

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Members  
Game Trail Association, Inc  
Grand Junction, Colorado

We have reviewed the accompanying balance sheet of Game Trail Association, Inc as of December 31, 2020, and the related statements of revenues and expenses, changes in member's equity, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**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.

**Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America requires that the information about future major repairs and replacements of common property on page 13 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 statement in an appropriate operational, economic, or historical context. The information is the representation of management. We have not audited, reviewed or compiled the required supplementary information and accordingly, do not express an opinion, a conclusion nor provide any assurance on it.

**Report on 2019 Financial Statements**

The financials statements of Game Trail Association, Inc as of December 31, 2019, were reviewed by other accountants whose report dated July 31, 2020, state that based on their procedures, they are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

 Ayako D. Saito, CPA, PLLC

Ayako D. Saito, CPA, PLLC  
Leadville, Colorado  
September 17, 2021

**GAME TRAIL ASSOCIATION, INC**  
**BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**

<b><u>ASSETS</u></b>		<b><u>2020</u></b>	<b><u>2019</u></b>
<b>CURRENT ASSETS</b>			
Cash	\$	318,363	\$ 222,560
Accounts Receivable - members		20,170	8,094
<b>TOTAL CURRENT ASSETS</b>		<u>338,533</u>	<u>230,654</u>
<b>PROPERTY AND EQUIPMENT</b>			
Road-Construction Costs		738,669	738,669
Road-Right of Ways		125,179	125,179
Road Surfacing		340,958	340,958
Common Areas		49,600	49,600
Underground Systems		858,579	858,579
Water Distributions System		1,608,839	1,608,839
Wells		65,092	65,092
Fire Protection System		397,413	397,413
Mail Center		69,062	69,062
Outside Water Rights		118,773	118,773
Water Meters		127,026	127,026
Dumpster Improvements		1,474	1,474
Total Property and Equipment		<u>4,500,664</u>	<u>4,500,664</u>
Less: Accumulated Depreciation		<u>(3,198,362)</u>	<u>(3,163,946)</u>
<b>NET PROPERTY AND EQUIPMENT</b>		<u>1,302,302</u>	<u>1,336,718</u>
 <b>TOTAL ASSETS</b>		 <u>\$ 1,640,835</u>	 <u>\$ 1,567,372</u>
<b><u>LIABILITIES AND MEMBERS' EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$	0	\$ 6,481
Prepaid Assessments		9,031	0
<b>TOTAL CURRENT LIABILITIES</b>		<u>9,031</u>	<u>6,481</u>
<b>MEMBERS' EQUITY</b>			
Contributed Capital		3,373,148	3,373,145
Undesignated		(2,027,693)	(1,977,194)
Designated		286,349	164,940
<b>TOTAL MEMBERS' EQUITY</b>		<u>1,631,804</u>	<u>1,560,891</u>
 <b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>		 <u>\$ 1,640,835</u>	 <u>\$ 1,567,372</u>

**GAME TRAIL ASSOCIATION, INC.**  
**STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
Member Fees and Assessments		
Property Maintenance Assessment	\$ 89,760	\$ 165,000
Residential Services Assessment	276,080	91,600
Special Assessment	110,000	0
Late Fees/Interest Income (Members)	2,283	2,155
Architectural Application Fees	7,950	3,900
Total Member Fees and Assessments	486,073	262,655
Investment Income	423	2,246
<b>TOTAL REVENUES</b>	<b>486,496</b>	<b>264,901</b>
<b>EXPENSES</b>		
Road Maintenance		
Road Maintenance	54,526	52,016
Road Restoration	124,548	0
Snow Removal	34,897	90,414
Total Road Maintenance	213,971	142,430
Water System Maintenance		
Administrator	14,479	0
Well Operations	18,040	0
Testing	9,805	12,354
Electric Service	10,331	9,817
General Maintenance	24,305	18,542
Outside Water Maintenance	5,549	5,549
Augmentation & Telephone Charges	6,517	5,053
Total Water System Maintenance	89,026	51,315
Other Maintenance		
Trash Service	33,044	35,360
Sign Maintenance	3,400	1,752
Pit Reclamation	2,280	1,212
Stables & Dumpster Maintenance	2,664	9,145
Other Property Maintenance	822	6,243
Total Other Maintenance	42,210	53,712
General and Administrative		
Accounting	3,600	3,300
Annual Meeting	793	6,200
Legal	3,958	4,473
Insurance	8,624	7,157
Miscellaneous	1,962	1,025
Office Staff	14,350	17,448
Rent	420	0
Postage	968	878
Total General and Administrative	34,675	40,481
Other Expenses		
Standing Committees	1,286	2,811
Total Other Expenses	1,286	2,811
<b>TOTAL EXPENSES</b>	<b>381,168</b>	<b>290,749</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>		
<b>BEFORE DEPRECIATION</b>	105,328	(25,848)
<b>DEPRECIATION</b>	(34,415)	(34,415)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ 70,913</b>	<b>\$ (60,263)</b>

**GAME TRAIL ASSOCIATION, INC.**  
**STATEMENT OF CHANGES IN MEMBERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>MEMBERS' EQUITY - BEGINNING</b>	\$ 1,560,891	\$ 1,621,154
Excess (Deficiency) of Revenues Over Expenses	<u>70,913</u>	<u>(60,263)</u>
<b>MEMBERS' EQUITY - ENDING</b>	<u>\$ 1,631,804</u>	<u>\$ 1,560,891</u>

**GAME TRAIL ASSOCIATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Excess (Deficiency) of Revenues Over Expenses	\$ 70,913	\$ (60,263)
Adjustments to Reconcile Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided by Operating Activities:		
Depreciation	34,416	34,415
(Increase) Decrease in:		
Accounts Receivable - Members	(12,076)	4,211
Increase (Decrease) in:		
Accounts Payable - Vendors	(6,481)	(4,500)
Prepaid Assessments	9,031	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>95,803</u>	<u>(26,137)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Wells, Water Meters and Road Surfacing	0	(217,394)
	<u>0</u>	<u>(217,394)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	95,803	(243,531)
 <b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>222,560</u>	<u>466,091</u>
 <b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 318,363</u>	<u>\$ 222,560</u>
 <b>SUPPLEMENTAL INFORMATION</b>		
Interest Paid During the Year	<u>\$ 0</u>	<u>\$ 0</u>
Income Tax Paid During the Year	<u>\$ 0</u>	<u>\$ 0</u>

**GAME TRAIL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1 – NATURE OF THE ASSOCIATION**

Game Trail Association, Inc. was incorporated as a not-for-profit corporation in the State of Colorado on February 21, 1995, for the purpose of operating and maintaining the common property of the Game Trail Development and providing its homeowners with various services. The development consists of 440 residential lots as of December 31, 2020 on approximately 1,880 acres in Chaffee County, Colorado. As of December 31, 2007, the developer had sold all of the lots.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies applied by the Board of Directors in the preparation of these financial statements.

**Basis of Accounting**

The financial statements presented in this report have been issued on the accrual method of accounting, recognizing revenue when earned and expenses when incurred, in accordance with generally accepted accounting principles.

**Cash and Cash Equivalents**

The Association considers all highly liquid investments with short term maturities to be cash equivalents. Cash and cash equivalents includes cash on deposit at a bank.

**Membership Dues**

Association members are subject to annual dues to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. The annual dues were \$986 per developed lot and \$561 per undeveloped lot for the year ended December 31, 2020.

Membership dues are invoiced to each homeowners as of January 1 of each year and homeowners have one month to pay before they are considered late. Starting April 1, the homeowners who have not paid the dues will incur \$45 one-time penalty and 12% per year interest. Revenues from membership dues are recognized at that time for the entire year.

Some homeowners pay their dues in advance. Those advance payments are recognized as liability of Association until January 1. It is reported as prepaid assessment on the balance sheet as of December 31, 2020 in the amount of \$9,031.

Membership Dues Receivable at December 31, 2020, represent unpaid dues from homeowners (Association members). After exhausting reasonable collection attempts, the Association's policy is to take legal action including placing liens on the properties of homeowners whose dues are delinquent. The Association considers all Membership Dues Receivable at December 31, 2020 to be fully collectible.

**GAME TRAIL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Income Taxes**

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year ended December 31, 2020. Under that section, the Association is not taxed on income related to its exempt purposes, which is the acquisition, construction, management, maintenance and care of Association property.

Net non-exempt function income, which includes earned interest and revenues received from non-members, is taxed by the Federal Government.

The Association may, at its discretion, be taxed as a corporation or homeowners' association. This election is made yearly by filing either a Form 1120 (to elect corporate taxation) or form 1120-H (to elect exemption related to its tax exempt activities) with the Internal Revenue Service. The Association has elected to file Form 1120-H in previous years.

The Association has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Association has analyzed tax positions taken for filing with the Internal Revenue Service. The Association believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Association's financial condition, results of operations or cash flows. Accordingly, the Association has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2020.

The Association may be subject to random audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Association believes it is no longer subject to income tax examinations for years ending before December 31, 2017.

The Association's policy is to classify income tax related interest and penalties, if any, in interest expense and penalties expenses, respectively. The Association had no income tax related interest expense or penalties for the year ended December 31, 2020.

**Property and Equipment**

The Association capitalizes all property and equipment to which it has title or other evidence of ownership. Property and equipment acquired by the Association are recorded at cost and property contributed to the Association by the developer is recorded at cost based upon the developer's cost allocations.

**GAME TRAIL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**Depreciation**

Property and equipment are being depreciated over their estimated useful lives using the straight-line method.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Concentrations of Credit Risk**

The Association's financial instruments that are exposed to concentrations of credit risk are cash and member receivables. The Association maintains its cash accounts with high quality financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020 and 2019, the Association's balances were fully insured. Concentrations of credit risk with respect to member receivables are limited due to large number of members.

**NOTE 3 – DESIGNATED CASH**

The Association reported \$318,363 and \$222,560 in cash on the balance sheets as of December 31, 2020 and 2019, respectively. \$286,349 and \$164,940 as of December 31, 2020 and 2019, respectively, of those cash balances are designated for various future expenditures. See Note 8.

**NOTE 4 – ACCOUNTS RECEIVABLE – MEMBERS**

Accounts receivable-members as of December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Owner property assessments	17,272	\$ 5,489
Owner late fees & interest	648	0
Water connection	0	1,605
Special Assessment	2,250	
Short term rental fees	<u>0</u>	<u>1,000</u>
	<u>\$20,170</u>	<u>\$ 8,094</u>

**NOTE 5 – SPECIAL ASSESSMENTS**

The Association recognized \$110,000 in special assessment revenue on the statements of revenues and expenses for the year ended December 31, 2020. This assessment was for road restoration. Related expense of \$124,548 was reported on the statement of revenues and expenses for the year ended December 31, 2020.



**GAME TRAIL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 6 – FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association’s governing documents do not require the accumulation of funds to finance estimated future major repairs and replacements. The Association has conducted a study to determine the remaining useful lives of the components of common property and estimates of the costs of major repairs and replacements that may be required in the future. When funds are required for major repairs and replacements, the Association plans to borrow and/or increase maintenance assessments to cover any major repair cost in excess of accumulated funds. The Board of Directors has developed an operating reserve surplus in anticipation of future major repairs and replacements, but it may be inadequate depending upon the amount of funds required as events occur. The board of directors has designated the amount of \$158,038 and \$94,506 as restricted reserves for future major repairs and replacements as of December 31, 2020 and 2019, respectively.

**NOTE 7 – RELATED PARTY TRANSACTIONS**

No board member of the Association provides maintenance, insurance or management services for a fee (directly or indirectly) to the Association.

All members of the Association's Board of Directors own lots in the Game Trail Development.

The Association rents storage space on month-to-month basis from its accounting contractor. The monthly rent is \$35. There was no due to or due from as of December 31, 2020 and 2019.

**NOTE 8 – RESERVES AND DESIGNATED MEMBERS’ EQUITY**

The Board of Directors has established the following additional reserves as of December 31, 2020 as a result of a special study:

Special Operating Expense Reserve	\$ 36,100
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The designated members’ equity as of December 31, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Designated Operating Expenses	\$ 45,000	\$ 25,394
Designated Capital	47,211	45,040
Designated Repair & Replacement	158,038	94,506
Special Operating Expenses	<u>36,100</u>	<u>0</u>
Total Designated Members’ Equity	<u>\$286,349</u>	<u>\$164,940</u>

**GAME TRAIL ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 9 – DATE OF MANAGEMENT’S REVIEW**

The Association’s management has evaluated subsequent events and transactions for potential recognition or disclosure through September 17, 2021, the date that the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**GAME TRAIL ASSOCIATION, INC.**  
**SUPPLEMENTARY INFORMATION ON FUTURE CAPITAL INVESTMENTS  
AND MAJOR REPAIRS OR REPLACEMENTS  
DECEMBER 31, 2020**

**Expected Capital Investments**

Year	Estimated Cost	Description
Annually	\$1,000-\$3,000	House Water Meters, Ongoing-The Association is responsible for providing water meters for new homes. Actual cost will depend on the pace of new construction.
2021	\$5,000	Water SCADA
2024	\$45,000	Re-drill Well A

**Major Repairs and Replacements**

Year	Estimated Cost	Description
2021	\$50,000	Reservoirs operated by a third party on the Associations behalf.
2022	\$35,000	Mail Center repave / fix drainage
2022	\$60,000	Trash / Recycle area upgrade
2024	\$50,000	Structure – Phase 1 – Core / Shell
2025	\$50,000	Structure – Phase 2 – Unconditioned Space
2026	\$50,000	Structure – Phase 3 – Conditioned Space
2024	\$29,200	Great Peaks – Seal Coat
2029	\$35,525	Great Peaks – Seal Coat
2034	\$375,200	Resurface Great Peaks Drive

**Road Restoration and Improvements**

Year	Estimated Cost	Description
2023	\$63,500	Dust Mitigation and Regravel
2024	\$19,400	Dust Mitigation and Regravel
2025	\$57,700	Dust Mitigation and Regravel
2026	\$71,800	Dust Mitigation and Regravel
2027	\$68,700	Dust Mitigation and Regravel

**GAME TRAIL ASSOCIATION, INC.**  
**SUPPLEMENTARY INFORMATION ON FUTURE CAPITAL INVESTMENTS**  
**AND MAJOR REPAIRS OR REPLACEMENTS**  
**DECEMBER 31, 2020**

**Road Restoration and Improvements (continued)**

Year	Estimated Cost	Description
2028	\$16,300	Dust Mitigation and Regravel
2029	\$21,400	Dust Mitigation and Regravel
2030	\$49,400	Dust Mitigation and Regravel
2031	\$154,200	Dust Mitigation and Regravel
2032	\$17,000	Dust Mitigation and Regravel
2033	\$82,800	Dust Mitigation and Regravel
2034	\$23,600	Dust Mitigation and Regravel

**Water Expense (Operating Expenses)**

Year	Estimated Cost	Description
2021	\$10,000	Tank Inspection and Cleaning
2026	\$12,500	Tank Inspection and Cleaning
2031	\$15,000	Tank Inspection and Cleaning

**Reserve Balances**

Designated Operating Expenses	\$ 45,000
Designated Capital	47,211
Designated Repair & Replacement	158,038
Special Operating Expenses	<u>36,100</u>
Total Reserves	<u>\$286,349</u>

All current projects are fully funded or projected to be fully funded with annual dues and increases.