacement Fund	Total
Revenues:			
Member assessments	\$ 548,526	\$ 225,876	\$ 774,402
Special assessments	-	251,370	251,370
Interest income	-	33,204	33,204
Late fees and other income	15,101	-	15,101
Total revenues	563,627	510,450	1,074,077
Expenses:			
Administrative	14,446	-	14,446
Building maintenance	116,495	-	116,495
Depreciation	622	-	622
Elevator maintenance	11,541	-	11,541
Electricity and gas	94,420	-	94,420
Grounds maintenance	34,809	-	34,809
Income tax	-	6,849	6,849
Insurance	46,653	-	46,653
Major repairs and replacements	-	659,844	659,844
Management	49,702	-	49,702
Payroll and related	118,356	-	118,356
Professional	10,956	-	10,956
Security	2,400	-	2,400
Snow removal	4,104	-	4,104
Social	2,663	-	2,663
Trash removal	10,204	-	10,204
Water and sewer	31,813	-	31,813
Total expenses	549,184	666,693	1,215,877
Excess (deficit) of revenues over expenses	14,443	(156,243)	(141,800)
Members' equity:			
Beginning of year	(27,189)	698,014	670,825
End of Year	\$ (12,746)	\$ 541,771	\$ 529,025

The accompanying notes are an integral part of the financial statements.

No. 25 Downing Condominium Association, Inc.
December 31, 2024

Statement of Cash Flows

	Operating Fund	Replacement Fund	Total
Operating activities:			
Excess (deficit) of revenues over expenses	\$ 14,443	\$ (156,243)	\$ (141,800)
Depreciation	622	-	622
Decrease (increase) in operating assets:			
Accounts receivable, net	12,928	-	12,928
Prepaid expenses	466	(93,425)	(92,959)
Interfund due from (to)	(4,181)	4,181	-
Increase (decrease) in operating liabilities:			
Accounts payable	(6,182)	3,341	(2,841)
Deferred reserve revenue	-	(51,290)	(51,290)
Insurance payable	2,878	-	2,878
Prepaid assessments	(5,570)	-	(5,570)
Cash provided by (used from) operating	15,404	(293,436)	(278,032)
Net change in cash and cash equivalents	15,404	(293,436)	(278,032)
Cash and cash equivalents:			
Beginning of year	19,651	732,436	752,087
End of year	\$ 35,055	\$ 439,000	\$ 474,055
Supplemental Information:			
Income taxes	\$ -	\$ 6,849	\$ 6,849
Interest	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

(1) Nature of the Organization

No. 25 Downing Condominium Association, Inc. (the "Association") is a nonprofit corporation organized pursuant to the laws of Colorado on February 11, 2000. The Association was formed to maintain all common property and to govern the community in accordance with the governing documents. The community consists of 72 residential units within a condominium located in Denver, Colorado.

(2) Summary of Significant Accounting Policies

The summary of significant accounting policies is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management, which is responsible for their integrity and objectivity.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Accounting Standards Codification as produced by the Financial Accounting Standards Board is the sole source of authoritative GAAP for non-governmental entities.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities which include using a system of fund accounting to classify financial resources for their intended purpose.

The Operating Fund is used to account and report on the use of operating resources.

The Replacement Fund is used to account and report for resources designated for future major repairs and replacement.

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid instruments available for current use and are carried, at historical cost, which approximates market value.

Fair Value Measurement

The Association defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques in accordance with ASC 820. Fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

Level 1 - Quoted prices in active markets that are accessible for identical assets or liabilities.

Level 2 - Quoted prices for identical or similar instruments (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 - The valuation is modeled using significant inputs that are unobservable in the market. These unobservable inputs reflect certain estimates and assumptions that market participants would use in pricing the asset or liability.

Member Assessments

Association members are subject to regular assessments, to provide funds for the Association's operating expenses and major repairs and replacement, based on an annual budget. If additional funds are needed, the Association has the right to levy special assessments as determined by the board of directors and unit owners.

(2) Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Association recognizes revenue in accordance with ASC 606. As such the Association recognizes revenue from members as the related performance obligations are satisfied.

Operating assessments are recognized as revenue during the period for which they are assessed. Assessments expected to be collected after the period for which they are assessed are reported as accounts receivable on the balance sheet. Assessments received prior to the period for which they are assessed are reported as prepaid assessments on the balance sheet.

Reserve assessments are recognized as revenue during the period for which they are assessed, and other ancillary reserve revenues are recognized in the period they occur. The Association has not determined that the relationship between the Association and its members is one of contract with a customer.

Interest Earned

Interest income is allocated to the operating fund and replacement fund in proportion to the interest-bearing deposits of each fund.

Capitalization Policy and Depreciation

The Association accounts for common property in accordance with ASC 972-360 and prevalent industry practices. As such, real property and common area acquired from the developer and related improvements to such property are not reflected in the Association financial statements because those assets are owned by the unit owners in common, and not by the Association.

Use of Estimates

The preparation of these financial statements requires management to make estimates that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Management bases their estimates on historical experience and on various other assumptions and factors that are believed to be reasonable. Actual results may vary from these estimates, and such variations may be material.

(3) Concentration of Credit Risk

The Association maintains cash balances at financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") which provides coverage up to \$250,000 per depository institution. If these balances exceed the FDIC limits, the uninsured balances will constitute a credit risk.

(4) Income Taxes

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the period ended December 31, 2024. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property. Net nonexempt function income, which includes earned interest and revenues received from nonmembers, is taxed at 30% by the federal government and 4.25% by the State of Colorado.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association is subject to routine audits by tax jurisdictions; however, there are currently no audits for any tax periods in progress. The Association's federal tax filings are subject to examination for three years.

(5) Future Major Repairs and Replacements

The Association's governing documents require that each proposed annual budget includes provisions for future major repairs and replacements. Accumulated funds are presented on the accompanying balance sheet as a contract liability (assessments received in advance) on December 31, 2024, are held in separate accounts and are generally not available for operating purposes.

The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on management estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, the amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right subject to member approval, to increase regular assessments, pass special assessments, obtain loans, or delay major repairs and replacements until funds are available.

(6) Accounts Receivable

The Association governing documents provide for various collection remedies for delinquent assessments including the filing of liens, foreclosing on the unit owner, and obtaining judgment on other assets of the unit owner. In the absence of foreclosure or personal bankruptcy proceedings of the delinquent members, the Association will prevail in most instances.

The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of experience and susceptibility to factors outside the Association's control. It is the opinion of the board of directors that the Association will ultimately prevail against homeowners with delinquent assessments and, accordingly, no allowance for uncollectible accounts is deemed necessary.

(7) Special Assessment

On December 14th, 2023, the Association passed a 2024 \$200,000 Special Assessment for Reserve Enhancement. The Association offered two options for payment of the Special Assessment: one lump sum or in three (3) equal monthly installments based on the unit allocations set forth in the Declaration.

(8) Commitments

The Association has contracted with various vendors for the administration and maintenance of the common property. These contracts have different expiration dates and renewal terms.

(9) Contingencies

Insurance Deductible

The Association's insurance policy contains a deductible. The Association is responsible for losses up to this amount if common property damage claims occur. Accordingly, if such funds are needed, the Association may increase assessments, pass special assessments, obtain loans, or delay repairs and replacements until funds are available.

Litigation

The Association is party to various legal actions normally associated with common interest communities, such as the collection of delinquent assessments and covenant compliance matters, the aggregate effect of which, in management's opinion, would not be material to the future financial condition of the Association.

(10) Subsequent Events

Management has evaluated subsequent events through March 25, 2025, the date these financial statements were available to be issued. There was no material subsequent event that required recognition or additional disclosure in these financial statements.

Supplemental Information

Schedule of Future Major Repairs and Replacements (Unaudited)

The Association conducted an independent study for the year ended December 31, 2024, to estimate the remaining useful life and the replacement costs of the significant components of common property. The reserve component detail from that study is presented in the following 2 pages. Actual results may vary from these estimates, and such variations may be material.

Component Summary
No. 25 Downing

Category Component	Approx. Quantity	Unit of Measure	Useful Life	Remaining Life	Unit Cost	Total Cost	Cost Source
Roofing							
Flat Recoat	14000	SF	15	14	\$ 12.36	\$ 173,040	3
Flat Replace	14000	SF	30	29	\$ 12.36	\$ 173,040	3
Tile Roofing	16000	SF	50	23	\$ 11.25	\$ 179,929	1
						\$ 526,009	
Exterior							
Stucco Seal/Major Repairs	1	Allowance	25	8	\$ 337,366	\$ 337,366	1
Stucco Minor Repair	1	Allowance	5	0	\$ 22,491	\$ 22,491	1
Metal Balcony Paint	1	Allowance	6	0	\$ 192,000	\$ 192,000	3
Concrete Replacements	1	Allowance	20	0	\$ 28,114	\$ 28,114	1
Crank Windows	1	Allowance	30	6	\$ 200,000	\$ 200,000	3
Crank Windows	1	Allowance	30	7	\$ 200,000	\$ 200,000	3
Courtyard Flagstone Repairs	1	Allowance	15	1	\$ 103,618	\$ 103,618	1
Metal Railing Repairs	1	Allowance	10	1	\$ 8,996	\$ 8,996	1
Balusters/Wall Repairs	1	Allowance	15	1	\$ 17,993	\$ 17,993	1
North Parking Breathable Sealer	1	Allowance	3	2	\$ 7,210	\$ 7,210	3
North Parking Replace & Rewaterproc	1	Allowance	30	9	\$ 257,500	\$ 257,500	3
South Parking Breathable Sealer	1	Allowance	3	2	\$ 5,150	\$ 5,150	3
South Parking Replace & Rewaterproc	1	Allowance	30	29	\$ 408,910	\$ 408,910	3
Front Hedges	1	Allowance	15	0	\$ 53,045	\$ 53,045	3
Planter Waterproofing	1	Allowance	24	5	\$ 41,200	\$ 41,200	1
						\$ 1,883,593	
Mechanical							
Garage Door	1	Each	20	13	\$ 30,363	\$ 30,363	1
Garage Door Motor	1	Each	10	3	\$ 7,872	\$ 7,872	1
Stanley Door Opener B1	1	Each	14	9	\$ 4,120	\$ 4,120	1
Stanley Door Openers B2	1	Each	14	0	\$ 4,120	\$ 4,120	1
HVAC Boilers	2	Each	20	14	\$ 56,228	\$ 112,455	1
Tankless Water Heaters B2 (Rinnai)	4	Each	12	6	\$ 15,744	\$ 62,975	1
Tankless Water Heaters B1 (Rinnai)	8	Each	18	17	\$ 14,250	\$ 114,000	3
Storage Tanks (Bldg 1)	4	Each	15	7	\$ 10,121	\$ 40,484	1
Storage Tanks (Bldg 2)	3	Each	15	2	\$ 10,121	\$ 30,363	1
Elevator Modernization (Bldg 1)	1	Each	30	29	\$ 360,500	\$ 360,500	1
Elevator Modernization (Bldg 2)	1	Each	30	29	\$ 180,250	\$ 180,250	1
Elevator Cab Remodel	2	Each	20	13	\$ 22,491	\$ 44,982	1
Generator Rebuild Lg	1	Each	30	9	\$ 67,473	\$ 67,473	1
Generator Rebuild Sm	1	Each	30	29	\$ 51,500	\$ 51,500	1
Cooling Tower	1	Each	32	11	\$ 140,569	\$ 140,569	1
Exhaust Fans (Partial Replace)	8	Each	3	0	\$ 3,374	\$ 4,048	1
Make Up Air Units	2	Each	26	1	\$ 28,114	\$ 56,228	1
Snow Melt System	1	Allowance	12	2	\$ 20,242	\$ 20,242	1
Garage/Stair Space Heaters (Partial)	15	Each	5	0	\$ 3,374	\$ 5,060	1
Electrical Contingency	1	Allowance	15	0	\$ 16,868	\$ 16,868	1
Domestic Pumpset	1	Allowance	17	9	\$ 67,473	\$ 67,473	1
Fire Pump Controls	1	Allowance	20	16	\$ 28,114	\$ 28,114	1
Expansion Tank	1	Each	25	4	\$ 7,725	\$ 7,725	1
Fire Alarm Panel	1	Allowance	20	13	\$ 50,605	\$ 50,605	1
Glycol Pump	1	Each	15	9	\$ 19,117	\$ 19,117	1
Plumbing/Piping	1	Allowance	8	0	\$ 28,114	\$ 28,114	1
Miscellaneous Repair/Replace	1	Allowance	3	0	\$ 11,246	\$ 11,246	1
Water Leak Protection System (Yolink	73	Each	20	0	\$ 2,130	\$ 155,490	3
						\$ 1,722,358	
Common Areas							
Upper Floor Hall Paint	15	Each	15	0	\$ 1,990	\$ 29,850	1
Gym Strength Equipment	1	Allowance	14	0	\$ 8,996	\$ 8,996	1
Gym Cardio Equipment	1	Allowance	8	0	\$ 17,993	\$ 17,993	1
Gym Rubber Flooring	1	Allowance	15	0	\$ 4,498	\$ 4,498	1
Party Room/Office	1	Allowance	15	9	\$ 26,989	\$ 26,989	1
Upper Floor Hall Carpet	15	Each	15	0	\$ 4,944	\$ 74,160	1
Ground Floors Carpet & Paint	2	Each	15	14	\$ 14,350	\$ 28,700	1
Floor Tile	1	Allowance	25	6	\$ 16,868	\$ 16,868	1
Front Entrance Doors & Frames	1	Allowance	20	19	\$ 38,192	\$ 38,192	3
						\$ 246,248	

Category Component	Approx. Quantity	Unit of Measure	Useful Life	Remaining Life	Unit Cost	Total Cost	Cost Source
Miscellaneous							
Mailboxes Bldg 1	1	Allowance	24	19	\$ 3,936	\$ 3,936	1
Mailboxes Bldg 2	1	Allowance	24	0	\$ 3,936	\$ 3,936	1
Surveillance	1	Allowance	8	6	\$ 15,450	\$ 15,450	1
Entry Intercom	2	Each	15	0	\$ 3,711	\$ 7,422	1
FOB Access System	1	Allowance	12	10	\$ 16,868	\$ 16,868	1
Defibrillators	2	Each	8	0	\$ 1,799	\$ 3,599	1
Lighting Upgrades	1	Allowance	15	14	\$ 56,228	\$ 56,228	1
Fountain	1	Allowance	20	11	\$ 22,491	\$ 22,491	1
Electric Vehicle Charger	1	Each	15	9	\$ 17,993	\$ 17,993	1
						\$ 147,922	
Contingency							
5%							1
TOTALS						\$ 4,526,130	