



**WILLIAM  
OWENS  
&  
COMPANY**

**CERTIFIED PUBLIC ACCOUNTANT  
A PROFESSIONAL CORPORATION**

5 JOHN STREET  
CARBONDALE, PA 18407  
570-281-9760

16 CHESTNUT STREET  
MONTROSE, PA 18801  
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**MASTHOPE MOUNTAIN COMMUNITY  
PROPERTY OWNERS COUNCIL**

Financial Statements  
And Supplementary Information

For the Fiscal Year Ended, April 30, 2016

## TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 2
Balance Sheets	3- 4
Statement of Revenues and Expenses	5
Statement of Changes in Fund Balances	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12
Supplemental Schedules	
Schedule of Department Expenses	14 - 17
Additional Information on Future Major Repairs and Replacements	18-19



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Masthope Mountain Community Property Owners Council

***Report on the Financial Statements***

We have audited the accompanying financial statements of Masthope Mountain Community Property Owners Council which comprise the balance sheets as of April 30, 2016 and the related statements of revenues and expenses, and changes in fund balances and cash flows for the fiscal year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Basis for Qualified Opinion***

As explained in Note 1 to the financial statements, it is the practice of the Association to reserve 100% of the outstanding dues receivable and report the income from assessments on the cash basis. Generally accepted accounting principles require that a provision for uncollectible

accounts receivable be recorded for those account receivables which are deemed uncollectible. Since the collectible portion of the dues is not accurately able to be predicted by management the Association has recorded a 100% provision for uncollectible accounts receivable in the accompanying financial statements, effectively recording revenue on the cash basis, which is a departure from generally accepted accounting principles. The effects of this departure from generally accepted accounting principles have not been determined.

### ***Qualified Opinion***

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Masthope Mountain Community Property Owners Council as of April 30, 2016, and the operations and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Schedules of Departmental Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Disclaimer of Opinion on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that information on future major repairs and replacements on pages 18-19 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, 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 consists 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.

William Owens & Company, CPA  
Carbondale, PA 18407  
July 1, 2016

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL  
BALANCE SHEETS  
APRIL 30, 2016

	Operating Fund	Restricted Fund	Eliminations	Total
ASSETS				
Current Assets				
Cash	\$ 2,082,773	\$ -	\$ -	\$ 2,082,773
Cash and Cash Equivalents - Restricted for Future Repairs and Replacement	-	618,445	-	618,445
Cash-Restricted for Ski Loan	-	73,510	-	73,510
Cash-Restricted for Lodge Loan Repayment	-	198,839	-	198,839
Cash-Restricted for Road Repair	-	76,676	-	76,676
Cash-Restricted for Beach River Park	-	161,940	-	161,940
Other Receivables	7,203	-	-	7,203
Due To/From Other Funds	13,499	-	(13,499)	-
Inventory	54,497	-	-	54,497
Inventory Lots	-	133,211	-	133,211
Prepaid Expenses	61,082	-	-	61,082
Total Current Assets	<u>2,219,054</u>	<u>1,262,621</u>	<u>(13,499)</u>	<u>3,468,176</u>
Property and Equipment				
Land	1,097,263	-	-	1,097,263
Roads	634,641	-	-	634,641
Buildings and Improvements	6,523,411	-	-	6,523,411
Furniture and Fixtures	41,200	-	-	41,200
Vehicles and Equipment	3,349,948	-	-	3,349,948
Horses	17,650	-	-	17,650
Less: Accumulated Depreciation	<u>(4,152,397)</u>	<u>-</u>	<u>-</u>	<u>(4,152,397)</u>
Net Property and Equipment	<u>7,511,716</u>	<u>-</u>	<u>-</u>	<u>7,511,716</u>
Other Assets				
Cash - Renters Deposits	55,358	-	-	55,358
Cash-Lottery Account	12,949	-	-	12,949
Certificates of Deposit	-	359,912	-	359,912
Cash - Escrow Deposits	1,600	-	-	1,600
Closing Costs	15,350	-	-	15,350
Liquor License	30,953	-	-	30,953
Less: Accumulated Amortization	<u>(8,830)</u>	<u>-</u>	<u>-</u>	<u>(8,830)</u>
Total Other Assets	<u>107,380</u>	<u>359,912</u>	<u>-</u>	<u>467,292</u>
Total Assets	<u>\$ 9,838,150</u>	<u>\$ 1,622,533</u>	<u>\$ (13,499)</u>	<u>\$ 11,447,184</u>

"See independent auditor's report and accompanying notes to financial statements"

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL  
BALANCE SHEETS  
APRIL 30, 2016

	Operating Fund	Restricted Fund	Eliminations	Total
<b>LIABILITIES AND FUND BALANCES</b>				
Current Liabilities				
Accounts Payable and Accrued Expenses	\$ 132,507	\$ -	\$ -	\$ 132,507
Members' Assessments Collected in Advance	1,817,138	-	-	1,817,138
Due To/From Other Funds	-	13,499	(13,499)	-
Escrow Deposits	49,025	-	-	49,025
Deferred Revenue	315	-	-	315
Insurance Proceeds Payable	-	13,293	-	13,293
Current Portion of Long Term Debt	-	379,288	-	379,288
Total Current Liabilities	<u>1,998,985</u>	<u>406,080</u>	<u>(13,499)</u>	<u>2,391,566</u>
Long-Term Liabilities				
Long Term Debt, net of Current Portion	-	2,808,173	-	2,808,173
Total Long-Term Liabilities	<u>-</u>	<u>2,808,173</u>	<u>-</u>	<u>2,808,173</u>
Total Liabilities	<u>1,998,985</u>	<u>3,214,253</u>	<u>(13,499)</u>	<u>5,199,739</u>
Fund Balances	<u>7,839,165</u>	<u>(1,591,720)</u>	<u>-</u>	<u>6,247,445</u>
Total Liabilities and Fund Balances	<u>\$ 9,838,150</u>	<u>\$ 1,622,533</u>	<u>\$ (13,499)</u>	<u>\$ 11,447,184</u>

"See independent auditor's report and accompanying notes to financial statements"

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL  
STATEMENTS OF REVENUES AND EXPENSES  
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	Operating Fund	Restricted Fund	Total
<b>Revenues</b>			
Membership Dues	\$ 2,193,294	\$ -	\$ 2,193,294
Capital Dues	-	141,587	141,587
Ski Assessment	-	306,941	306,941
Lodge Loan Assessment	-	175,264	175,264
Beach/ Riverpark Assessments	-	97,839	97,839
Transfer Fees	-	89,818	89,818
Late Charges	36,649	-	36,649
Collection Fees	28,623	-	28,623
Advertising	20,940	-	20,940
Activity Income	12,536	-	12,536
Interest Income	1,133	3,104	4,237
Miscellaneous Income	159,208	-	159,208
Skiing Revenue	-	201,014	201,014
Stable Revenue	21,170	-	21,170
Lodge Revenue	1,249,688	-	1,249,688
Fitness Revenue	3,318	-	3,318
Marketplace Sales	428,354	-	428,354
Permits	10,741	-	10,741
<b>Total Revenues</b>	<u>4,165,654</u>	<u>1,015,567</u>	<u>5,181,221</u>
<b>Expenses</b>			
Administrative Expenses	449,143	-	449,143
Maintenance	413,985	-	413,985
Recreation, Pool and Lake	278,735	-	278,735
Ski Slope	-	137,500	137,500
Stables	192,760	-	192,760
Lodge	1,345,680	-	1,345,680
Security	348,411	-	348,411
Marketplace	416,795	-	416,795
Road Project	220,303	-	220,303
Water and Sewer	9,471	-	9,471
Insurance	345,265	-	345,265
Professional Fees	27,851	-	27,851
Repairs and Replacement	-	359,847	359,847
Interest	-	158,590	158,590
Amortization	1,181	-	1,181
Depreciation	486,841	-	486,841
<b>Total Expenses</b>	<u>4,536,421</u>	<u>655,937</u>	<u>5,192,358</u>
<b>Excess / (Deficiency) of Revenues over Expenses Before Interfund Transfers</b>	<u>(370,767)</u>	<u>359,630</u>	<u>(11,137)</u>
<b>Transfer Between Funds</b>	<u>168,682</u>	<u>(168,682)</u>	<u>-</u>
<b>Excess / (Deficiency) of Revenues over Expenses</b>	<u>\$ (202,085)</u>	<u>\$ 190,948</u>	<u>\$ (11,137)</u>

"See independent auditor's report and accompanying notes to financial statements"

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL  
 STATEMENTS OF CHANGES IN FUND BALANCES  
 FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	Operating Fund	Restricted Fund	Total
Fund Balances at Beginning of Year	\$ 8,041,250	\$ (1,782,668)	\$ 6,258,582
Excess (Deficiency) of Revenues over Expenses	<u>(202,085)</u>	<u>190,948</u>	<u>(11,137)</u>
Fund Balances at End of Year	<u>\$ 7,839,165</u>	<u>\$ (1,591,720)</u>	<u>\$ 6,247,445</u>

"See independent auditor's report and accompanying notes to financial statements"



MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS' COUNCIL  
STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

Cash Flows from Operating Activities	Operating Fund	Restricted Fund	Total
Surplus / (Deficiency) of Revenues Over Expenses	\$ (202,085)	190,948	\$ (11,137)
Adjustments to Reconcile Surplus / (Deficiency) of Revenues over Expenses to Net Cash provided by Operating Activities			
Depreciation and Amortization	488,022	-	488,022
Change in Other Receivables	11,649	-	11,649
Change in Inventory	(9,419)	-	(9,419)
Change in Prepaid Expenses	(16,969)	-	(16,969)
Change in Accounts Payable and Accrued Expenses	6,625	-	6,625
Change in Members' Assessments Collected in Advance	86,069	-	86,069
Change in Miscellaneous Deferred Revenue	(130)	-	(130)
Change in Escrow Deposits	1,653	-	1,653
Change in Due To/From	32,319	<u>(32,319)</u>	-
Net Cash provided by Operating Activities	<u>397,734</u>	<u>158,629</u>	<u>556,363</u>
 Cash Flows from Investing Activities			
Purchase of Fixed Assets	<u>(2,500)</u>	<u>(168,682)</u>	<u>(171,182)</u>
Net Cash Used in Investing Activities	<u>(2,500)</u>	<u>(168,682)</u>	<u>(171,182)</u>
 Cash Flows from Financing Activities			
Debt Reduction	-	(382,389)	(382,389)
Debt Proceeds	-	20,000	20,000
Transfers Between Funds	<u>(168,684)</u>	168,684	-
Net Cash provided (Used) by Financing Activities	<u>(168,684)</u>	<u>(193,705)</u>	<u>(362,389)</u>
 Net Increase (Decrease) in Cash	<u>226,550</u>	<u>(203,758)</u>	<u>22,792</u>
 Cash at beginning of Year	<u>1,926,130</u>	<u>1,693,080</u>	<u>3,619,210</u>
 Cash at end of Year	<u>\$ 2,152,680</u>	<u>\$ 1,489,322</u>	<u>\$ 3,642,002</u>
 Cash Consist of:			
Cash	\$ 2,082,773	\$ -	\$ 2,082,773
Cash-Lottery Account	12,949	-	12,949
Cash - Renters Deposits	55,358	-	55,358
Cash - Escrow Deposits	1,600	-	1,600
Cash and Cash Equivalents - Restricted for			
Future Repairs and Replacement	-	618,445	618,445
Cash-Restricted for Ski Loan	-	73,510	73,510
Cash-Restricted for Lodge Loan Repayment	-	198,839	198,839
Cash-Restricted for Road Repair	-	76,676	76,676
Cash-Restricted for Beach River Park	-	161,940	161,940
Certificates of Deposit	-	359,912	359,912
	<u>\$ 2,152,680</u>	<u>\$ 1,489,322</u>	<u>\$ 3,642,002</u>
 Supplemental Disclosure			
Cash Paid During the Year for:			
Interest	\$ -	\$ 158,590	\$ 158,590
Income Taxes	\$ -	\$ -	\$ -

"See independent auditor's report and accompanying notes to financial statements"

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF OPERATIONS**

The Masthope Mountain Community Property Owners Council, located in Lackawaxen, Pennsylvania, was organized on December 19, 1977 as a non-profit corporation under the law of the Commonwealth of Pennsylvania. The purpose of the Council is to oversee the interests of the property owners in this development and, if necessary, to manage the operations of the development. The Council became responsible for daily operations on January 1, 1988. There are approximately 2,300 lots in the development located in Lackawaxen Township.

**FUND ACCOUNTING**

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

**Operating Fund**- This fund is used to account for financial resources available for the general operations of the Association.

**Restricted Fund**- This fund is used to accumulate financial resources designed for future major repairs and replacements. This fund also includes funds that are restricted to pay the lodge and ski loans, and road repairs.

**BASIS OF ACCOUNTING**

The books and records are maintained on the accrual method of accounting however dues income for the current and prior years is recorded when received and not when billed. Dues collected in the current year which are in payment of the subsequent year's assessment are reflected on the balance sheet as a liability and are reflected as members assessments collected in advance.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

**MEMBER DUES**

Association members are subject to annual assessments, payable on May 1<sup>st</sup> of each year, to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. The association retains any excess assessments at year-end for use in future years.

**INVENTORIES**

Inventories are stated at the lower of cost (first-in, first-out method) or market. The inventory as of April 30, 2016 consists of the following:

Lots	\$133,211
Marketplace Inventory	24,908
Summit Restaurant Inventory	<u>29,589</u>
Total Inventory	<u><u>\$187,708</u></u>

**PROPERTY, PLANT AND EQUIPMENT**

The Association capitalizes all property, plant and equipment to which it has title or other evidence of ownership. Property, plant and equipment acquired by the Association are recorded at cost.

Property, plant and equipment are depreciated over their estimated useful lives using straight-line and accelerated methods of depreciation. Depreciation expense for the year ended April 30, 2016 was \$486,841.

**COMMON PROPERTY**

Common property recognized as assets in these financial statements includes the clubhouses, pools, tennis areas, other amenities, and the roads and common areas located within the development.

Although the Association is responsible for the repair and replacement of the common real property, it is unable to sell or otherwise dispose of this property without a vote of membership.

**RESERVE FOR FUTURE REPAIRS AND REPLACEMENTS**

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate \$1,489,322 at April 30, 2016, are held in separate accounts and are generally not available for operating purposes.

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**INTEREST INCOME**

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

**INCOME TAXES**

The Association may elect annually to file its federal tax return as homeowners' association under Section 528 or as a regular corporation under Section 277. For the fiscal year ending April 30, 2016 the Association filed as a Corporation using the federal form 1120.

**ADVERTISING**

Advertising costs are charged to operations when incurred and amounted to \$8,286 for the fiscal year.

**INTEREST EXPENSE**

For the fiscal year ended of April 30, 2016, the association incurred and charged \$158,590 to interest expense.

**STATEMENT OF CASH FLOWS**

For purposes of the statement of cash flow, cash equivalents include investments in highly liquid debt instruments purchased with original maturities of three months or less.

**DATE OF MANAGEMENT'S REVIEW**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through July 1, 2016, the date that the financial statements were available to be issued.

**2. DUES RECEIVABLE**

The dues receivable are reserved 100% as detailed historical data necessary to project the collection rate has not been calculated by the Association. Although legal steps are being taken to collect these funds, the Association is unable to determine their collectability with a sufficient degree of accuracy.

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

**3. PROPERTY, PLANT AND EQUIPMENT**

The Association capitalizes all property, plant and equipment to which it has title or other evidence of ownership at cost. Major additions and improvements are capitalized, while replacements, maintenance, and repairs, which do not extend the life of the respective assets, are expensed. Depreciation is provided utilizing accelerated methods over periods of time believed to approximate estimated service lives of five to thirty-nine and a half years.

**4. AMORTIZATION COSTS**

Amortization costs are amortized using a straight-line depreciation method.

**5. CONCENTRATIONS OF CREDIT RISK**

The Association's members are primarily from Northeastern Pennsylvania, New Jersey, and New York. The ability of these members to honor their obligations to the Association is dependent on the economy of the region.

The Association maintains its cash balances of \$3,492,341 as of April 30, 2016 at three financial institutions. Of the \$3,492,341 there is \$359,912 held at various banks through the CDARS program with Dime Bank. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The CDARS program is fully insured. Uninsured balances amounted to \$2,564,350 at April 30, 2016.

**6. LONG-TERM DEBT**

Notes payable consist of the following as of April 30, 2016:

Dime Bank, Lodge Loan, 4.81% interest rate through September 23, 2015 and then the rate will adjust to the New York Prime rate adjusting annually, payable in monthly installments of \$12,068; maturing March 23, 2027.	\$688,168
Dime Bank, Ski Loan, 4.81% interest rate through October 29, 2018 and then a fixed rate will be negotiated for the remaining (5) five years of the loan term, monthly installments of \$29,968; maturing October 29, 2023	1,830,381
Wayne Bank-Backhoe- 4.25% interest. Monthly principal and interest payments of \$1,004 until the balance is paid in full.	12,733

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED APRIL 30, 2016

**6. LONG-TERM DEBT-(Continued)**

Wayne Bank-Beach Project- 4.75% interest Non-revolving Draw Down Line of Credit Due January 2029, monthly interest payments until February 2014, and thereafter monthly principal and interest payments of \$7,032 until the balance is paid in full.	631,378
Wayne Bank-Vehicle Loan- 4.500% fixed interest rate loan. Monthly principal and interest payment of \$516; maturing September 26, 2017. Secured by 2015 Ford Explorer.	8,479
Wayne Bank-Vehicle Loan- 4.500% fixed interest rate loan. Monthly principal and interest payment of \$596; maturing September 4, 2018. Secured by 2016 Ford Explorer.	<u>16,322</u>
Total Debt	<u>3,187,461</u>
Less Current Portion	<u>(379,288)</u>
Total Long Term Portion	<u>\$2,808,173</u>

Maturities of long-term debt as of April 30, 2016 are as follows:

2017	379,288
2018	387,445
2019	403,353
2020	425,253
2021	463,811
Thereafter	<u>1,128,311</u>
	<u>3,187,461</u>

Accounts Receivable, member dues, contract rights, property owner assessments, equipment, furniture and fixtures, inventory, general intangibles, licenses, real property, and all other property utilized by the Masthope Rapids Property Owners Council's operation are collateral for all the above mentioned loans.

**7. LITIGATION, CLAIMS AND ASSESSMENTS**

In the normal course of business, the Association may periodically be named as a defendant in litigation. The Association's management, supported by legal counsel, believes that there are no litigation matters that could result in a material financial verdict against the Association at the current time.

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY  
OWNERS COUNCIL**

Supplementary Information

For the fiscal year ended April 30, 2016

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS' COUNCIL  
SCHEDULES OF DEPARTMENTAL EXPENSES  
FOR THE FISCAL YEAR ENDED APRIL 30, 2016**

Administrative		
Salaries	\$	262,331
Payroll Taxes		15,623
Office Supplies and Expenses		28,684
Telephone & Fax		5,727
Printing & Newsletter Expense		12,149
Dues and Subscriptions		121
Computer Support and Training		16,304
Payroll Service		15,186
Membership		4,442
Advertising		2,403
Utilities		12,653
Collection Costs		7,661
Bank Charges		8,155
Meetings and Hospitality		12,782
Postage		11,564
Property Taxes		21,056
Website		776
Miscellaneous		11,526
Total Administrative Expenses	\$	<u>449,143</u>

Maintenance		
Salaries	\$	201,435
Payroll Taxes		22,589
Supplies		5,773
Repairs and Maintenance Buildings		15,394
Fuel		15,028
Snow Removal		29,156
Refuse Removal		82,266
Small Tools		4,205
Landscaping		3,633
Road and 911 Signs		3,517
Radio Repairs and Maintenance		1,258
Uniforms		1,287
Vehicle Repairs		22,330
Utilities		6,114
Total Maintenance Expenses	\$	<u>413,985</u>

"See independent auditor's report on supplementary information"



**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS' COUNCIL  
SCHEDULES OF DEPARTMENTAL EXPENSES  
FOR THE FISCAL YEAR ENDED APRIL 30, 2016**

Recreation, Pool and Lake	\$ 150,791
Salaries	22,181
Payroll Taxes	9,295
Pool Chemicals	3,717
Supplies	18,865
Activities Expense	28,235
Repairs and Maintenance Lake & Pool	324
Uniforms	3,226
Telephone	302
Trips/Events	5,748
Utilities	1,941
Permits	7,412
Amenities Expense	23,728
Beach House	2,970
Fitness Center Repair & Maintenance	<u>2,970</u>
Total Recreation, Pool and Lake Expenses	<u>\$ 278,735</u>
Ski Slope	\$ 137,500
Management Fee	<u>137,500</u>
Total Ski Slope Expenses	<u>\$ 137,500</u>
Stables	\$ 102,002
Salaries	13,426
Payroll Taxes	28,471
Boarding	26,907
Lease Care Maintenance	5,098
Utilities	7,852
Tack and Supplies	2,310
Repair and Maintenance	3,325
Land Management	819
Vehicle Maintenance	2,550
Horse Lease	<u>2,550</u>
Total Stables Expenses	<u>\$ 192,760</u>

"See independent auditor's report on supplementary information"

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS' COUNCIL**  
**SCHEDULES OF DEPARTMENTAL EXPENSES**  
**FOR THE FISCAL YEAR ENDED APRIL 30, 2016**

Lodge		
Purchases		\$ 479,798
Salaries		457,317
Payroll Taxes		76,860
Supplies		76,508
Entertainment		6,750
Repairs and Maintenance		84,082
Uniforms		5,662
Utilities		109,534
Miscellaneous		7,563
Linen		251
Credit Card Fees		24,068
Licenses & Fees		4,213
Advertising		5,213
Waste Disposal		3,691
Special Events		4,170
Total Lodge Expenses		<u><u>\$ 1,345,680</u></u>

Security		
Salaries		\$ 266,931
Payroll Taxes		30,006
Supplies		7,413
Repairs and Maintenance		33,068
Telephone		3,034
Uniforms		6,172
Training		1,787
Total Security Expenses		<u><u>\$ 348,411</u></u>

"See independent auditor's report on supplementary information"

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS' COUNCIL  
 SCHEDULES OF DEPARTMENTAL EXPENSES  
 FOR THE FISCAL YEAR ENDED APRIL 30, 2016

Marketplace	
Purchases	\$ 249,268
Salaries	87,887
Payroll Taxes	10,654
Supplies	4,402
Computer Expense	149
Repairs and Maintenance	3,948
Utilities	16,917
Advertising	670
Lottery	36,292
Credit Card Fees	6,608
Total Marketplace Expenses	<u>\$ 416,795</u>

Major Repairs and Replacement Expenses	
Lot Sale Expense	\$ 9,876
Falling Waters Culvert	260,863
Sports field Improvements	13,060
Repairs and Maintenance	76,027
Bank Charges	21
Total Major Repairs and Replacements Expenses	<u>\$ 359,847</u>

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL**  
**Additional Information**  
**Future Major Repairs and Replacements**  
**December 31, 2016 (unaudited)**

At April 30, 2016, the Association had a total of \$618,445 in reserve fund cash and investments, which is a pooled account and has not been allocated to specific projects. A study was prepared in 2015, which identified an annual reserve contribution requirement of approximately 2% of previous year's operating budget based upon an estimate of the current replacement costs and estimated remaining lives of the common area components at full funding. After thorough discussion and analysis the finance committee and board of directors have decided to fund the reserves using threshold funding which is a method of funding that attempts to fund the reserves at a level which allows items to be replaced as needed without exhausting the reserve balance. The study does not account for interest or inflation.

Actual expenditures for such items may vary from the estimated amounts and the variations may be material. If additional funds are needed, the Association has the right to increase regular assessments, levy special assessments, borrow, or delay major repairs and replacements until funds are available. The Associations' governing documents do not require the accumulation of funds to finance future major repairs and replacements.

Road repairs and maintenance are funded through the operating fund and therefore are not included in this schedule.

Component	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Cost	Accumulated Reserve Requirement
Painting	1	\$ 1,400	\$ 1,050
Interior Furnishings	5	1,800	1,108
Equipment	1-5	9,950	4,102
Building Components	1-6	10,500	9,369
Signs	16	250,000	170,000
Vehicle Maintenance	1-13	658,750	376,528
Watercraft	8	12,500	2,500
Cooler	1-7	46,615	26,209
Freezer/Refrigeration	1-4	17,600	12,028
Cooking/Heating Eqpmt	1-6	95,950	55,433
Summit Misc. Equip	1-9	73,350	30,041
Computer/Software	7	22,000	11,733
Medical Equipment	8	9,000	1,800
Public Safety Misc. Eqpmt	1-4	17,350	6,718
Public Safety Cameras	6-8	16,650	4,410
Vehicle Public Safety	1	33,000	22,000
Vehicle-Stables	5-7	18,500	9,583
Stables Misc. Eqpmt	6	2,000	800
Fitness-Equipment	1-9	45,800	16,846
File Cabinets	1	1,575	1,500
Desks	1	6,000	5,455
Chairs	1	1,500	1,286
File Cabinets- Fire proof	1	37,200	35,429
Computer-Desktop	1	30,000	22,500
Computer-Laptop	1	6,000	4,500
Furniture-Misc.	1	10,000	9,091
Safe	22	5,000	1,333

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL**  
**Additional Information**  
**Future Major Repairs and Replacements-Continued**  
**December 31, 2016 (unaudited)**

<u>Component</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Current Replacement Cost</u>	<u>Accumulated Reserve Requirement</u>
Tools	22	30,000	8,000
Building	6-29	6,710,000	2,055,667
Ski Equipment	3-7	4,420,000	3,119,000
Baine Marie/ Merchandiser	1-8	8,900	4,349
		<u>\$ 12,608,890</u>	<u>\$ 6,030,368</u>