

Coeur d'Alene Place Master Association
Financial Statements
For the Year Ended December 31, 2023



NEWMAN
Certified Public Accountant, PC

**Coeur d'Alene Place Master Association
Financial Statements
For the Year Ended December 31, 2023**

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Independent Auditor's Report

To the Board of Directors of Coeur d'Alene Place Master Association

Opinion

We have audited the accompanying financial statement of Coeur d'Alene Place Master Association, which comprise the cash receipts and disbursements and changes in cash and cash equivalents for the year ended December 31, 2023, and the related notes to the financial statement.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the cash receipts and disbursements and change in cash and cash equivalents of Coeur d'Alene Place Master Association for the year ended December 31, 2023, in accordance with cash basis of accounting described in Note 3, which is an other comprehensive basis of accounting.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Coeur d'Alene Place Master Association 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.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 3 to the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter - Future Major Repairs and Replacements

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed in Note 5 are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to that matter.

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 Coeur d'Alene Place Master Association'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 as a whole 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 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 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 Coeur d'Alene Place Master Association'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Coeur d'Alene Place Master Association'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 supplementary information on 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.

Newman Certified Public Accountant, PC.

Newman Certified Public Accountant, PC

Bellevue, Washington

January 29, 2025

Coeur d'Alene Place Master Association
Statement of Cash Receipts and Disbursements and Changes in Cash and Cash Equivalents
December 31, 2023

	Operating Fund	Replacement Fund	Total
Revenues			
Owners' assessments	\$ 580,683	\$ 32,000	\$ 612,683
Apartment assessments	84,448	-	84,448
Capital contribution	-	2,450	2,450
Developer assessments	25,173	-	25,173
Cost center assessments	402,819	-	402,819
Late fees and late interest	20,217	-	20,217
Interest	60	4,994	5,054
Other member income	2,980	-	2,980
Total revenues	1,116,380	39,444	1,155,824
Expenses			
Utilities			
Electricity and gas	16,848	-	16,848
Water	177,084	-	177,084
	<u>193,932</u>	<u>-</u>	<u>193,932</u>
Common Area			
Landscape and irrigation	500,496	-	500,496
Tree trimming and removal	34,625	-	34,625
Snow removal	55,596	-	55,596
Common area repairs and maintenance	18,045	7,425	25,470
Sidewalk repairs	-	23,000	23,000
Gate repairs	13,301	-	13,301
	<u>622,063</u>	<u>30,425</u>	<u>652,488</u>
Administrative			
Insurance	17,029	-	17,029
Management	145,914	-	145,914
Legal and professional	3,850	-	3,850
Community and social activities	11,221	-	11,221
Administrative expense	27,004	-	27,004
Income tax expense	353	-	353
	<u>205,371</u>	<u>-</u>	<u>205,371</u>
Total expenses	1,021,366	30,425	1,051,791
Excess (deficit) of revenues over (under) expenses	95,014	9,019	104,033
Cash and Cash Equivalents as of January 1, 2023	52,309	243,284	295,593
Cash and Cash Equivalents as of December 31, 2023	\$ 147,323	\$ 252,303	\$ 399,626

The accompanying notes are an integral part of the financial statements
(See Independent Auditor's Report)

Coeur d'Alene Place Master Association
Notes to Financial Statements
For the Year Ended December 31, 2023

1. Organization

Coeur d'Alene Place Master Association (the "Association") was incorporated on January 9, 1995, as a nonprofit corporation under the laws of Idaho for the purposes of maintaining and preserving common property. The Association consists of 1,943 residential units as of December 31, 2023, and is located in Coeur d'Alene, Idaho. At build out, it is anticipated the Association will consist of approximately 2,300 residential homes.

2. Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through January 29, 2025, the date that the financial statements were available to be issued.

3. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. That basis differs from generally accepted accounting principles in that, transactions are recorded when funds are received and disbursed, instead of recognizing revenue when earned and expenses when incurred. Had these financial statement been presented using accounting principles generally accepted in the United States of America, results would have been presented differently.

Members Assessments

Association members are subject to monthly, quarterly, or semi-annual assessments to provide funds for the Association's operating expenses and major repairs and replacements. For the purposes of these cash basis financial statement, assessments receivable and prepaid assessments are not reported. The Association's policy is to retain legal counsel and place liens on properties of owners whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year.

Cash and Cash Equivalents

Cash and cash equivalents include the Association's cash, checking accounts, money market funds and investments in certificates of deposit with original maturities of 90 days or less.

4. Income Taxes

Common Interest Realty Associations are generally taxed either as a qualifying Internal Revenue Code (IRC) Section 528 homeowners' association or as a regular corporation subject to the special provisions of IRC Section 277 for membership organizations. For the current year, the Association has met IRC Section 528 eligibility requirements and has chosen to file Form 1120-H for its federal income tax return. The income tax filing determination is assessed for each tax year and only pertains to the tax year being evaluated.

IRC Section 528 requires that the Association separates all of its income and expense activity between three categories: exempt function, nonexempt function, and capital. Taxable income includes net nonexempt function income, such as interest and other nonmember sourced income. In the determination of net taxable income, certain expenses were allocated to offset a portion of the Association's taxable income. The Form 1120-H tax rate is 30%.

The Association is also required to file Idaho's Form 41 subject to Idaho Statutes Title 63 for its state income tax return. The Idaho Form 41 tax rate is 5.8%.

Coeur d'Alene Place Master Association
Notes to Financial Statements
For the Year Ended December 31, 2023

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 Internal Revenue Service. Management has analyzed the tax positions taken by the Association and has concluded that as of the year end, 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 taxing jurisdictions. The Internal Revenue Service and the Idaho State Tax Commission can examine the Association's income tax returns generally up to three years. There are currently no audits in progress for any tax period.

5. Future Major Repairs and Replacements

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds are held in separate bank accounts and are generally not available for operating fund expenses.

The Board of Directors conducted a reserve study to estimate the remaining useful lives and the replacement costs of the components of common property. The table included in the unaudited Supplementary Information on Future Major Repairs and Replacements is based on this study.

The Association is funding such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may or 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 or to levy special assessments, or it may delay major repairs and replacements until funds are available.

6. Developer Assessments and Contribution

During the year ended December 31, 2023, the developer was assessed \$15,173 for 43 residential units sold to new home buyers. Per the Association's policy, the developer does not pay dues until the home is sold to an outside party, at which point the developer pays 9 months of Main dues and 3 months of Sub association dues at the time of closing. During the year ended December 31, 2023, the developer paid an additional \$10,000 in a discretionary developer contribution.

7. Capital Contribution

In conjunction with the close of escrow on an owner's unit, the Association collects capital contributions from new home buyers. During the year ended December 31, 2023, the Association recognized capital contributions income totalling \$2,450.

Coeur d'Alene Place Master Association
Supplementary Information on Future Major Repairs and Replacements
December 31, 2023
(Unaudited)

The Association's Board of Directors, in conjunction with a reserve study expert, conducted a reserve study dated August 30, 2024, 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. Estimated current costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair and replacement.

The following information is based on the study and presents significant information about the components of common property.

Study Component	Estimated remaining useful lives (years)	Estimated future replacement costs
Amenities - Master	0-17	\$ 178,087
Site Improvements - Master	0-12	341,980
Site Improvements - Parc Rose	0-35	444,018
Site Improvements - Park Side	0-26	432,950
Site Improvements - Soleil Park	0-43	369,441
Site Improvements - Sorbonne	1-20	329,945
Site Improvements - Vigne Blanche	1-47	442,534
Site Improvements - Villages	0-18	352,989
		<u>\$ 2,891,944</u>
Interest rate		<u>1.00%</u>
Inflation rate		<u>3.00%</u>

See the Balance Sheet for replacement fund cash, cash equivalents and investments balances at December 31, 2023