

TAHOE SANDS TIME SHARE OWNERS ASSOCIATION

Tahoe Vista, California

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

December 31, 2018 and 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, 2018, 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, 2018, 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.

Comparative Information

Information for the year ended December 31, 2017 is presented for comparative purposes only and was extracted from the financial statements presented for that year, on which we expressed an unmodified opinion on our report dated June 18, 2018.

McClintock Accountancy Corporation

McCLINTOCK ACCOUNTANCY CORPORATION
Tahoe City, California
April 16, 2019

TAHOE SANDS TIME SHARE OWNERS ASSOCIATION

Exhibit A

BALANCE SHEETS
December 31, 2018 (with comparative totals for 2017)

	2018			2017
	Operating Fund	Replacement Fund	Total	Total
ASSETS				
Cash and cash equivalents	\$ 704,259	\$ 405,203	\$ 1,109,462	\$ 1,159,925
Assessments receivable, net of allowance for doubtful accounts of \$12,387 in 2018 and \$151,202 in 2017	6,854	-0-	6,854	7,959
Prepaid expenses	12,059	-0-	12,059	12,094
Due (to)/from (Note 11)	150,934	(150,934)	-0-	-0-
Property and equipment, net of accumulated depreciation of \$10,028 in 2018 and \$3,341 in 2017	36,768	-0-	36,768	43,455
Total Assets	\$ 910,874	\$ 254,269	\$ 1,165,143	\$ 1,223,433
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ 8,392
Accrued expenses	52,043	5,942	57,985	45,138
Assessments paid in advance	557,701	-0-	557,701	569,394
Note payable (Note 10)	33,537	-0-	33,537	42,896
Total Liabilities	643,281	5,942	649,223	665,820
Fund Balances	267,593	248,327	515,920	557,613
Total Liabilities and Fund Balances	\$ 910,874	\$ 254,269	\$ 1,165,143	\$ 1,223,433

The accompanying notes are an integral part of these statements.

STATEMENTS OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2018 (with comparative totals for 2017)

	2018			2017
	Operating Fund	Replacement Fund	Total	Total
Revenue				
Homeowner assessments	\$ 1,203,123	\$ 120,917	\$ 1,324,040	\$ 1,283,891
Room revenue (Note 6)	227,392	-0-	227,392	291,412
Late fees	15,675	-0-	15,675	14,638
Gift shop, activities and front desk, net of cost of sales of \$1,997 in 2018 and \$10,066 in 2017	14,403	-0-	14,403	4,678
Miscellaneous income	5,041	-0-	5,041	5,432
Transfer fees	3,564	-0-	3,564	3,000
Interest income	725	689	1,414	903
Total Cash Receipts	<u>1,469,923</u>	<u>121,606</u>	<u>1,591,529</u>	<u>1,603,954</u>
Expenses				
Management and Front Desk				
Salaries, benefits and workman's comp	250,851	-0-	250,851	288,182
Hospitality	11,086	-0-	11,086	8,605
Office supplies	17,026	-0-	17,026	15,672
Housekeeping				
Salaries, benefits and workman's comp	189,557	-0-	189,557	176,327
Linen replacement	4,920	-0-	4,920	7,819
Supplies	21,902	-0-	21,902	17,895
Carpet cleaning	1,747	-0-	1,747	1,491
Maintenance				
Salaries, benefits and workman's comp	180,940	-0-	180,940	167,895
Appliance repairs	1,130	-0-	1,130	176
Building and buoy field repairs and supplies	48,236	-0-	48,236	57,096
Grounds repairs and supplies	7,614	-0-	7,614	4,848
Pest control	2,928	-0-	2,928	3,065
Pool repairs and supplies	4,610	-0-	4,610	2,643
Snow removal	2,680	-0-	2,680	15,863
Automobile	13,320	-0-	13,320	9,649
Lighting	1,579	-0-	1,579	3,194
Windows	-0-	-0-	-0-	1,336
Fire protection	1,881	-0-	1,881	853
Utilities	165,125	-0-	165,125	166,953
General and Administrative				
Management contract	194,033	-0-	194,033	191,397
Payroll tax	53,111	-0-	53,111	55,967
Insurance	47,686	-0-	47,686	40,744
Property tax	33,104	-0-	33,104	35,733
Bank charges	19,264	-0-	19,264	18,849
Board and annual meeting	11,498	-0-	11,498	10,468
Printing	10,338	-0-	10,338	7,818
Employee incentive	7,356	-0-	7,356	6,614
Postage	3,457	-0-	3,457	3,527
Training	3,972	-0-	3,972	4,170
Permits and fees	2,448	-0-	2,448	2,136
Travel	2,104	-0-	2,104	5,046
Audit & tax fees	10,240	-0-	10,240	6,975
Income tax	82	-0-	82	75
Bad debt	115,978	-0-	115,978	81,916
Reserve study	-0-	-0-	-0-	1,470
Depreciation	6,687	-0-	6,687	3,341
Replacement (Note 9)	<u>-0-</u>	<u>184,732</u>	<u>184,732</u>	<u>212,394</u>
Total Expenses	<u>1,448,490</u>	<u>184,732</u>	<u>1,633,222</u>	<u>1,638,201</u>
Revenue Over (Under) Expenses	21,433	(63,126)	(41,693)	(34,247)
Fund Balances, Beginning of Year	246,160	311,453	557,613	591,860
Fund Balances, End of Year	<u>\$ 267,593</u>	<u>\$ 248,327</u>	<u>\$ 515,920</u>	<u>\$ 557,613</u>

STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2018 (with comparative totals for 2017)

	2018			2017
	Operating Fund	Replacement Fund	Total	Total
Cash Flows from Operating Activities:				
Revenue Over (Under) Expenses	\$ 21,433	\$ (63,126)	\$ (41,693)	\$ (34,247)
Adjustments:				
Depreciation	6,687	-0-	6,687	3,341
Provision for bad debts	115,978	-0-	115,978	81,916
Change in assessments receivable	(114,874)	-0-	(114,874)	(88,858)
Change in due (to) / from	(57,872)	57,872	-0-	-0-
Change in other assets	35	-0-	35	(5,682)
Change in accounts payable and accrued liabilities	(1,487)	5,942	4,455	(11,707)
Change in dues paid in advance	(11,692)	-0-	(11,692)	(38,583)
Net Cash Provided (Used) by Operating Activities	<u>(41,792)</u>	<u>688</u>	<u>(41,104)</u>	<u>(93,820)</u>
Cash Flows from Financing Activities:				
Principal payments on note payable	<u>(9,359)</u>	<u>-0-</u>	<u>(9,359)</u>	<u>(3,900)</u>
Net Cash Used by Financing Activities	<u>(9,359)</u>	<u>-0-</u>	<u>(9,359)</u>	<u>(3,900)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(51,151)	688	(50,463)	(97,720)
Cash and Cash Equivalents, Beginning of Year	<u>755,410</u>	<u>404,515</u>	<u>1,159,925</u>	<u>1,257,645</u>
Cash and Cash Equivalents, End of Year	<u>\$ 704,259</u>	<u>\$ 405,203</u>	<u>\$ 1,109,462</u>	<u>\$ 1,159,925</u>
Supplementary Cash Flow Information				
Income taxes paid	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 200</u>
Non-Cash Investment Activities				
Equipment acquired through issuance of note payable	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 46,795</u>