

GAME TRAIL ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2021 AND 2020

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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, 2021, 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 12 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.

 Ayako D. Saito, CPA, PLLC

Ayako D. Saito, CPA, PLLC

Leadville, Colorado

June 22, 2022

GAME TRAIL ASSOCIATION, INC
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

<u>ASSETS</u>		<u>2021</u>	<u>2020</u>
CURRENT ASSETS			
Cash		\$ 415,374	\$ 318,363
Accounts Receivable - members		28,208	20,170
TOTAL CURRENT ASSETS		<u>443,582</u>	<u>338,533</u>
PROPERTY AND EQUIPMENT			
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		129,386	127,026
Dumpster Improvements		1,474	1,474
Total Property and Equipment		<u>4,503,024</u>	<u>4,500,664</u>
Less: Accumulated Depreciation		<u>(3,224,398)</u>	<u>(3,198,362)</u>
NET PROPERTY AND EQUIPMENT		<u>1,278,626</u>	<u>1,302,302</u>
 TOTAL ASSETS		 <u><u>\$ 1,722,208</u></u>	 <u><u>\$ 1,640,835</u></u>
<u>LIABILITIES AND MEMBERS' EQUITY</u>			
CURRENT LIABILITIES			
Prepaid Assessments and Dues		\$ 13,991	\$ 9,031
TOTAL CURRENT LIABILITIES		<u>13,991</u>	<u>9,031</u>
MEMBERS' EQUITY			
Contributed Capital		3,373,148	3,373,148
Undesignated		(1,962,590)	(2,027,693)
Designated		297,659	286,349
TOTAL MEMBERS' EQUITY		<u>1,708,217</u>	<u>1,631,804</u>
 TOTAL LIABILITIES AND MEMBERS' EQUITY		 <u><u>\$ 1,722,208</u></u>	 <u><u>\$ 1,640,835</u></u>

GAME TRAIL ASSOCIATION, INC.
STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUES		
Member Fees and Assessments		
Property Maintenance Assessment	\$ 89,832	\$ 89,760
Residential Services Assessment	292,608	276,080
Special Assessment	112,640	110,000
Late Fees/Interest Income (Members)	4,002	2,283
Architectural Application Fees	9,244	7,950
Total Member Fees and Assessments	508,326	486,073
Investment Income	281	423
TOTAL REVENUES	508,607	486,496
EXPENSES		
Road Maintenance		
Road Maintenance	85,408	54,526
Road Restoration	127,217	124,548
Snow Removal	28,116	34,897
Sign Maintenance	1,731	0
Pit Reclamation	2,296	2,280
Total Road Maintenance	244,768	216,251
Water System Maintenance		
Administrator	9,446	14,479
Well Operations	17,727	18,040
Testing	11,279	9,805
Electric Service	9,912	10,331
General Maintenance	29,571	24,305
Outside Water Maintenance	5,549	5,549
Augmentation & Telephone Charges	6,592	6,517
Total Water System Maintenance	90,076	89,026
Other Maintenance		
Trash Service	27,500	33,044
Sign Maintenance	776	3,400
Stables & Dumpster Maintenance	617	2,664
Other Property Maintenance	541	822
Total Other Maintenance	29,434	39,930
General and Administrative		
Accounting	3,400	3,600
Annual Meeting	2,845	793
Legal	3,606	3,958
Insurance	7,459	8,624
Miscellaneous	2,041	1,962
Office Staff	20,080	14,350
Rent	420	420
Postage	935	968
Total General and Administrative	40,786	34,675
Other Expenses		
Standing Committees	1,093	1,286
Total Other Expenses	1,093	1,286
TOTAL EXPENSES	406,157	381,168
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES		
BEFORE DEPRECIATION	102,450	105,328
DEPRECIATION	(26,037)	(34,415)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 76,413	\$ 70,913

GAME TRAIL ASSOCIATION, INC.
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
MEMBERS' EQUITY - BEGINNING	\$ 1,631,804	\$ 1,560,891
Excess (Deficiency) of Revenues Over Expenses	76,413	70,913
MEMBERS' EQUITY - ENDING	\$ 1,708,217	\$ 1,631,804

GAME TRAIL ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Excess (Deficiency) of Revenues Over Expenses	\$ 76,413	\$ 70,913
Adjustments to Reconcile Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided by Operating Activities:		
Depreciation	26,036	34,416
(Increase) Decrease in:		
Accounts Receivable - Members	(8,038)	(12,076)
Increase (Decrease) in:		
Accounts Payable - Vendors	0	(6,481)
Prepaid Assessments	4,960	9,031
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>99,371</u>	<u>95,803</u>
 CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	<u>(2,360)</u>	<u>0</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(2,360)</u>	<u>0</u>
 NET INCREASE (DECREASE) IN CASH	97,011	95,803
 CASH AND CASH EQUIVALENTS - BEGINNING	<u>318,363</u>	<u>222,560</u>
 CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 415,374</u></u>	<u><u>\$ 318,363</u></u>
 SUPPLEMENTAL INFORMATION		
Interest Paid During the Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
Income Tax Paid During the Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

GAME TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021 and 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 \$1,016 and \$986 per developed lot and \$591 and \$561 per undeveloped lot for the years ended December 31, 2021 and 2020, respectively.

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 sheets as of December 31, 2021 and 2020 in the amount of \$13,991 and \$9,031, respectively.

Membership Dues Receivable at December 31, 2021 and 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

GAME TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

properties of homeowners whose dues are delinquent. The Association considers all Membership Dues Receivable at December 31, 2021 and 2020 to be fully collectible.

Income Taxes

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the years ended December 31, 2021 and 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, 2021 and 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, 2018.

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 years ended December 31, 2021 and 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, 2021 AND 2020

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, 2021 and 2020, 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 \$545,882 and \$338,533 in cash on the balance sheets as of December 31, 2021 and 2020, respectively. \$297,659 and \$286,349 as of December 31, 2021 and 2020, 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, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Owner property assessments	\$24,665	\$17,272
Owner late fees & interest	1,239	648
Water connection	0	0
Special Assessment	2,304	2,250
Short term rental fees	<u>0</u>	<u>0</u>
	<u>\$28,208</u>	<u>\$ 20,170</u>

NOTE 5 – SPECIAL ASSESSMENTS

The Association recognized \$112,640 and \$110,000 in special assessment revenue on the statements of revenues and expenses for the years ended December 31, 2021 and 2020, respectively. This assessment was for road restoration. Related expense of \$127,217 and

GAME TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

\$124,548 was reported on the statement of revenues and expenses for the years ended December 31, 2021 and 2020, respectively.

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 \$146,498 and \$158,038 as restricted reserves for future major repairs and replacements as of December 31, 2021 and 2020, 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, 2021 and 2020.

NOTE 8 – RESERVES AND DESIGNATED MEMBERS' EQUITY

The designated members' equity as of December 31, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Designated Operating Expenses	\$ 45,000	\$ 45,000
Designated Capital	39,611	47,211
Designated Repair & Replacement	136,748	158,038
Special Operating Expenses	<u>76,300</u>	<u>36,100</u>
Total Designated Members' Equity	<u>\$297,659</u>	<u>\$286,349</u>

GAME TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 9 – PENALTY ASSESSMENT

The Association is in the process of taking legal actions against one homeowner who has not paid any annual dues or special assessments since 2018. In addition, this homeowner has not complied with various HOA rules and regulations for at least several months in 2021. In accordance with the Association’s legal counsel’s advice, the Association has issued invoices for penalties for 93 days at \$100 per day per violation with the total of \$102,300 in the year ended December 31, 2021, covering the dates from September 8, 2021 to December 9, 2021. However, it is not shown on the balance sheet as of December 31, 2021 as an asset or on the statements of revenues and expenses for the year ended December 31, 2021 as income since the outcome of the legal proceedings are unknown as of December 31, 2021. The legal counsel and management are confident that the Association will prevail in these legal proceedings and collect most of the amount from this homeowner in the future.

NOTE 10 – DATE OF MANAGEMENT’S REVIEW

The Association’s management has evaluated subsequent events and transactions for potential recognition or disclosure through June 22, 2022, 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, 2021

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.
2024	\$45,000	Re-drill Well A

Major Repairs and Replacements

Year	Estimated Cost	Description
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
	\$50,000	Augmentation Reservoirs
2026	\$50,000	Structure – Phase 3 – Conditioned Space
2031	\$65,000	Augmentation Reservoirs
2034	\$375,200	Resurface Great Peaks Drive

Road Restoration and Improvements

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

GAME TRAIL ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE CAPITAL INVESTMENTS
AND MAJOR REPAIRS OR REPLACEMENTS
DECEMBER 31, 2021

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	\$139,200	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
2026	\$12,500	Tank Inspection and Cleaning
2031	\$15,000	Tank Inspection and Cleaning

Reserve Balances

Designated Operating Expenses	\$ 45,000
Designated Capital	39,611
Designated Repair & Replacement	136,748
Special Operating Expenses	<u>76,300</u>
Total Reserves	<u>\$297,659</u>

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