



**WILLIAM  
OWENS  
&  
COMPANY**

**CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION**

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

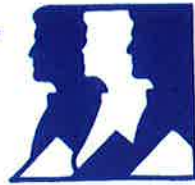
16 CHESTNUT STREET  
MONTROSE, PA 18801  
570-278-2260

**MASTHOPE MOUNTAIN COMMUNITY  
PROPERTY OWNERS COUNCIL**  
Financial Statements  
And Supplementary Information

For the Fiscal Year Ended April 30, 2020

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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, 2020 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, 2020, 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  
December 7, 2020

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL**  
**BALANCE SHEETS**  
**APRIL 30, 2020**

	Operating Fund	Restricted Fund	Eliminations	Total
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents - Operating	\$ 2,012,310	\$ -	\$ -	\$ 2,012,310
Cash and Cash Equivalents - Restricted for Future Major Repairs and Replacement	-	627,817	-	627,817
Cash-Restricted for Ski Loan	-	136,373	-	136,373
Cash-Restricted for Lodge Loan Repayment	-	166,437	-	166,437
Cash-Restricted for Beach River Park	-	207,660	-	207,660
Due From Other Funds	80,823	-	(80,823)	-
Inventory	49,364	-	-	49,364
Prepaid Expenses	27,281	-	-	27,281
<b>Total Current Assets</b>	<b>2,169,778</b>	<b>1,138,287</b>	<b>(80,823)</b>	<b>3,227,243</b>
<b>Property and Equipment</b>				
Land	1,097,263	-	-	1,097,263
Roads	332,787	-	-	332,787
Buildings and Improvements	5,853,433	-	-	5,853,433
Furniture and Fixtures	36,318	-	-	36,318
Vehicles and Equipment	3,980,358	-	-	3,980,358
Horses	14,300	-	-	14,300
Less: Accumulated Depreciation	(4,894,126)	-	-	(4,894,126)
<b>Net Property and Equipment</b>	<b>6,420,333</b>	<b>-</b>	<b>-</b>	<b>6,420,333</b>
<b>Other Assets</b>				
Cash - Renters Deposits	68,002	-	-	68,002
Cash-Lottery Account	45,504	-	-	45,504
Certificates of Deposit	-	1,808,999	-	1,808,999
Escrow Deposits	1,600	-	-	1,600
Lot Inventory	-	133,214	-	133,214
Liquor License	30,953	-	-	30,953
<b>Total Other Assets</b>	<b>146,059</b>	<b>1,942,213</b>	<b>-</b>	<b>2,088,272</b>
<b>Total Assets</b>	<b>\$ 8,736,170</b>	<b>\$ 3,080,500</b>	<b>\$ (80,823)</b>	<b>\$ 11,735,847</b>

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL  
BALANCE SHEETS  
APRIL 30, 2020**

	Operating Fund	Restricted Fund	Eliminations	Total
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Current Liabilities</b>				
Accounts Payable and Accrued Expenses	\$ 89,671	\$ -	\$ -	\$ 89,671
Members' Assessments Collected in Advance	1,858,320	-	-	1,858,320
Due To Other Funds	-	80,823	(80,823)	-
Escrow Deposits	61,667	-	-	61,667
Current Portion of Long Term Debt	-	448,122	-	448,122
<b>Total Current Liabilities</b>	<u>2,009,658</u>	<u>528,945</u>	<u>(80,823)</u>	<u>2,457,780</u>
<b>Long-Term Liabilities</b>				
Long Term Debt, Net of Current Portion	-	1,107,680	-	1,107,680
<b>Total Long-Term Liabilities</b>	<u>-</u>	<u>1,107,680</u>	<u>-</u>	<u>1,107,680</u>
<b>Total Liabilities</b>	<u>2,009,658</u>	<u>1,636,625</u>	<u>(80,823)</u>	<u>3,565,460</u>
<b>Fund Balances</b>	<u>6,726,512</u>	<u>1,443,875</u>	<u>-</u>	<u>8,170,387</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 8,736,170</u>	<u>\$ 3,080,500</u>	<u>\$ (80,823)</u>	<u>\$ 11,735,847</u>

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL  
STATEMENTS OF REVENUES AND EXPENSES  
FOR THE FISCAL YEAR ENDED APRIL 30, 2020**

	Operating Fund	Restricted Fund	Total
<b>Revenues</b>			
Membership Dues ,Net	\$ 2,509,968	\$ -	\$ 2,509,968
Capital Dues	-	65,621	65,621
Ski Assessment	-	393,404	393,404
Lodge Loan Assessment	-	180,091	180,091
Beach/ Riverpark Assessments	-	99,931	99,931
Transfer Fees	-	157,037	157,037
Late Charges	47,230	-	47,230
Collection Fees	8,606	-	8,606
Advertising	25,856	-	25,856
Activity Income	9,623	-	9,623
Small Games of Chance	16,844	-	16,844
Interest Income	16,569	71,739	88,308
Miscellaneous Income	227,383	-	227,383
Skiing Revenue	50,000	-	50,000
Stable Revenue	16,300	-	16,300
Lodge Revenue	1,745,952	-	1,745,952
Fitness Revenue	8,958	-	8,958
Marketplace Sales	505,543	-	505,543
Gain/(Loss) on Sale of Assets	-	11,101	11,101
Permits	11,835	-	11,835
<b>Total Revenues</b>	<b>5,200,667</b>	<b>978,924</b>	<b>6,179,591</b>
<b>Expenses</b>			
Administrative Expenses	499,382	-	499,382
Maintenance	509,245	-	509,245
Recreation, Pool and Lake	324,922	-	324,922
Stables	224,261	-	224,261
Lodge	1,723,433	-	1,723,433
Security	372,264	-	372,264
Marketplace	554,729	-	554,729
Ski	106,865	-	106,865
Road Project	243,146	-	243,146
Water and Sewer	55,301	-	55,301
Insurance	335,783	-	335,783
Professional Fees	48,979	-	48,979
Repairs and Replacement	16,566	97,044	113,610
Interest	-	74,634	74,634
Depreciation	446,086	-	446,086
<b>Total Expenses</b>	<b>5,460,962</b>	<b>171,678</b>	<b>5,632,640</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenses Before Interfund Transfers</b>	<b>(260,295)</b>	<b>807,246</b>	<b>546,951</b>

"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, 2020**

	<u>Operating Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
Fund Balances at Beginning of Year	\$ 6,909,331	\$ 714,105	\$ 7,623,436
Excess (Deficiency) of Revenues Over/(Under) Expenses	(260,295)	807,246	546,951
Transfer Between Funds	<u>77,476</u>	<u>(77,476)</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 6,726,512</u>	<u>\$ 1,443,875</u>	<u>\$ 8,170,387</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, 2020**

Cash Flows from Operating Activities	Operating Fund	Restricted Fund	Total
Surplus / (Deficiency) of Revenues Over Expenses	\$ (260,295)	807,246	\$ 546,951
Adjustments to Reconcile Surplus / (Deficiency) of Revenues			
Over/(Under) Expenses to Net Cash provided by Operating Activities			
Depreciation	446,086	-	446,086
Amortization of debt issuance costs	-	1,331	1,331
(Gain)/Loss on Sale of Fixed Assets	-	(11,101)	(11,101)
Change in Other Receivables	36,373	-	36,373
Change in Inventory	17,175	-	17,175
Change in Prepaid Expenses	13,468	-	13,468
Change in Accounts Payable and Accrued Expenses	(26,673)	(2,456)	(29,129)
Change in Members' Assessments Collected in Advance	(262,643)	-	(262,643)
Change in Escrow Deposits	4,536	-	4,536
Net Cash Provided By/(Used In) Operating Activities	<u>(31,974)</u>	<u>795,020</u>	<u>763,046</u>
 Cash Flows from Investing Activities			
Purchase of Certificates of Deposits	-	(49,320)	(49,320)
Purchase of Fixed Assets	-	(115,137)	(115,137)
Proceeds From Sale of Fixed Assets	-	11,101	11,101
Net Cash Used in Investing Activities	<u>-</u>	<u>(153,356)</u>	<u>(153,356)</u>
 Cash Flows from Financing Activities			
Debt Reduction	-	(457,291)	(457,291)
Change in Due To/From Other Funds	(211,520)	211,520	-
Transfer Between Funds	(25,000)	25,000	-
Net Cash Used in Financing Activities	<u>(236,520)</u>	<u>(220,771)</u>	<u>(457,291)</u>
 Net Increase/(Decrease) in Cash	<u>(268,494)</u>	<u>420,893</u>	<u>152,399</u>
 Cash at beginning of Year	<u>2,395,910</u>	<u>717,394</u>	<u>3,113,304</u>
 Cash at end of Year	<u>\$ 2,127,416</u>	<u>\$ 1,138,287</u>	<u>\$ 3,265,703</u>
 Cash Consist of:			
Cash and Cash Equivalents - Operating	\$ 2,012,310	\$ -	\$ 2,012,310
Cash-Lottery Account	45,504	-	45,504
Cash-Renters Deposits	68,002	-	68,002
Cash-Escrow Deposits	1,600	-	1,600
Cash and Cash Equivalents - Restricted for			
Future Major Repairs and Replacement	-	627,817	627,817
Cash-Restricted for Ski Loan	-	136,373	136,373
Cash-Restricted for Lodge Loan Repayment	-	166,437	166,437
Cash-Restricted for Beach River Park	-	207,660	207,660
	<u>\$ 2,127,416</u>	<u>\$ 1,138,287</u>	<u>\$ 3,265,703</u>
 Supplemental Disclosure			
Cash Paid During the Year for:			
Interest	\$ -0-	\$ 73,303	\$ 73,303
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, 2020

**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 designated for future major repairs and replacements. This fund also includes funds that are restricted to pay the lodge, ski, 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 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, 2020

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

**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.

**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, 2020 was \$446,086.

**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, 2020

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

**COMMON PROPERTY (continued)**

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.

**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 \$2,436,817 at April 30, 2020, 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, 2020 was \$103 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 to file form 1120H, as a homeowners' association, under IRS Code Section 528 or file form 1120, as a corporation, under IRS Code Section 277. Under the homeowners' association election, the Association is taxed on its net nonexempt function income at a flat rate of 30%. Exempt function income, which consists primarily of members' assessments, is not taxable. As a corporation filing under Section 277, the Association is generally taxed only on net non-membership income that is not received from members of the Association, such as interest income. Membership income may be excluded from taxation if certain elections are made. The Association is tax-exempt for Pennsylvania purposes.

For the fiscal year ending April 30, 2020 the Association filed as a Corporation using the federal form 1120.

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED APRIL 30, 2020

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

**INTEREST EXPENSE**

For the fiscal year ended of April 30, 2020, the association incurred and charged \$74,634 to interest expense, of which \$1,330 is amortized closing costs.

**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.

**DATE OF MANAGEMENT'S REVIEW**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through December 7, 2020, the date that the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could negatively impact the Association financially though such potential impact is unknown at this time.

**FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION**

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, *Real Estate – Common Interest Realty Associations, Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services.

The Association adopted the new guidance as of May 1, 2019. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of May 1, 2019. Adoption of the new guidance resulted in no change to our accounting policies for assessment revenue, as previously described.

The adoption of the new revenue recognition guidance resulted in no change to the fund balances as of May 1, 2019.

MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED APRIL 30, 2020

**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.

The Association is of the opinion that there is no outstanding performance obligation regarding operating member assessments and reserve assessments.

Operating assessments are billed to the members annually to provide for the Association's operating expenses. Operating assessment revenue is recognized on a pro-rata basis throughout the year. Reserve assessments are billed to the members to be saved for uncertain future expenses related to the major repair and replacement of the Association's assets, therefore, the revenue is recognized immediately within this fund.

**3. 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, 2020, the Association had no cash in these repurchase agreements outstanding for the operating and restricted funds but still used through the year.

The Association maintained cash balances 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 \$2,764,749 at April 30, 2020.

**4. 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  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED APRIL 30, 2020

**5. LONG-TERM DEBT**

Notes payable consist of the following as of April 30, 2020:

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>\$1,567,132</u>
Total Long-Term Debt	1,567,132
Less: Unamortized Debt Issuance Costs	(11,330)
Long-Term Debt, Less Unamortized Debt Issuance Costs	1,555,802
Less Current Portion	(448,122)
Total Long-Term Portion, Less Current Portion	<u>\$1,107,680</u>

Maturities of long-term debt as of April 30, 2020 are as follows:

2020-2021	448,122
2021-2022	466,379
2022-2023	485,380
2023-2024	167,251
	1,567,132

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. 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 \$134,316, which was for the community manager and maintenance manager services for the fiscal year ended April 30, 2020. The Association also received a lease payment of \$50,000 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, 2020



**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS' COUNCIL  
SCHEDULES OF DEPARTMENTAL EXPENSES  
FOR THE FISCAL YEAR ENDED APRIL 30, 2020**

Administrative	\$ 294,505
Salaries	16,282
Payroll Taxes	34,077
Office Supplies and Expenses	8,264
Telephone and Fax	15,804
Printing and Newsletter Expense	554
Dues and Subscriptions	16,118
Computer Support and Training	22,399
Payroll Service	4,388
Membership	4,365
Advertising	13,752
Utilities	13,502
Collection Costs	13,713
Bank Charges	10,084
Meetings and Hospitality	15,462
Postage	4,980
Property Taxes	1,914
Website	9,219
Miscellaneous	<u>9,219</u>
Total Administrative Expenses	<u>\$ 499,382</u>
Maintenance	\$ 250,004
Salaries	20,871
Payroll Taxes	6,744
Supplies	14,015
Repairs and Maintenance	16,639
Fuel	33,294
Snow Removal	135,342
Refuse Removal	2,370
Small Tools	1,450
Road and 911 Signs	470
Uniforms	23,608
Vehicle Repairs	4,438
Utilities	<u>4,438</u>
Total Maintenance Expenses	<u>\$ 509,245</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, 2020**

Recreation, Pool and Lake	\$ 179,663
Salaries	23,969
Payroll Taxes	6,545
Pool Chemicals	7,268
Supplies	22,179
Activities Expense	30,925
Repairs and Maintenance Lake and Pool	570
Uniforms	3,247
Telephone	2,710
Trips/Events	6,461
Utilities	929
Permits	4,376
Amenities Expense	32,489
Beach House	3,590
Fitness Center Repairs and Maintenance	<u>3,590</u>
Total Recreation, Pool and Lake Expenses	<u><u>\$ 324,922</u></u>
Stables	\$ 122,654
Salaries	12,995
Payroll Taxes	49,412
Boarding	18,887
Animal Care	6,295
Utilities	6,151
Tack and Supplies	2,925
Repairs and Maintenance	42
Vehicle Maintenance	4,900
Horse Lease	<u>4,900</u>
Total Stables Expenses	<u><u>\$ 224,261</u></u>
Ski	\$ 32,305
Utilities	4,396
Supplies	4,625
Permits	40,538
Repairs and Maintenance	25,000
Insurance	<u>25,000</u>
Total Ski Expenses	<u><u>\$ 106,865</u></u>

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS' COUNCIL  
SCHEDULES OF DEPARTMENTAL EXPENSES  
FOR THE FISCAL YEAR ENDED APRIL 30, 2020**

Lodge	\$ 658,315
Cost of Goods Sold	605,216
Salaries	83,036
Payroll Taxes	97,101
Supplies	11,135
Entertainment	73,359
Repairs and Maintenance	4,603
Uniforms	104,309
Utilities	6,144
Miscellaneous	7,761
Linen	41,313
Credit Card Fees	7,839
Licenses and Fees	8,615
Advertising	8,710
Waste Disposal	5,976
Special Events	<u>5,976</u>
Total Lodge Expenses	<u><u>\$ 1,723,433</u></u>
Security	\$ 303,355
Salaries	29,382
Payroll Taxes	4,388
Supplies	25,608
Repairs and Maintenance	3,324
Telephone	4,808
Uniforms	1,399
Training	<u>1,399</u>
Total Security Expenses	<u><u>\$ 372,264</u></u>

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS' COUNCIL**  
**SCHEDULES OF DEPARTMENTAL EXPENSES**  
**FOR THE FISCAL YEAR ENDED APRIL 30, 2020**

Marketplace	\$ 366,479
Cost of Goods Sold	121,158
Salaries	13,329
Payroll Taxes	13,629
Supplies	3,414
Computer Expense	6,092
Repairs and Maintenance	18,192
Utilities	3,147
Advertising	9,291
Credit Card Fees	<u>554,729</u>
Total Marketplace Expenses	<u>\$ 554,729</u>
Major Repairs and Replacement Expenses	\$ 37,821
Repairs and Maintenance	6,910
Beach Improvements	17,682
Lodge Project	3,834
Community Landscaping	14,517
Lake and Pool Project	7,500
Ski Equipment Repairs	2,774
Summit Project	6,000
Land Purchase	5
Bank Charges	<u>97,044</u>
Total Major Repairs and Replacements Expenses	<u>\$ 97,044</u>

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL**  
**Additional Information**  
**Future Major Repairs and Replacements**  
**April 30, 2020 (unaudited)**

At April 30, 2020, the Association had a total of \$2,436,817 in reserve fund cash and investments, which is a pooled account and has not been allocated to specific projects. A study was prepared in 2020, 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.

The following information is based on the study and presents significant information about the components of common property at the time of the study.

<u>Component</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Current Replacement Cost</u>	<u>Accumulated Reserve Requirement</u>
Pool	0-13	\$ 224,910	\$ 115,906
Maintenance Equipment	0-18	393,300	320,961
Grounds Componentets	0	9,180	9,180
Mailboxes	0-8	47,124	34,367
Vehicle Maintenance	0-10	321,300	183,446
Medical Equipment	0-5	7,140	4,271
Public Safety Misc. Equipment	0-1	18,750	18,326
Vehicle Public Safety	1-5	134,780	77,554
Vehicle-Stables	1-9	34,360	21,280
Stables Misc. Equipment	0-5	26,040	21,540
Fitness-Equipment	0-3	40,596	36,145
File Cabinets	10	1,606	803
Desks	5	6,120	4,080
File Cabinets- Fire proof	38	12,648	3,036
Furniture-Misc.	0	10,000	10,000
Safe	14	5,100	2,720
Building	34	51,000	16,320
Building Components Beach House	3-13	137,700	68,170
Building Components POC	3-14	107,100	66,771
Building Components Market Place	2-14	76,500	52,561
Building Components Lodge	3-13	489,200	333,458
Building Components Lodge	3-13	51,000	36,880
Building Components Maint	1-14	189,720	144,481
Building Components Stables	0-8	35,700	30,631
Building Components Fitness	3-4	20,400	16,320
Building Components Pool	5	95,300	29,690
POC Office Equipment	0-8	5,100	5,100
POC Small Capital	0		

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS COUNCIL**  
**Additional Information**  
**Future Major Repairs and Replacements-Continued**  
**April 30, 2020 (unaudited)**

<u>Component</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Current Replacement Cost</u>	<u>Estimated Accumulated Reserve Requirement</u>
Freezer/Refrigeration	0-13	52,565	134,738
Cooking/Heating Equipment	0-10	40,138	102,702
Summit Misc. Equipment	0-14	69,764	133,321
Stables Misc. Equipment	0	772	3,570
Building Components	0-9	133,900	98,913
Ski Equipment	0-10	576,030	403,713
Snowmaking	0-13	472,970	328,494
Electric	0-17	63,345	51,952
		<u>\$ 3,961,158</u>	<u>\$ 2,921,400</u>