

WILLIAM
OWENS
&
COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

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

16 CHESTNUT STREET
MONTROSE, PA 18801
570-278-2260

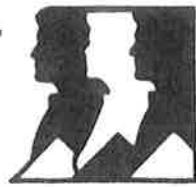
MASTHOPE MOUNTAIN COMMUNITY
PROPERTY OWNERS COUNCIL

Financial Statements
And Supplementary Information

For the Fiscal Year Ended April 30, 2018

TABLE OF CONTENTS

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



WILLIAM
OWENS
&
COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
INDEPENDENT AUDITOR'S REPORT

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

16 CHESTNUT STREET
MONTROSE, PA 18801
570-278-2260

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, 2018 and the related statements of revenues and expenses, 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, 2018, 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 on pages 14 to 17 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 to 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 and Company
Certified Public Accountants
Carbondale, PA 18407
June 14, 2018

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL
BALANCE SHEETS
APRIL 30, 2018

ASSETS	Operating Fund	Restricted Fund	Eliminations	Total
Current Assets				
Cash	\$ 2,083,746	\$ -	\$ -	\$ 2,083,746
Cash and Cash Equivalents - Restricted for Future Major Repairs and Replacement	-	1,369,658	-	1,369,658
Cash-Restricted for Ski Loan	-	146,585	-	146,585
Cash-Restricted for Lodge Loan Repayment	-	149,558	-	149,558
Cash-Restricted for Road Repair	-	11,279	-	11,279
Cash-Restricted for Beach River Park	-	177,686	-	177,686
Other Receivables	39,766	3,500	-	43,266
Due From Other Funds	61,101	-	(61,101)	-
Inventory	58,416	-	-	58,416
Prepaid Expenses	66,875	-	-	66,875
Total Current Assets	2,309,904	1,858,266	(61,101)	4,107,069
Property and Equipment				
Land	1,097,263	-	-	1,097,263
Roads	634,641	-	-	634,641
Buildings and Improvements	6,326,973	-	-	6,326,973
Furniture and Fixtures	48,388	-	-	48,388
Vehicles and Equipment	3,667,769	-	-	3,667,769
Horses	17,200	-	-	17,200
Less: Accumulated Depreciation	(4,344,726)	-	-	(4,844,726)
Net Property and Equipment	6,947,508	-	-	6,947,508
Other Assets				
Cash - Renters Deposits	61,377	-	-	61,377
Cash-Lottery Account	19,222	-	-	19,222
Certificates of Deposit	-	361,801	-	361,801
Escrow Deposits	1,600	-	-	1,600
Inventory Lots	-	133,213	-	133,213
Closing Costs	19,873	-	-	19,873
Liquor License	30,953	-	-	30,953
Less: Accumulated Amortization	(5,556)	-	-	(5,556)
Total Other Assets	127,469	495,014	-	622,483
Total Assets	\$ 9,384,881	\$ 2,353,280	\$ (61,101)	\$ 11,677,060

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

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL
BALANCE SHEETS
APRIL 30, 2018

LIABILITIES AND FUND BALANCES	Operating Fund	Restricted Fund	Eliminations	Total
Current Liabilities				
Accounts Payable and Accrued Expenses	\$ 105,717	\$ -	\$ -	\$ 105,717
Members' Assessments Collected in Advance	2,109,744	-	-	2,109,744
Due To Other Funds	-	61,101	(61,101)	-
Escrow Deposits	55,425	-	-	55,425
Deferred Revenue	678	-	-	678
Current Portion of Long Term Debt	-	416,674	-	416,674
Total Current Liabilities	<u>2,271,564</u>	<u>477,775</u>	<u>(61,101)</u>	<u>2,688,238</u>
Long-Term Liabilities				
Long Term Debt, Net of Current Portion	-	1,996,802	-	1,996,802
Total Long-Term Liabilities	<u>-</u>	<u>1,996,802</u>	<u>-</u>	<u>1,996,802</u>
Total Liabilities	<u>2,271,564</u>	<u>2,474,577</u>	<u>(61,101)</u>	<u>4,685,040</u>
Fund Balances	<u>7,113,317</u>	<u>(121,297)</u>	<u>-</u>	<u>6,992,020</u>
Total Liabilities and Fund Balances	<u>\$ 9,384,881</u>	<u>\$ 2,353,280</u>	<u>\$ (61,101)</u>	<u>\$ 11,677,060</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, 2018

	Operating Fund	Restricted Fund	Total
Revenues			
Membership Dues	\$ 2,320,857	\$ -	\$ 2,320,857
Capital Dues	-	181,752	181,752
Ski Assessment	-	304,596	304,596
Lodge Loan Assessment	-	173,871	173,871
Beach/ Riverpark Assessments	-	98,893	98,893
Transfer Fees	-	196,553	196,553
Late Charges	44,848	-	44,848
Collection Fees	28,254	-	28,254
Advertising	24,525	-	24,525
Activity Income	12,047	-	12,047
Interest Income	395	2,838	3,233
Miscellaneous Income	174,388	-	174,388
Skiing Revenue	-	211,065	211,065
Stable Revenue	18,161	-	18,161
Lodge Revenue	1,540,267	-	1,540,267
Fitness Revenue	3,439	-	3,439
Marketplace Sales	472,349	-	472,349
Gain Sale of Asset	5,734	-	5,734
Permits	25,620	-	25,620
Total Revenues	4,670,884	1,169,568	5,840,452
Expenses			
Administrative Expenses	450,653	-	450,653
Maintenance	482,857	-	482,857
Recreation, Pool and Lake	294,583	-	294,583
Ski Slope	-	137,500	137,500
Stables	221,554	-	221,554
Lodge	1,563,502	-	1,563,502
Security	354,367	-	354,367
Marketplace	500,549	-	500,549
Road Project	248,733	88,793	337,526
Water and Sewer	25,025	-	25,025
Insurance	384,535	-	384,535
Professional Fees	29,334	-	29,334
Repairs and Replacement	9,897	115,741	125,638
Interest	-	106,997	106,997
Sales and Use Tax	14,235	-	14,235
Amortization	944	-	944
Depreciation	607,645	-	607,645
Total Expenses	5,188,413	449,031	5,637,444
Excess/(Deficiency) of Revenues Over/(Under) Expenses Before Interfund Transfers	(517,529)	720,537	203,008
Transfer Between Funds	(26,437)	26,437	-
Excess/(Deficiency) of Revenues Over/(Under) Expenses	\$ (543,966)	\$ 746,974	\$ 203,008

"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, 2018

	Operating Fund	Restricted Fund	Total
Fund Balances at Beginning of Year	\$ 7,657,283	\$ (868,271)	\$ 6,789,012
Excess (Deficiency) of Revenues Over/(Under) Expenses	(543,966)	746,974	203,008
Fund Balances at End of Year	\$ 7,113,317	\$ (121,297)	\$ 6,992,020

"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, 2018

	Operating Fund	Restricted Fund	Total
Cash Flows from Operating Activities			
Surplus / (Deficiency) of Revenues Over Expenses	\$ (543,966)	746,974	\$ 203,008
Adjustments to Reconcile Surplus / (Deficiency) of Revenues Over/(Under) Expenses to Net Cash provided by Operating Activities			
Depreciation and Amortization	608,589	-	608,589
Gain on Sale of Fixed Assets	(5,734)	-	(5,734)
Change in Other Receivables	(28,798)	(3,500)	(32,298)
Change in Inventory	(3,280)	-	(3,280)
Change in Prepaid Expenses	(16,217)	-	(16,217)
Change in Lot Deposits	-	3,500	3,500
Change in Accounts Payable and Accrued Expenses	(8,301)	(29,021)	(37,322)
Change in Members' Assessments Collected in Advance	278,170	-	278,170
Change in Insurance Proceeds Payable	-	(13,293)	(13,293)
Change in Miscellaneous Deferred Revenue	(199)	-	(199)
Change in Escrow Deposits	3,200	-	3,200
Net Cash provided by Operating Activities	<u>283,464</u>	<u>704,660</u>	<u>988,124</u>
Cash Flows from Investing Activities			
Purchase of Fixed Assets	(1,200)	(180,782)	(181,982)
Proceeds From Sale of Fixed Assets	9,000	-	9,000
Net Cash Provided By/(Used in) Investing Activities	<u>7,800</u>	<u>(180,782)</u>	<u>(172,982)</u>
Cash Flows from Financing Activities			
Debt Reduction	-	(407,259)	(407,259)
Change in Due To/From Other Funds	55,924	(55,924)	-
Fixed Assets Transferred Between Funds	(180,782)	180,782	-
Net Cash Used in Financing Activities	<u>(124,858)</u>	<u>(282,401)</u>	<u>(407,259)</u>
Net Increase in Cash	<u>166,406</u>	<u>241,477</u>	<u>407,883</u>
Cash at beginning of Year	<u>1,999,539</u>	<u>1,975,090</u>	<u>3,974,629</u>
Cash at end of Year	<u>\$ 2,165,945</u>	<u>\$ 2,216,567</u>	<u>\$ 4,382,512</u>
Cash Consist of:			
Cash	\$ 2,083,746	\$ -	\$ 2,083,746
Cash-Lottery Account	19,222	-	19,222
Cash-Renters Deposits	61,377	-	61,377
Cash-Escrow Deposits	1,600	-	1,600
Cash and Cash Equivalents - Restricted for			
Future Major Repairs and Replacement	-	1,369,658	1,369,658
Cash-Restricted for Ski Loan	-	146,585	146,585
Cash-Restricted for Lodge Loan Repayment	-	149,558	149,558
Cash-Restricted for Road Repair	-	11,279	11,279
Cash-Restricted for Beach River Park	-	177,686	177,686
Certificates of Deposit	-	361,801	361,801
	<u>\$ 2,165,945</u>	<u>\$ 2,216,567</u>	<u>\$ 4,382,512</u>
Supplemental Disclosure			
Cash Paid During the Year for:			
Interest	\$ -0-	\$ 106,997	\$ 106,997
Income Taxes	\$ -0-	\$ -0-	\$ -0-

"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, 2018

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, 2018

MEMBER DUES

Association members are subject to annual assessments, payable on May 1st 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, 2018 consists of the following:

Lot Inventory	\$133,213
Marketplace Inventory	25,911
Summit Restaurant Inventory	<u>32,505</u>
Total	<u>\$191,629</u>

PROPERTY, PLANT AND EQUIPMENT

The Association capitalizes property, plant and equipment to which it has title or other evidence of ownership with the exception of common properties as noted below. 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, 2018 was \$607,645.

COMMON PROPERTY

Common property not recognized as assets in these financial statements includes the clubhouses, pools, tennis areas, other amenities, and the roads and certain 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 \$2,216,567 at April 30, 2018, 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, 2018

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, 2018 the Association filed as a Corporation using the federal form 1120.

ADVERTISING

Advertising costs are charged to operations when incurred and amounted to \$10,999 for the fiscal year.

INTEREST EXPENSE

For the fiscal year ended of April 30, 2018, the association incurred and charged \$106,997 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 June 14, 2018, 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, 2018

3. AMORTIZATION COSTS

Amortization costs are amortized using a straight-line method over a period of 15 years. Amortization expense for the year ended April 30, 2018 was \$944.

4. 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 \$4,224,134 as of April 30, 2018 at three financial institutions. Of the \$4,224,134 there is \$361,801 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 \$3,521,395 at April 30, 2018.

5. LONG-TERM DEBT

Notes payable consist of the following as of April 30, 2018:

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.	2,945
Wayne Bank- Ski, Beach, and Lodge loan consolidation- 4.00% fixed interest rate loan. Monthly principal and interest payments of \$43,241; maturing August 2023. Secured by accounts receivable and other assets of the association.	<u>2,410,531</u>
Total Debt	<u>2,413,476</u>
Less Current Portion	<u>(416,674)</u>
Total Long-Term Portion	<u>\$1,996,802</u>

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2018

5. LONG-TERM DEBT (Continued)

Maturities of long-term debt as of April 30, 2018 are as follows:

2019	416,674
2020	430,580
2021	448,122
2022	466,379
2023	485,380
Thereafter	166,341
	<u>2,413,476</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.

6. 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, 2018

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS' COUNCIL
SCHEDULES OF DEPARTMENTAL EXPENSES
FOR THE FISCAL YEAR ENDED APRIL 30, 2018**

Administrative	
Salaries	\$ 276,459
Payroll Taxes	17,832
Office Supplies and Expenses	47,406
Telephone and Fax	6,879
Printing & Newsletter Expense	6,996
Dues and Subscriptions	900
Computer Support and Training	7,860
Payroll Service	19,652
Membership	4,687
Advertising	1,661
Utilities	13,950
Collection Costs	268
Bank Charges	10,335
Meetings and Hospitality	11,440
Postage	9,264
Property Taxes	4,974
Website	599
Miscellaneous	9,491
Total Administrative Expenses	<u>\$ 450,653</u>
Maintenance	
Salaries	\$ 219,265
Payroll Taxes	24,047
Supplies	9,578
Repairs and Maintenance Buildings	6,611
Fuel	20,536
Snow Removal	32,545
Refuse Removal	117,820
Small Tools	4,519
Landscaping	2,387
Road and 911 Signs	2,541
Radio Repairs and Maintenance	992
Uniforms	1,042
Vehicle Repairs	32,447
Utilities	8,527
Total Maintenance Expenses	<u>\$ 482,857</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, 2018**

Recreation, Pool and Lake	\$ 162,260
Salaries	23,028
Payroll Taxes	8,221
Pool Chemicals	4,786
Supplies	19,992
Activities Expense	30,236
Repairs and Maintenance Lake and Pool	451
Uniforms	3,449
Telephone	140
Trips/Events	6,950
Utilities	1,715
Permits	3,508
Amenities Expense	26,754
Beach House	3,093
Fitness Center Repairs and Maintenance	<u>3,093</u>
Total Recreation, Pool and Lake Expenses	<u>\$ 294,583</u>
Ski Slope	\$ 137,500
Management Fee	<u>\$ 137,500</u>
Total Ski Slope Expenses	<u>\$ 137,500</u>
Stables	\$ 120,174
Salaries	14,625
Payroll Taxes	44,195
Boarding	23,486
Animal Care	5,129
Utilities	4,734
Tack and Supplies	1,408
Repairs and Maintenance	2,475
Land Management	1,678
Vehicle Maintenance	3,650
Horse Lease	<u>3,650</u>
Total Stables Expenses	<u>\$ 221,554</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, 2018

Lodge		
Cost of Goods Sold	\$	552,677
Salaries		549,910
Payroll Taxes		82,209
Supplies		74,321
Entertainment		9,889
Repairs and Maintenance		64,669
Uniforms		5,168
Utilities		140,829
Miscellaneous		18,190
Linen		5,901
Credit Card Fees		33,627
Licenses & Fees		5,273
Advertising		5,634
Waste Disposal		4,340
Special Events		10,865
Total Lodge Expenses	\$	<u><u>1,563,502</u></u>

Security		
Salaries	\$	280,351
Payroll Taxes		31,380
Supplies		5,908
Repairs and Maintenance		27,617
Telephone		2,829
Uniforms		3,821
Training		2,461
Total Security Expenses	\$	<u><u>354,367</u></u>

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS' COUNCIL
SCHEDULES OF DEPARTMENTAL EXPENSES
FOR THE FISCAL YEAR ENDED APRIL 30, 2018**

Marketplace	\$ 340,178
Cost of Goods Sold	112,733
Salaries	11,941
Payroll Taxes	368
Supplies	1,894
Computer Expense	7,167
Repairs and Maintenance	15,722
Utilities	3,704
Advertising	6,842
Credit Card Fees	<u>500,549</u>
Total Marketplace Expenses	<u><u>\$ 500,549</u></u>

Major Repairs and Replacement Expenses	\$ 80
Falling Waters Culvert	51,094
Repairs and Maintenance	2,320
Lodge Project	17,697
Community Landscaping	3,085
Lake and Pool Project	8,522
Administrative	23,376
Ski Equipment Repairs	6,910
ATV Training Center	1,027
Summit Project	1,446
Miscellaneous	184
Bank Charges	<u>115,741</u>
Total Major Repairs and Replacements Expenses	<u><u>\$ 115,741</u></u>

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL
Additional Information
Future Major Repairs and Replacements
April 30, 2018 (unaudited)

At April 30, 2018, the Association had a total of \$2,216,567 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
April 30, 2018 (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
Buildings	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>