

TAHOE SANDS TIME SHARE OWNERS ASSOCIATION

Tahoe Vista, California

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

December 31, 2017

# TAHOE SANDS TIME SHARE OWNERS ASSOCIATION

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Tahoe Sands Time Share Owners Association

We have audited the accompanying financial statements of Tahoe Sands Time Share Owners Association, which comprise the balance sheet as of December 31, 2017, and the related statements of revenue and expenses and changes in fund balances and cash flows for the 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.

### *Auditors' 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 auditors' 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.

## *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tahoe Sands Time Share Owners Association as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## *Disclaimer of Opinion on Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information on Future Major Repairs and Replacement on page 11 be presented to supplement the basic financial statements. Such information, although not 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 consisted 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.

*McClintock Accountancy Corporation*

McCLINTOCK ACCOUNTANCY CORPORATION  
Tahoe City, California  
June 18, 2018

TAHOE SANDS TIME SHARE OWNERS ASSOCIATION

Exhibit A

BALANCE SHEET

December 31, 2017

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 755,410	\$ 404,515	\$ 1,159,925
Assessments receivable, net of allowance for doubtful accounts of \$151,202	7,959	-0-	7,959
Prepaid expenses	12,094	-0-	12,094
Due (to)/from (Note 11)	93,062	(93,062)	-0-
Property and equipment, net of accumulated depreciation of \$3,341	<u>43,455</u>	<u>-0-</u>	<u>43,455</u>
			0
Total Assets	<u><u>\$ 911,980</u></u>	<u><u>\$ 311,453</u></u>	<u><u>\$ 1,223,433</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable	\$ 8,392	\$ -0-	\$ 8,392
Accrued expenses	45,138	-0-	45,138
Assessments paid in advance	569,394	-0-	569,394
Note payable (Note 10)	<u>42,896</u>	<u>-0-</u>	<u>42,896</u>
Total Liabilities	<u>665,820</u>	<u>-0-</u>	<u>665,820</u>
Fund Balances	<u>246,160</u>	<u>311,453</u>	<u>557,613</u>
Total Liabilities and Fund Balances	<u><u>\$ 911,980</u></u>	<u><u>\$ 311,453</u></u>	<u><u>\$ 1,223,433</u></u>

The accompanying notes are an integral part of these statements.

STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCES  
For the Year Ended December 31, 2017

	Operating Fund	Replacement Fund	Total
<b>Revenue</b>			
Homeowner assessments	\$ 1,164,560	\$ 119,331	\$ 1,283,891
Room revenue (Note 6)	291,412	-0-	291,412
Late fees	14,638	-0-	14,638
Gift shop, activities and front desk, net of cost of sales of \$10,066	4,678	-0-	4,678
Miscellaneous income	5,432	-0-	5,432
Transfer fees	3,000	-0-	3,000
Interest income	903	-0-	903
Total Cash Receipts	1,484,623	119,331	1,603,954
<b>Expenses</b>			
<b>Management and Front Desk</b>			
Salaries, benefits and workman's comp	288,182	-0-	288,182
Hospitality	8,605	-0-	8,605
Office supplies	15,672	-0-	15,672
<b>Housekeeping</b>			
Salaries, benefits and workman's comp	176,327	-0-	176,327
Linen replacement	7,819	-0-	7,819
Supplies	17,895	-0-	17,895
Carpet cleaning	1,491	-0-	1,491
<b>Maintenance</b>			
Salaries, benefits and workman's comp	167,895	-0-	167,895
Appliance repairs	176	-0-	176
Building and buoy field repairs	47,243	-0-	47,243
Grounds repairs and supplies	4,848	-0-	4,848
Pest control	3,065	-0-	3,065
Pool repairs and supplies	2,643	-0-	2,643
Snow removal	15,863	-0-	15,863
Supplies	9,853	-0-	9,853
Automobile	9,649	-0-	9,649
Lighting	3,194	-0-	3,194
Windows	1,336	-0-	1,336
Fire protection	853	-0-	853
Utilities	166,953	-0-	166,953
<b>General and Administrative</b>			
Management contract	191,397	-0-	191,397
Payroll tax	55,967	-0-	55,967
Insurance	40,744	-0-	40,744
Property tax	35,733	-0-	35,733
Bank charges	18,849	-0-	18,849
Board and annual meeting	10,468	-0-	10,468
Printing	7,818	-0-	7,818
Employee incentive	6,614	-0-	6,614
Postage	3,527	-0-	3,527
Training	4,170	-0-	4,170
Permits and fees	2,136	-0-	2,136
Travel	5,046	-0-	5,046
Audit & tax fees	6,975	-0-	6,975
Income tax	75	-0-	75
Bad debt	81,916	-0-	81,916
Reserve study	1,470	-0-	1,470
Depreciation	3,341	-0-	3,341
Replacement (Note 9)	-0-	212,394	212,394
Total Expenses	1,425,807	212,394	1,638,201
Revenue Over (Under) Expenses	58,816	(93,063)	(34,247)
Fund Balances, Beginning of Year	187,344	404,516	591,860
Fund Balances, End of Year	\$ 246,160	\$ 311,453	\$ 557,613

## TAHOE SANDS TIME SHARE OWNERS ASSOCIATION

Exhibit C

**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2017

	Operating Fund	Replacement Fund	Total
Cash Flows from Operating Activities:			
Revenue Over (Under) Expenses	\$ 58,816	\$ (93,063)	\$ (34,247)
Adjustments:			
Depreciation	3,341	-0-	3,341
Provision for bad debts	81,916	-0-	81,916
Change in assessments receivable	(88,858)	-0-	(88,858)
Change in due (to) / from	(93,063)	93,063	-0-
Change in other assets	(5,682)	-0-	(5,682)
Change in accounts payable and accrued liabilities	(11,707)	-0-	(11,707)
Change in dues paid in advance	(38,583)	-0-	(38,583)
Net Cash Used by Operating Activities	(93,820)	-0-	(93,820)
Cash Flows from Financing Activities:			
Principal payments on note payable	(3,900)	-0-	(3,900)
Net Cash Used by Financing Activities	(3,900)	-0-	(3,900)
Net Decrease in Cash and Cash Equivalents	(97,720)	-0-	(97,720)
Cash and Cash Equivalents, Beginning of Year	853,130	404,515	1,257,645
Cash and Cash Equivalents, End of Year	\$ 755,410	\$ 404,515	\$ 1,159,925
Supplementary Cash Flow Information			
Income taxes paid	\$ 200	\$ -0-	\$ 200
Non-Cash Investment Activities			
Equipment acquired through issuance of note payable	\$ 46,795	\$ -0-	\$ 46,795

The accompanying notes are an integral part of these statements.

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