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Board of Trustees and Time Period Owners
McCall Area Timeshare Association
McCall, Idaho

We have examined the balance sheet of the McCall Area Timeshare Association as of December 31, 1983 and the related statements of loss and fund deficit and changes in financial position for the nine-month period then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of loss and fund deficit and changes in financial position present fairly the financial position of the McCall Area Timeshare Association at December 31, 1983 and the results of its operations and changes in financial position for the nine-month period then ended, in conformity with generally accepted accounting principles.

McCALL AREA TIMESHARE ASSOCIATION
(A Non-Profit Homeowners' Association)

Financial Statements

December 31, 1983

(With Accountants' Report Thereon)



July 2, 1984

McCALL AREA TIMESHARE ASSOCIATION
(A Non-Profit Homeowners' Association)

Statement of Loss and Fund Deficit

For the Nine-Month Period Ended December 31, 1983

McCALL AREA TIMESHARE ASSOCIATION
(A Non-Profit Homeowners' Association)

Balance Sheet

December 31, 1983

Assets

Current assets:

Cash
Homeowners' fees and late charges receivable, net of allowance for uncollectible fees and late charges of \$14,171
Receivable from Executive Affiliates
Prepaid insurance

Property and equipment, at cost:

Automotive equipment
Accumulated depreciation

Other assets:

Deposits

Liabilities and Fund Balance

Current liabilities:

Accounts payable
Payable to Executive Management
Advance homeowners' fees

Fund deficit

Income:		
Homeowners' fees paid		\$ 28,696
Homeowners' fees unpaid		13,093
Late charges paid		2,405
Late charges unpaid		3,260
Fixed cost reimbursement on unsold units		9,024
Video income		642
Other income		2,884
		<u>60,004</u>
Expenses:		
Annual meeting	544	
Bank charges	14	
Club dues	6,750	
Condominium Association fees	19,094	
Contract cleaning	4,183	
Depreciation	187	
Electricity	18,441	
Firewood	1,981	
Insurance	3,209	
Legal and accounting	1,174	
Maid service	19,329	
Management salaries	19,317	
Management fees	7,108	
Maintenance and repairs	4,350	
Miscellaneous	128	
Office expense and supplies	7,883	
Printing	782	
Rent on office	6,300	
Replacements	2,841	
Taxes on property	21,982	
Telephone - office	1,364	
Telephone - units	3,609	
Uncollectible fees	3,345	
Vehicle expense	1,390	
Video expense	630	
	<u>155,935</u>	
Net loss		(95,931)
Fund balance at March 31, 1983		<u>53,217</u>
Fund deficit at December 31, 1983		\$ (42,714)

The accompanying notes are an integral part of these financial statements.

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MCCALL AREA TIMESHARE ASSOCIATION
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Notes to Financial Statements
December 31, 1983

MCCALL AREA TIMESHARE ASSOCIATION
(A Non-Profit Homeowners' Association)

Statement of Changes in Financial Position

For the Nine-Month Period Ended December 31, 1983

Sources of working capital:	
Depreciation charges not requiring funds	\$ 187
Decrease in deposits	955
	<u>1,142</u>
Working capital used:	
Net loss	95,931
Working capital decrease	<u>\$(94,789)</u>
Increase (decrease) in components of working capital:	
Current assets:	
Cash	\$(30,842)
Homeowners' fees and late charges receivable	(22,810)
Receivable from Executive Affiliates	457
Other accounts receivable	(1,910)
Prepaid insurance	1,989
	<u>(53,116)</u>
Current liabilities:	
Accounts payable	17,307
Payable to Executive Affiliates	836
Advance homeowner fees	23,530
	<u>41,673</u>
Working capital decrease	<u>\$(94,789)</u>

The accompanying notes are an integral part of these financial statements.

(1) Summary of Significant Accounting Policies

The following are the significant accounting policies, not disclosed elsewhere in the financial statements or notes thereto, adopted by McCall Area Timeshare Association in preparing and presenting the financial statements:

Business Activity

McCall Area Timeshare Association is organized to provide common services for the benefit of timeshare homeowners in The Aspens and Aspen Village condominium developments of McCall, Idaho.

Method of Accounting

Revenues are recognized in the period they become due. Expenses are recognized in the period they are incurred.

The billing statements for 1984 homeowners' fees were mailed during December, 1983. Some of the 1984 fees were paid prior to December 31, 1983. These 1984 fees, \$23,530, are shown on the balance sheet as a deferred credit (advance homeowners' fees) in the current liabilities section. These fees will be recognized as revenue in 1984.

Depreciation

A 1976 Chevrolet van costing \$1,246 is being depreciated using the straight-line method over a five-year period. The depreciation charge for the nine-month period ended December 31, 1983 is \$187.

(2) Deposits

Deposits at December 31, 1983 consist of the following:

Deposits on telephone service and equipment	\$ 685
Deposits on condominium association fees for The Aspens and Aspen Village	<u>3,744</u>
Total deposits	<u>\$ 4,429</u>

MCCALL AREA TIMESHARE ASSOCIATION
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Notes to Financial Statements, Continued

December 31, 1983

(3) Income Taxes

The Association has been formed as a group of timeshare homeowners to cover the cost of common expenses and to care for the housing units involved. As such, it is believed the Association qualifies for non-profit (nontaxable) status with both the Internal Revenue Service and the Idaho State Tax Commission.

(4) Related Party Transactions

Executive Affiliates Joint Venture is the timeshare developer. Executive Affiliates provides management and office related services to McCall Area Timeshare Association. Executive Affiliates assumes the fixed costs for unsold timeshare weeks. The net amount due from Executive Affiliates at December 31, 1983 is:

Fixed expenses on unsold weeks:

The Aspens (43 weeks @ \$25.29)*
Aspen Village (348 weeks @ \$20.70)
Unit K-53 (29 weeks @ \$25.29)
9,024

\$ 1,087
7,204
733
9,024

Services provided by Executive Affiliates:

Computer services \$ 4,494
Bookkeeper's salary 7,963
Management fee 3,110
15,567
Paid in December (7,000) 8,567

Balance receivable from Executive Affiliates for nine-month period ended December 31, 1983 457
Balance receivable at March 31, 1983 562
Balance receivable at December 31, 1983 \$ 1,019

* These amounts are prorated for a nine-month period.

MCCALL AREA TIMESHARE ASSOCIATION
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Notes to Financial Statements, Continued

December 31, 1983

(4) Related Party Transactions, Continued

Executive Management provides maid service to the Association. At December 31, 1983 the Association owed Executive Management for weeks 50, 51 and 52. The Association also owed Executive Management for expenses it paid for the Association:

Maid service weeks 50, 51 and 52 \$ 1,993
Association expenses paid by Executive Management 1,212
Payable to Executive Management \$ 3,205

On July 22, 1983, \$17,000 was transferred to Executive Affiliates as an operating advance. The amount was repaid as follows:

August 1, 1983 \$ 2,000
August 12, 1983 7,000
August 29, 1983 1,000
September 16, 1983 1,500
November 16, 1983 100
November 30, 1983 400
December 21, 1983 5,000
\$ 17,000

(5) Ability of the Association to Continue Operations

The cash needs of the Association are budgeted annually to arrive at the assessment due from each timeshare homeowner. The principal cause of the fund deficit at December 31, 1983 is a shortfall in the budgeted cash needs. It is anticipated that the shortfall will be corrected in 1984. Most revenues are collected in the first three months of the year.