



GLACIER VIEW ROAD & RECREATION ASSOCIATION

FINANCIAL STATEMENTS

Year Ended June 30, 2016



TABLE OF CONTENTS

Independent Accountants' Compilation Report.....	1
BALANCE SHEET	2
STATEMENT OF REVENUES AND EXPENSES	3
STATEMENT OF CHANGES IN MEMBERS' EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS.....	6
SUPPLEMENTARY INFORMATION	10



Independent Accountants' Compilation Report

Board of Directors
Glacier View Road and Recreation
Association
Livermore, Colorado

Management is responsible for the accompanying financial statements and supplementary information of the Glacier View Road and Recreation Association as of June 30, 2016 and for the year then ended. We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements and supplementary information included in the accompanying financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Anderson & Whitney, P.C.

December 13, 2016

GLACIER VIEW ROAD AND RECREATION ASSOCIATION

BALANCE SHEET

June 30, 2016

ASSETS

Current Assets:

Cash	\$	264,903
Dues and accounts receivable, net of allowance		7,992
Prepaid expenses		2,777
Deferred charges		171

Total Current Assets		275,843
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Cash - designated for repairs and replacements		73,245
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Property and Equipment, net		273,706
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TOTAL ASSETS	\$	622,794
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LIABILITIES

Current Liabilities:

Accounts payable	\$	5,341
Accrued expenses		8,238
Prepaid dues and assessments		220,327
ARC trash deposits		6,250

Total Liabilities		240,156
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MEMBERS' EQUITY

Undesignated		309,393
Designated for repairs and replacements		73,245

TOTAL MEMBERS' EQUITY		382,638
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TOTAL LIABILITIES AND MEMBERS' EQUITY	\$	622,794
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See Accompanying Notes to Financial Statements and Independent Accountants' Compilation Report.

GLACIER VIEW ROAD AND RECREATION ASSOCIATION

STATEMENT OF REVENUES AND EXPENSES

Year Ended June 30, 2016

Revenue:

Membership dues and assessments	\$	361,540
Member service and assessed fees		26,832
Interest earned		118

Total Revenue		388,490
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Expenses:

Salaries		146,246
Payroll taxes		14,664
Employee benefits		18,704
Office expense		8,479
Cost of providing member services		41,133
Professional services		5,541
Insurance		18,653
Utilities		3,584
System operations and maintenance		107,367
Bad debts		4,214
Depreciation		47,227

Total Expenses		415,812
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Excess (Deficit) of Revenue over Expenses	\$	(27,322)
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See Accompanying Notes to Financial Statements and Independent Accountants' Compilation Report.

GLACIER VIEW ROAD AND RECREATION ASSOCIATION

STATEMENT OF CHANGES IN MEMBERS' EQUITY

Year Ended June 30, 2016	Undesignated	Designated for Repairs and Replacement	Total
Balance, July 1, 2015	\$ 342,890	\$ 67,070	\$ 409,960
Expenses over revenue for the year ended June 30, 2016	(27,322)	-	(27,322)
Interest	(35)	35	-
Transfers from operating funds	(20,000)	20,000	-
Major repairs and replacements	13,860	(13,860)	-
Balance, June 30, 2016	\$ 309,393	\$ 73,245	\$ 382,638

See Accompanying Notes to Financial Statements and Independent Accountants' Compilation Report.

GLACIER VIEW ROAD AND RECREATION ASSOCIATION

STATEMENT OF CASH FLOWS

Year Ended June 30, 2016

Cash Flows from Operating Activities:	
Dues and fees received	\$ 388,586
Disbursements to vendors and employees	(374,068)
Net Cash Provided by Operating Activities	14,518
Cash Flow from Investing Activities:	
Equipment purchases	(13,861)
Net Cash Provided (Used) by Investing Activities	(13,861)
Cash Flow from Financing Activities:	
Advances from developer	-
Net Cash Provided by Financing Activities:	-
Net Increase in Cash	657
Cash, June 30, 2015	337,491
Cash, June 30, 2016	\$ 338,148

Reconciliation of Change in Members' Equity to Net Cash from Operating Activities:

Excess of expenses over revenue	\$ (27,322)
Adjustments:	
Depreciation expense	47,227
(Increase) decrease in operating assets:	
Accounts receivable	(4,312)
Prepaid expenses	(227)
Deferred charges	(64)
Increase (decrease) in operating liabilities:	
Accounts payable	1,946
Accrued expenses	(2,138)
Prepaid dues and assessments	4,408
Members ARC trash deposits	(5,000)
Net Cash Provided by Operating Activities	\$ 14,518

See Accompanying Notes to Financial Statements and Independent Accountants' Compilation Report.

GLACIER VIEW ROAD AND RECREATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies:

The accounting and reporting policies of Glacier View Road and Recreation Association (the Association) conform to accounting principles generally accepted in the United States. The following summary of significant accounting policies is presented to assist the reader in evaluating the Association's financial statements.

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 across the United States. The Association controls approximately 3,800 acres containing 965 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.

Basis of Presentation:

The Association maintains its accounting records on the accrual basis of accounting as required under generally accepted accounting principles in the United States.

Cash and Cash Equivalents:

The Association considers all demand bank deposits and highly-liquid investments with a maturity of three months or less at the date of acquisition to be cash and cash equivalents for purposes of the cash flow statement.

Concentrations of Credit Risk:

The Association's cash accounts are held at financial institutions at which deposits are insured by the Federal Deposit Insurance Corporation (FDIC).

Common Property:

The Association owns various common properties. The properties directly associated with the lots, primarily roads and greenbelts, are not reported on the accompanying financial statements according to generally accepted accounting principles.

Properties not associated with the lots are reported at cost less depreciation. These properties include a maintenance shop, office building, equipment, and lake facilities.

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

GLACIER VIEW ROAD AND RECREATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Subsequent Events:

Management has evaluated subsequent events through the date the financial statements were available for issuance, which is the same date as the accountants' compilation report.

Income Taxes:

The Association may elect to be taxed as a homeowners association under the provisions of the Internal Revenue Code or as a regular corporation. Generally this does not result in a significant difference. The Association makes the homeowner election only in the years in which it would create a tax savings. For the year ended June 30, 2016, the Association filed as a regular corporation and paid no tax.

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.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – Owners' 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.

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 and are \$35,073 at June 30, 2016. 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.

GLACIER VIEW ROAD AND RECREATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Reserve Fund:

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, 2016 and 2015, there was \$73,245 and \$67,070, 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.

NOTE 4 – Related Party Transactions:

Glacier View Road and Recreation Association and Glacier View Meadows 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, with Glacier View developments. There were no related party balances at June 30, 2016.

NOTE 5 – Property and Equipment:

June 30	2016
Land and Improvements	\$ 49,307
Development Improvements	151,385
Building Improvements	88,553
Vehicles	81,455
Office Furniture and Equipment	7,742
Machinery and Equipment	318,261
Less: Accumulated depreciation	(422,998)
	<u>\$ 273,706</u>
Depreciation expense	<u>\$ 47,227</u>

GLACIER VIEW ROAD AND RECREATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – Employee Benefit Plans:

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

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 years of service, employees earn fifteen vacation days annually and vacation pay is a vested benefit. Employees may accrue a maximum of one year of vacation days based on their years of service. At June 30, 2016, \$5,722 was 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, 2016, \$2,233 was accrued as flex days.

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 year ended June 30, 2016, the Association contributed \$3,151 to the employees deferred compensation retirement plan.

GLACIER VIEW ROAD AND RECREATION ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE REPAIRS AND REPLACEMENTS

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 2016 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:

Components	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Cost, Net of Trade Value	2016 Funding Requirement	Components of Members' Equity at June 30, 2016
Office Equipment	4	\$ 5,000	\$ 1,666	\$ 1,505
Road Grader	19	90,000	4,500	14,426
Mower/Plows	2	20,000	12,000	19,060
Build/Yards	--	8,000	--	4,044
2014 GMC	15	17,000	--	3,514
2000 Dodge Ram 2500	3	10,500	8,400	10,500
2000 GMC K2500	2	12,800	11,947	10,500
2011 Dodge 5500	13	5,000	667	--
Recreation	--	2,000	--	--
Backhoe	8	25,000	15,000	4,000
Dam Repairs	--	25,000	25,000	--
Contingency	--	15,000	5,000	5,696
		<u>\$ 235,300</u>	<u>\$ 84,180</u>	<u>\$ 73,245</u>