



**WILLIAM
OWENS
&
COMPANY**

**CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION**

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**MASTHOPE MOUNTAIN COMMUNITY
PROPERTY OWNERS COUNCIL**

Financial Statements
And Supplementary Information

For the Fiscal Year Ended April 30, 2019

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CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

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, 2019 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, 2019, 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 15 to 18 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 19 to 20 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 & Co, CPA's

William Owens and Company
Certified Public Accountants
Carbondale, PA 18407
July 11, 2019

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL
BALANCE SHEETS
APRIL 30, 2019

ASSETS	Operating Fund	Restricted Fund	Eliminations	Total
Current Assets				
Cash and Cash Equivalents - Operating	\$ 2,299,874	\$ -	\$ -	\$ 2,299,874
Cash and Cash Equivalents - Restricted for Future Major Repairs and Replacement	-	244,400	-	244,400
Cash-Restricted for Ski Loan	-	136,587	-	136,587
Cash-Restricted for Lodge Loan Repayment	-	148,700	-	148,700
Cash-Restricted for Road Repair	-	2,899	-	2,899
Cash-Restricted for Beach River Park	-	184,809	-	184,809
Other Receivables	36,373	-	-	36,373
Due From Other Funds	-	130,697	(130,697)	-
Inventory	66,538	-	-	66,538
Prepaid Expenses	40,749	-	-	40,749
Total Current Assets	2,443,534	848,092	(130,697)	3,160,928
Property and Equipment				
Land	1,097,263	-	-	1,097,263
Roads	332,787	-	-	332,787
Buildings and Improvements	6,346,484	-	-	6,346,484
Furniture and Fixtures	36,319	-	-	36,319
Vehicles and Equipment	3,636,238	-	-	3,636,238
Horses	14,300	-	-	14,300
Less: Accumulated Depreciation	(4,712,108)	-	-	(4,712,108)
Net Property and Equipment	6,751,283	-	-	6,751,283
Other Assets				
Cash - Renters Deposits	63,133	-	-	63,133
Cash-Lottery Account	31,303	-	-	31,303
Certificates of Deposit	-	1,759,680	-	1,759,680
Escrow Deposits	1,600	-	-	1,600
Lot Inventory	-	133,213	-	133,213
Closing Costs	19,873	-	-	19,873
Liquor License	30,953	-	-	30,953
Less: Accumulated Amortization	(7,213)	-	-	(7,213)
Total Other Assets	139,649	1,892,893	-	2,032,543
Total Assets	\$ 9,334,466	\$ 2,740,985	\$ (130,697)	\$ 11,944,754

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

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL
BALANCE SHEETS
APRIL 30, 2019

	Operating Fund	Restricted Fund	Eliminations	Total
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Accounts Payable and Accrued Expenses	\$ 116,344	\$ 2,457	\$ -	\$ 118,801
Members' Assessments Collected in Advance	2,120,285	-	-	2,120,285
Due To Other Funds	130,697	-	(130,697)	-
Escrow Deposits	57,131	-	-	57,131
Deferred Revenue	678	-	-	678
Current Portion of Long Term Debt	-	457,730	-	457,730
Total Current Liabilities	<u>2,425,135</u>	<u>460,187</u>	<u>(130,697)</u>	<u>2,754,625</u>
Long-Term Liabilities				
Long Term Debt, Net of Current Portion	-	1,566,693	-	1,566,693
Total Long-Term Liabilities	<u>-</u>	<u>1,566,693</u>	<u>-</u>	<u>1,566,693</u>
Total Liabilities	<u>2,425,135</u>	<u>2,026,880</u>	<u>(130,697)</u>	<u>4,321,318</u>
Fund Balances	<u>6,909,331</u>	<u>714,105</u>	<u>-</u>	<u>7,623,436</u>
Total Liabilities and Fund Balances	<u>\$ 9,334,466</u>	<u>\$ 2,740,985</u>	<u>\$ (130,697)</u>	<u>\$ 11,944,754</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, 2019**

	Operating Fund	Restricted Fund	Total
Revenues			
Membership Dues	\$ 2,358,830	\$ -	\$ 2,358,830
Capital Dues	-	293,256	293,256
Ski Assessment	-	310,994	310,994
Lodge Loan Assessment	-	199,450	199,450
Beach/ Riverpark Assessments	-	101,313	101,313
Transfer Fees	-	193,695	193,695
Late Charges	43,659	-	43,659
Collection Fees	23,172	-	23,172
Advertising	24,130	-	24,130
Activity Income	12,621	-	12,621
Small Games of Chance	13,718	-	13,718
Interest Income	1,599	10,504	12,104
Miscellaneous Income	226,406	-	226,406
Skiing Revenue	-	70,000	70,000
Stable Revenue	19,102	-	19,102
Lodge Revenue	1,657,458	-	1,657,458
Fitness Revenue	4,149	-	4,149
Marketplace Sales	464,929	-	464,929
Gain/(Loss) on Sale of Assets	(1,702)	2,580	878
Permits	24,265	-	24,265
Total Revenues	<u>4,872,336</u>	<u>1,181,792</u>	<u>6,054,128</u>
Expenses			
Administrative Expenses	487,960	-	487,960
Maintenance	489,721	-	489,721
Recreation, Pool and Lake	303,258	-	303,258
Stables	216,339	-	216,339
Lodge	1,640,824	-	1,640,824
Security	357,991	-	357,991
Marketplace	517,856	-	517,856
Road Project	176,264	8,500	184,764
Water and Sewer	35,943	-	35,943
Insurance	390,226	-	390,226
Professional Fees	104,306	-	104,306
Repairs and Replacement	10,516	149,975	160,491
Interest	-	99,226	99,226
Sales and Use Tax	1,857	-	1,857
Amortization	1,656	-	1,656
Depreciation	430,294	-	430,294
Total Expenses	<u>5,165,011</u>	<u>257,701</u>	<u>5,422,711</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenses Before Interfund Transfers	<u>(292,675)</u>	<u>924,091</u>	<u>631,416</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, 2019**

	<u>Operating Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
Fund Balances at Beginning of Year	\$ 7,113,317	\$ (121,297)	\$ 6,789,012
Excess (Deficiency) of Revenues Over/(Under) Expenses	(292,675)	924,091	631,416
Transfer Between Funds	<u>88,689</u>	<u>(88,689)</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 6,909,331</u>	<u>\$ 714,105</u>	<u>\$ 7,623,436</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, 2019

Cash Flows from Operating Activities	Operating Fund	Restricted Fund	Total
Surplus / (Deficiency) of Revenues Over Expenses	\$ (292,675)	924,091	\$ 631,416
Adjustments to Reconcile Surplus / (Deficiency) of Revenues			
Over/(Under) Expenses to Net Cash provided by Operating Activities			
Depreciation and Amortization	431,950	-	431,950
(Gain)/Loss on Sale of Fixed Assets	1,702	(2,580)	(878)
Change in Other Receivables	3,394	3,500	6,894
Change in Inventory	(8,122)	-	(8,122)
Change in Prepaid Expenses	26,126	-	26,126
Change in Lot Deposits	-	3,500	3,500
Change in Accounts Payable and Accrued Expenses	10,627	2,457	13,084
Change in Members' Assessments Collected in Advance	10,541	-	10,541
Change in Escrow Deposits	1,705	-	1,705
Net Cash provided by Operating Activities	<u>185,248</u>	<u>930,968</u>	<u>1,116,216</u>
 Cash Flows from Investing Activities			
Purchase of Certificates of Deposits	-	(1,763,192)	(1,763,192)
Purchase of Fixed Assets	-	(235,760)	(235,760)
Proceeds From Sale of Fixed Assets	-	2,580	2,580
Net Cash Provided By/(Used in) Investing Activities	<u>-</u>	<u>(1,996,372)</u>	<u>(1,996,372)</u>
 Cash Flows from Financing Activities			
Debt Reduction	-	(416,202)	(416,202)
Proceeds from Debt	-	27,150	27,150
Change in Due To/From Other Funds	(191,043)	191,043	-
Fixed Assets Transfer	235,760	(235,760)	-
Net Cash Provided By/(Used in) Financing Activities	<u>44,717</u>	<u>(433,769)</u>	<u>(389,052)</u>
 Net Increase/(Decrease) in Cash	<u>229,965</u>	<u>(1,499,173)</u>	<u>(1,269,208)</u>
 Cash at beginning of Year	<u>2,165,945</u>	<u>2,216,567</u>	<u>4,382,512</u>
 Cash at end of Year	<u>\$ 2,395,910</u>	<u>\$ 717,394</u>	<u>\$ 3,113,304</u>
 Cash Consist of:			
Cash and Cash Equivalents - Operating	\$ 2,299,874	\$ -	\$ 2,299,874
Cash-Lottery Account	31,303	-	31,303
Cash-Renters Deposits	63,133	-	63,133
Cash-Escrow Deposits	1,600	-	1,600
Cash and Cash Equivalents - Restricted for			
Future Major Repairs and Replacement	-	244,400	244,400
Cash-Restricted for Ski Loan	-	136,587	136,587
Cash-Restricted for Lodge Loan Repayment	-	148,700	148,700
Cash-Restricted for Road Repair	-	2,899	2,899
Cash-Restricted for Beach River Park	-	184,809	184,809
	<u>\$ 2,395,910</u>	<u>\$ 717,394</u>	<u>\$ 3,113,305</u>
 Supplemental Disclosure			
Cash Paid During the Year for:			
Interest	\$ -0-	\$ 99,226	\$ 99,226
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, 2019

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, ski, and beach 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, 2019

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

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, 2019 consists of the following:

Lot Inventory	\$133,213
Marketplace Inventory	35,704
Summit Restaurant Inventory	<u>30,834</u>
Total	<u>\$199,751</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, 2019 was \$430,294.

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 purchased after 2012. Prior to that date some roads and pools had been capitalized.

Common property recognized as assets in these financial statements includes the maintenance building, pools, stable building, ski lodge, administrative building, Parking lots, other amenities, common areas, and the roads located within the development.

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

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 the membership.

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

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 \$2,477,074 at April 30, 2019, are held in separate accounts and are generally not available for operating purposes.

A portion of each member's dues and assessment is allocated to the repair and replacement fund. The amount allocated for the fiscal year ended April 30, 2019 was \$435 per lot. An annual study is made by the property manager to estimate remaining useful lives and replacement costs of the components of common property, from which the allocation to the Repairs and Replacement Fund is calculated. Actual expenditures may vary materially from those estimates.

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, 2019 the Association filed as a Corporation using the federal form 1120.

INTEREST EXPENSE

For the fiscal year ended of April 30, 2019, the association incurred and charged \$99,226 to interest expense.

STATEMENT OF CASH FLOWS

For purposes of the statement of cash flow, cash and cash equivalents include cash on hand, demand deposit accounts, repurchase agreements, and investments in highly liquid debt instruments purchased with original maturities of three months or less.

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

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

DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through July 11, 2019, 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.

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, 2019 was \$1,656.

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 entered into an overnight repurchase sweep agreement with Wayne Bank. The agreement states that at the end of a business day, all funds that exceed the minimum investable balance that must remain in the account will be used to purchase a US Government or Government Agency Security from the bank for the exact amount of the investment, and the bank agrees to repurchase the security the following business day. Interest will be earned on the investment amount. As of April 30, 2019, the Association had \$2,018,120 and \$425,095 in repurchase agreements outstanding for the operating and restricted funds, respectively.

The Association maintained cash balances of \$4,650,625 as of April 30, 2019 at various financial institutions including the repurchase agreements. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured bank balances amounted to \$1,351,423 at April 30, 2019.

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED APRIL 30, 2019

5. LONG-TERM DEBT

Notes payable consist of the following as of April 30, 2019:

Wayne Bank-Vehicle Loan- 5.500% fixed interest rate loan. One-time payment of principal and interest; maturing June 9, 2019. Secured by 2018 Ford Explorer.	27,150
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>1,997,273</u>
Total Debt	<u>2,024,423</u>
Less Current Portion	(457,730)
Total Long-Term Portion	<u>\$1,566,693</u>

Maturities of long-term debt as of April 30, 2019 are as follows:

2020	457,730
2021	448,122
2022	466,379
2023	485,380
2024	<u>166,812</u>
	<u>2,024,423</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

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

counsel, believes that there are no litigation matters that could result in a material financial verdict against the Association at the current time.

7. RELATED PARTIES

The Association contracts a property manager through Recreation Management Corporation (the Corporation) who is also a part owner of the Corporation. The Association has also contracted the Corporation for a maintenance supervisor and the ski operations. The amount paid to Recreation Management for management services for the community was \$158,277 which was for the community manager and maintenance manager services for the fiscal year ended April 30, 2019. The Association also received a lease payment of \$70,000 from the Corporation per the Ski Lease Agreement that the two parties have agreed to.

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY
OWNERS COUNCIL**

Supplementary Information

For the fiscal year ended April 30, 2019

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS' COUNCIL
SCHEDULES OF DEPARTMENTAL EXPENSES
FOR THE FISCAL YEAR ENDED APRIL 30, 2019**

Administrative	
Salaries	\$ 291,125
Payroll Taxes	17,637
Office Supplies and Expenses	42,779
Telephone and Fax	8,154
Printing & Newsletter Expense	14,748
Dues and Subscriptions	315
Computer Support and Training	15,232
Payroll Service	21,194
Membership	4,955
Advertising	247
Utilities	14,680
Collection Costs	4,521
Bank Charges	11,313
Meetings and Hospitality	10,729
Postage	14,030
Property Taxes	4,738
Website	671
Miscellaneous	10,892
Total Administrative Expenses	<u>\$ 487,960</u>

Maintenance	
Salaries	\$ 226,644
Payroll Taxes	28,750
Supplies	4,650
Repairs and Maintenance Buildings	10,233
Fuel	20,256
Snow Removal	44,631
Refuse Removal	102,250
Small Tools	1,397
Road and 911 Signs	3,305
Uniforms	705
Vehicle Repairs	18,853
Utilities	28,047
Total Maintenance Expenses	<u>\$ 489,721</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, 2019**

Recreation, Pool and Lake	
Salaries	\$ 168,206
Payroll Taxes	22,944
Pool Chemicals	8,915
Supplies	6,287
Activities Expense	22,492
Repairs and Maintenance Lake and Pool	26,735
Uniforms	240
Telephone	3,222
Trips/Events	630
Utilities	6,796
Permits	201
Amenities Expense	3,363
Beach House	26,872
Fitness Center Repairs and Maintenance	6,355
Total Recreation, Pool and Lake Expenses	<u>\$ 303,258</u>
Stables	
Salaries	\$ 119,009
Payroll Taxes	13,334
Boarding	47,075
Animal Care	19,850
Utilities	6,136
Tack and Supplies	4,349
Repairs and Maintenance	1,899
Vehicle Maintenance	1,207
Horse Lease	3,480
Total Stables Expenses	<u>\$ 216,339</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, 2019**

Lodge		
Cost of Goods Sold	\$	594,069
Salaries		585,031
Payroll Taxes		83,962
Supplies		88,244
Entertainment		9,972
Repairs and Maintenance		62,203
Uniforms		5,900
Utilities		134,367
Miscellaneous		4,619
Linen		7,149
Credit Card Fees		38,091
Licenses & Fees		6,417
Advertising		6,173
Waste Disposal		5,965
Special Events		8,662
Total Lodge Expenses		<u>\$ 1,640,824</u>
Security		
Salaries	\$	283,588
Payroll Taxes		29,600
Supplies		5,767
Repairs and Maintenance		31,716
Telephone		3,185
Uniforms		3,199
Training		936
Total Security Expenses		<u>\$ 357,991</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, 2019**

Marketplace	
Cost of Goods Sold	\$ 333,970
Salaries	117,463
Payroll Taxes	13,390
Supplies	9,587
Computer Expense	5,293
Repairs and Maintenance	10,622
Utilities	16,583
Advertising	3,230
Credit Card Fees	7,718
Total Marketplace Expenses	<u>\$ 517,856</u>

Major Repairs and Replacement Expenses	
Repairs and Maintenance	\$ 19,407
Snow Making Project	3,056
Lodge Project	2,335
Community Landscaping	8,186
Lake and Pool Project	86,360
Fitness Center	282
Ski Equipment Repairs	28,058
Summit Project	1,333
Miscellaneous	953
Bank Charges	5
Total Major Repairs and Replacements Expenses	<u>\$ 149,975</u>

"See independent auditor's report on supplementary information"

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL
Additional Information
Future Major Repairs and Replacements
April 30, 2019 (unaudited)

At April 30, 2019, the Association had a total of \$2,477,074 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 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.

<u>Component</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Current Replacement Cost</u>	<u>Estimated Accumulated Reserve Requirement</u>
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 Equipment	1-6	95,950	55,433
Summit Misc. Equipment	1-9	73,350	30,041
Computer/Software	7	22,000	11,733
Medical Equipment	8	9,000	1,800
Public Safety Misc. Equipment	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. Equipment	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, 2019 (unaudited)

<u>Component</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Current Replacement Cost</u>	<u>Estimated 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>