



GLACIER VIEW ROAD & RECREATION ASSOCIATION

FINANCIAL STATEMENTS

Years Ended June 30, 2017 and 2016



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Independent Accountants' Compilation Report

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

Management is responsible for the accompanying financial statements of the Glacier View Road and Recreation Association which comprise the balance sheets as of June 30, 2017 and 2016 and the related statements of revenues and expenses, changes in members' equity and cash flows for the years then ended and the related notes to the financial statements in accordance with generally accepted accounting principles in the United States of America. We have performed compilation engagements 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 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.

Other Matter

The supplementary information on future repairs and replacements is presented for purposes of additional analysis and is not required part of the basic financial statements. This information is the responsibility of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, conclusion, nor provide any form of assurance on such supplementary information.

Anderson & Whitney, P.C.

October 19, 2017

GLACIER VIEW ROAD AND RECREATION ASSOCIATION

BALANCE SHEETS

June 30	2017	2016
ASSETS		
Current Assets:		
Cash	\$ 324,701	\$ 264,903
Dues and accounts receivable, net of allowance	5,375	7,992
Prepaid expenses	3,303	2,777
Deferred charges	-	171
Total Current Assets	333,379	275,843
Cash - designated for repairs and replacements	82,717	73,245
Property and Equipment, net	257,423	273,706
TOTAL ASSETS	\$ 673,519	\$ 622,794
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 2,197	\$ 5,341
Accrued expenses	11,250	8,238
Prepaid dues and assessments	241,102	220,327
ARC trash deposits	7,150	6,250
Total Liabilities	261,699	240,156
MEMBERS' EQUITY		
Undesignated	329,103	309,393
Designated for repairs and replacements	82,717	73,245
TOTAL MEMBERS' EQUITY	411,820	382,638
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 673,519	\$ 622,794

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

GLACIER VIEW ROAD AND RECREATION ASSOCIATION

STATEMENTS OF REVENUES AND EXPENSES

Years Ended June 30	2017	2016
Revenue:		
Membership dues and assessments	\$ 361,594	\$ 361,540
Member service and assessed fees	24,164	26,832
Gain on sale of fixed assets	4,100	-
Interest earned	143	118
Total Revenue	390,001	388,490
Expenses:		
Salaries	134,047	146,246
Payroll taxes	13,233	14,664
Employee benefits	15,532	18,704
Office expense	11,530	8,479
Cost of providing member services	39,327	41,133
Professional services	5,611	5,541
Insurance	20,483	18,653
Utilities	3,203	3,584
System operations and maintenance	70,866	107,367
Bad debts	150	4,214
Depreciation	46,837	47,227
Total Expenses	360,819	415,812
Excess (Deficit) of Revenue over Expenses	\$ 29,182	\$ (27,322)

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

GLACIER VIEW ROAD AND RECREATION ASSOCIATION

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Years Ended June 30, 2017 and 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
Revenue over expenses for the year ended June 30, 2017	29,182	-	29,182
Interest	(28)	28	-
Transfers from operating funds	(40,000)	40,000	-
Major repairs and replacements	30,556	(30,556)	-
Balance, June 30, 2017	\$ 329,103	\$ 82,717	\$ 411,820

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

GLACIER VIEW ROAD AND RECREATION ASSOCIATION

STATEMENTS OF CASH FLOWS

Years Ended June 30	2017	2016
Cash Flows from Operating Activities:		
Dues and fees received	\$ 417,476	\$ 388,586
Disbursements to vendors and employees	(317,652)	(374,068)
Net Cash Provided by Operating Activities	99,824	14,518
Cash Flow from Investing Activities:		
Equipment purchases	(30,554)	(13,861)
Net Cash Used by Investing Activities	(30,554)	(13,861)
Net Increase in Cash	69,270	657
Cash, June 30, 2016	338,148	337,491
Cash, June 30, 2017	\$ 407,418	\$ 338,148

Reconciliation of Change in Members' Equity to Net Cash from Operating Activities:		
Excess (deficiency) of revenue over expenses	\$ 29,182	\$ (27,322)
Adjustments:		
Depreciation expense	46,837	47,227
(Increase) decrease in operating assets:		
Accounts receivable	2,617	(4,312)
Prepaid expenses	(526)	(227)
Deferred charges	171	(64)
Increase (decrease) in operating liabilities:		
Accounts payable	(3,144)	1,946
Accrued expenses	3,012	(2,138)
Prepaid dues and assessments	20,775	4,408
Members ARC trash deposits	900	(5,000)
Net Cash Provided by Operating Activities	\$ 99,824	\$ 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 and at times are above the insurance limits of the Federal Deposit Insurance Corporation (FDIC). No losses have been incurred on these accounts.

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 accumulated 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 homeowners election only in the years in which it would create a tax savings. For the year ended June 30, 2017, 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 years.

GLACIER VIEW ROAD AND RECREATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Owners’ Assessments – Continued:

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 \$32,288 and \$35,073 at June 30, 2017 and 2016, respectively. 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 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, 2017 and 2016, there was \$82,717 and \$73,245, 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, 2017 and 2016.

GLACIER VIEW ROAD AND RECREATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Property and Equipment:

June 30	2017	2016
Land and Improvements	\$ 49,307	\$ 49,307
Development Improvements	151,856	151,385
Building Improvements	88,553	88,553
Vehicles	70,554	81,455
Office Furniture and Equipment	7,742	7,742
Machinery and Equipment	323,846	318,261
Less: Accumulated depreciation	(434,435)	(422,998)
	<u>\$ 257,423</u>	<u>\$ 273,706</u>
Depreciation expense	<u>\$ 46,837</u>	<u>\$ 47,227</u>

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 employees 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, 2017 and 2016, \$7,800 and \$5,722, respectively, 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, 2017 and 2016, \$3,197 and \$2,233, respectively, were 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 years ended June 30, 2017 and 2016, the Association contributed \$2,546 and \$3,151, respectively, 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 2017 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	2017 Funding Requirement	Components of Members' Equity at June 30, 2017
Office Equipment	3	\$ 5,000	\$ 1,666	\$ 4,005
Road Grader	18	90,000	4,500	14,426
Mower/Plows	1	20,000	12,000	14,476
Building/Yards	--	8,000	--	7,574
2014 GMC	14	17,000	--	6,513
1991 Dump Truck	10	30,000	3,000	3,000
2000 Dodge Ram 2500	2	10,500	8,400	13,000
2008 Ford F50	5	12,800	11,947	--
2011 Dodge Ram Truck	12	5,000	667	5,000
Backhoe	7	25,000	15,000	9,000
Contingency	--	15,000	5,000	5,723
		<u>\$ 238,300</u>	<u>\$ 62,180</u>	<u>\$ 82,717</u>