

**Glacier View Road and  
Recreation Association**

---

**Independent Accountant's Review Report**

**For the Years Ended  
June 30, 2015 and 2014**

TABLE OF CONTENTS

	Page No.
INDEPENDENT ACCOUNTANT’S REVIEW REPORT .....	1
FINANCIAL STATEMENTS	
Balance Sheets.....	2
Statements of Revenues and Expenses.....	3
Statements of Changes in Members’ Equity.....	4
Statements of Cash Flows .....	5
Notes to Financial Statements .....	6
SUPPLEMENTARY INFORMATION	
Supplementary Information on Future Major Repairs and Replacements (Unaudited, Reviewed or Compiled).....	13

KAP CPA, LLC  
2629 Redwing Road, Suite 136  
Fort Collins, CO 80526  
970-223-6115

Independent Accountant's Review Report

To the Board of Directors  
Glacier View Road and Recreation Association

I have reviewed the accompanying balance sheets of Glacier View Road and Recreation Association as of June 30, 2015 and 2014 and the related statements of revenues and expenses, changes in members' equity, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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, I do not express such an opinion.

Management is responsible for the preparation and fair representation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 13 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, and historical context. I have not audited, reviewed, or compiled the required supplementary information, and, accordingly, I do not assume any responsibility for it.

*KAP CPA, LLC*

KAP CPA, LLC  
Fort Collins, CO  
October 9, 2015

**GLACIER VIEW ROAD AND RECREATION ASSOCIATION  
BALANCE SHEETS  
JUNE 30, 2015 AND 2014**

	2015	2014
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 284,897	\$ 289,452
Dues and accounts receivable, less allowance of \$35,073 and \$38,305	3,680	3,206
Prepaid expenses	2,550	3,702
Deferred charges	107	605
Total Current Assets	291,234	296,965
Cash - designated for future major repairs and replacements	52,594	59,019
Short term investments - designated	-	159,098
Property and equipment, net	307,073	123,802
TOTAL ASSETS	\$ 650,901	\$ 638,884
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 3,395	\$ 1,123
Accrued expenses	10,376	12,980
Prepaid dues and assessments	215,919	219,950
Members ACC trash deposits	11,250	11,250
Total Current Liabilities	240,940	245,303
<b>MEMBERS' EQUITY</b>		
Undesignated	357,367	175,464
Designated for future major repairs and replacements	52,594	218,117
Total Members' Equity	409,961	393,581
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 650,901	\$ 638,884

See accompanying notes and independent accountant's review report.

**GLACIER VIEW ROAD AND RECREATION ASSOCIATION**  
**STATEMENTS OF REVENUES AND EXPENSES**  
**YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
<b>REVENUE</b>		
Membership dues and assessments	\$ 362,035	\$ 361,815
Member service and assessed fees	22,821	22,964
Gain on disposal of equipment	40,280	1,625
Gain on sale of donated land	3,443	-
Interest income	733	716
	429,312	387,120
<b>EXPENSES</b>		
Salaries	150,936	142,994
Payroll taxes	15,787	15,366
Employee benefits	19,629	19,645
Insurance	17,594	19,190
Office expense	8,431	9,336
Professional services	6,921	3,219
Utilities	3,631	4,197
System operations and maintenance	128,390	98,225
Cost of providing member services	29,005	27,292
Bad debts	3,947	4,660
Depreciation	28,661	28,868
	412,932	372,992
<b>TOTAL EXPENSES</b>	<b>412,932</b>	<b>372,992</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 16,380</b>	<b>\$ 14,128</b>

See accompanying notes and independent accountant's review report.

GLACIER VIEW ROAD AND RECREATION ASSOCIATION  
 STATEMENTS OF CHANGES IN MEMBERS' EQUITY  
 YEARS ENDED JUNE 30, 2015 and 2014

	Total	Undesignated	Designated for Repair and Replacement
MEMBERS' EQUITY - June 30, 2013	\$ 379,453	\$ 174,939	\$ 204,514
Excess expenses over revenue	14,128	14,128	
Allocated to future repair and replacements:			
Interest		(671)	671
Transfers from operating funds		(39,644)	39,644
Major repairs and replacements		26,712	(26,712)
MEMBERS' EQUITY - June 30, 2014	<u>\$ 393,581</u>	<u>\$ 175,464</u>	<u>\$ 218,117</u>
Excess expenses over revenue	16,380	16,380	
Allocated to future repair and replacements:			
Interest		(653)	653
Transfers from operating funds		(29,726)	29,726
Major repairs and replacements		195,902	(195,902)
MEMBERS' EQUITY - June 30, 2015	<u>\$ 409,961</u>	<u>\$ 357,367</u>	<u>\$ 52,594</u>

See accompanying notes and independent accountant's review report.

**GLACIER VIEW ROAD AND RECREATION ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Excess of revenues over expenses	\$ 16,380	\$ 14,128
Adjustments to reconcile net revenues over expenses to net cash provided by operating activities		
Depreciation	28,661	28,868
(Gain) loss on sale of assets	(40,280)	(1,625)
Provision for bad debts	3,742	(6,974)
 (Increase) decrease in operating assets:		
Dues and accounts receivable	(4,216)	10,281
Prepaid expenses	1,153	497
Deferred charges	498	4,545
 Increase (decrease) in operating liabilities:		
Accounts payable	2,272	(900)
Accrued expenses	(2,604)	(2,353)
Prepaid dues and assessments	(4,031)	17,234
Members ACC trash deposits	-	(750)
 Net Cash Provided by Operating Activities	<u>1,575</u>	<u>62,951</u>
 Cash Flows from Investing Activities:		
Equipment purchases	(171,653)	(6,568)
Short Term Investments	159,098	(648)
Equipment disposals	-	498
 Net Cash Used by Investing Activities	<u>(12,555)</u>	<u>(6,718)</u>
 Net (Decrease) Increase in Cash and Cash Equivalents	(10,980)	56,233
 Cash and Cash Equivalents, Beginning of Year	<u>348,471</u>	<u>292,238</u>
 Cash and Cash Equivalents, End of Year	<u>\$ 337,491</u>	<u>\$ 348,471</u>
 Supplemental Disclosure		
Cash payments for interest	\$ -	\$ -
Cash payments for income taxes	\$ -	\$ -

See accompanying notes and independent accountant's review report.

## **NOTE 1: NATURE OF ORGANIZATION**

Glacier View Road and Recreation Association (the Association) is organized as a not-for-profit corporation in the State of Colorado for the purpose of promoting the general well being of property owners in the Glacier View Development. The Association's membership consists of property owners with diverse backgrounds from various regions across the United States. The Association controls approximately 3,800 acres containing 956 lots. The significant activities of the Association include the maintenance of roads and grounds and promotion of recreational facilities for property owners and their guests in the development. Funding of the Association's activities is derived from membership assessments and fees from member services.

## **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### Common Property

The Association owns various common properties, including greenbelts, office building, and lake facilities. The properties, primarily roads and greenbelts originally contributed by the developer, are not reported on the accompanying financial statements

Properties subsequently acquired by the Association are reported at cost less depreciation. These properties include a maintenance shop, office building, equipment, and greenbelts.

The Association is responsible for the repair and maintenance of the common property. Funding the maintenance is provided by member assessments.

### 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. Dues and accounts receivable at the balance sheet date represent fees due from owners. Any excess assessments at year end are retained by the Association for use in the succeeding year.

### Allowance for Doubtful Accounts Receivable and Revenue Recognition

The Association has adopted the reserve method of accounting for uncollectible receivables. When membership dues become delinquent for a substantial period of time, it has been the Association's policy to file liens on the property owner's real estate located in the development. Effective January 1, 1994, Colorado statutes have made homeowner association dues an automatic lien against the property with no formal filing required by the Association. Collection efforts may be hindered by bankruptcy proceedings, by security interests subordinated to those of other creditors, and by the relative expense of collection procedures. Allowances for doubtful accounts are based on a review of the status of existing accounts coupled with past collection experience. Billings for annual assessments cover the period from July 1 through June 30. Such billings are recorded as receivables and revenue on July 1 of each operating year. Amounts collected prior to the assessment date are recorded as a liability in the account titled "prepaid dues and assessments" on the balance sheet of the Association.



## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all investments with an initial maturity of three months or less to be cash equivalents.

### Property and Equipment

The Association capitalizes property, equipment and improvements to which it has title or other evidence of ownership with the exception of assets originally transferred by the developer. Property not capitalized consists of approximately 80 acres of greenbelts transferred by the developer. According to the Association's governing documents, there are no restrictions on the Board of Directors' authority to dispose of assets. Property and equipment acquired by the Association is recorded at cost less depreciation. Capitalized common property is depreciated over its estimated useful life using straight-line method of depreciation.

In general, property useful lives are as follows:

<u>Property</u>	<u>Useful life in years</u>
Building improvements	18-40
Development improvements	5-15
Major equipment	5-7
Other equipment	5-7
Vehicles	5
Office equipment and furniture	3-7

### Estimates

The preparation of financial statements in 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. Accordingly, actual results may differ from the estimates.

### Interest Income

Interest Income is allocated to the operating and capital replacement accounts in proportion to the interest-bearing deposits in each account.

### Advertising

Advertising is expensed as incurred. The Association did not have any advertising expenses for the year ended June 30, 2015 and 2014.

## **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

### Income Taxes

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. The Association may elect to be taxed as a Homeowners Association under the provisions of the Internal Revenue Code. For the year ended June 30, 2015, the Association was taxed as a regular corporation and filed Form 1120.

In any year the election is made to be taxed as a Homeowners Association, membership dues and general operating expenses are not taxable or deductible. Only income for special services received from members and nonmembers, gains on the sale of assets, the expenses related to providing these services, and cost of assets sold are considered in computing taxable income.

Differences in income reported for financial statement purposes and income for income tax purposes may result from the following:

The Association uses the straight-line method of depreciation for financial statements while depreciation is calculated using a combination of straight-line and accelerated methods for income tax reporting. The depreciable lives of assets may be different for book and tax purposes.

The Association uses the reserve method of accounting for bad debts for financial statements while the direct write-off method is utilized for income tax reporting.

Accrued compensated absences are not deductible for income tax purposes until paid.

The Association's federal and state income tax returns are generally subject to examination by taxing authorities for three years after the returns are filed, and the Association's federal and state income tax returns for 2011, 2012, and 2013 remain open to examination.

### Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

### Date of Management's Review

Management has evaluated subsequent events through October 9, 2015, the date on which the financial statements were available to be issued.

### **NOTE 3: RELATED PARTY TRANSACTIONS**

Glacier View Road and Recreation Association and Glacier View Water and Sewer Association are organizations that consist primarily, but not exclusively, of the Glacier View property owners. The Associations share certain administrative, employee and operating costs. The two associations share joint ownership of several greenbelt areas, within Glacier View developments. There were no related party balances at June 30, 2015 and 2014.

### **NOTE 4: INCOME TAXES**

As stated in Note 2, the Association may elect in any year to be taxed as a Homeowners Association. This election was made for fiscal years ending 2010, 2008, 2006, 2005, 2002 and 2001. The Association makes the homeowners election only in these years in which it would create tax savings. The Association incurred no tax expense for the years ending June 30, 2015 and 2014.

The Association has temporary timing differences between its books and tax methods of accounting. These items may create deferred tax liabilities or deferred tax assets. There may be no tax benefit received from the reversal of a timing difference if the timing difference is eliminated in whole or in part in any year that the Association elects to be taxed as a Homeowners Association or is operating at a loss. It is the intent of the Association to make the Homeowners election in those years where it would minimize taxes. Furthermore, the Association has historically operated at a level where it pays little or no income tax.

Considering the relevant factors, it is unlikely that the Association will derive any significant future benefit related to deferred taxes. Accordingly, the net deferred tax asset has been fully offset with the value allowance account.

### **NOTE 5: EMPLOYEE BENEFIT PLANS**

The Glacier View Road and Recreation Association employ certain personnel jointly with the Glacier View Meadows Water and Sewer Association. The following is a summary of employee benefit plans currently in effect:

#### Compensated Absences

Vacation leave – The Association presently has a policy that allows full-time employee ten days annual vacation after one full year of service. After five year of service, employees earn fifteen vacation days annually and vacation pay is a vested benefit. Employees may accrue a maximum of one year’s worth of vacation days based on their years of service. At June 30, 2015 and 2014, \$4,760 and \$4,574 were accrued as unpaid vacation days.

Flex days – Full-time employees may accumulate six days of compensated flextime per year of service to the Association. Employees may accumulate a maximum of twenty-five days of unused flextime and flextime is a vested benefit. At June 30, 2015 and 2014, \$4,314 and \$3,669 were accrued as flex days.

**NOTE 5: EMPLOYEE BENEFIT PLANS - continued**

Paid holidays – Seven paid holidays per year are paid at regular rate to full-time employees.

Retirement Plan

Deferred compensation – All regular full-time employees are eligible to participate in a Simple IRA deferred compensation retirement plan. The Association contributes two percent (2%) of salary for those employees making tax deferred contributions of compensation to the retirement plan. For the years ended June 30, 2015 and 2014, the Association contributed \$3,310 and \$3,121, respectively, to the employees deferred compensation retirement plan.

**NOTE 6: CONCENTRATION OF CREDIT RISK**

The Association has several accounts held at more than one bank and the amounts on deposit at any one bank may from time to time exceed the federally insured amount of \$250,000.

**NOTE 7: PROPERTY AND EQUIPMENT**

Property and equipment are summarized as follows:

	2015	2014
Land and improvements	\$ 49,307	\$ 49,307
Development improvements	151,385	149,881
Buildings and improvements	88,553	86,091
Machinery and equipment	318,261	276,416
Autos and trucks	67,968	67,969
Office furniture and equipment	7,370	7,604
Radio equipment	-	3,896
Total property and equipment	682,844	641,164
Less: accumulated depreciation	(375,771)	(517,362)
Net property and equipment	\$ 307,073	\$ 123,802

**NOTE 8: OPERATING LEASE COMMITMENTS**

The Association leases a postage meter under an operating lease commencing on August 20, 2012 until July 20, 2015. The cost is shared equally with Glacier View Water and Sewer Association. Lease payments made for the year ended June 30, 2015 and 2014 were \$186 and \$737. The future minimum rentals under the lease for the year ended June 30, 2016 will be \$62.

## **NOTE 9: DESIGNATED MEMBERS' EQUITY AND FUTURE MAJOR REPAIRS & REPLACEMENTS**

The Association's governing documents do not require the accumulation of funds to finance future major repairs and replacements. The Board of Directors has designated amounts to be accumulated for the estimated costs of future major repairs and replacements, required projects and for the expansion of existing common property. At June 30, 2015 and 2014, there were \$52,594 and \$218,117, respectively, designated for capital replacement funds.

The Association's management conducts an ongoing study to estimate the remaining useful lives and the replacement costs of the components of common property. The Association will fund for such major repairs and replacements over the estimated useful lives of the components based on the study's estimate of future replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures may vary from the estimated amounts and variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs.

**SUPPLEMENTARY INFORMATION**

**GLACIER VIEW ROAD AND RECREATION ASSOCIATION**  
**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS**  
**(UNAUDITED, REVIEWED OR COMPILED)**  
**JUNE 30, 2015**

The Association's management conducts an ongoing study to estimate the remaining useful lives and the replacement costs of the components of common property. The latest study was conducted in March 2015 as part of the annual budget process. The Association will fund for such major repairs and replacements over the estimated useful lives of the components based on the study's estimate of future replacement costs, considering amounts previously accumulated in the replacement fund.

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

<b>Components</b>	<b>Estimated Remaining Useful Lives (Years)</b>	<b>Estimated Current Replacement Costs Net of Trade Value</b>	<b>2015 Funding Requirement</b>	<b>Components of Fund Balance at June 30, 2015</b>
Office Equipment	4	\$ 5,000	\$ 1,666	1,877
Road Grader	20	180,000	-	(20,000)
Mower/Plows	2	20,000	12,000	19,060
Build/Yards	--	8,000	-	78
1999 Dodge Ram 3500	2	17,000	13,600	17,275
2000 Dodge Ram 2500	3	10,500	8,400	10,500
2000 GMC K2500	2	10,500	9,100	14,192
2011 Dodge 5500	13	5,000	667	-
Recreation #	---	2,000	-	-
Backhoe	15	17,500	4,375	4,000
Dam Repairs	---	25,000	-	5,612
		<u>\$ 300,500</u>	<u>\$ 49,808</u>	<u>\$ 52,594</u>