

# **Star Valley Ranch Association**

*Financial Report*

**December 31, 2014**

**Star Valley Ranch Association  
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December 31, 2014 and 2013**

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## **Independent Auditor's Report**

To the Board of Directors of  
Star Valley Ranch Association  
Star Valley Ranch, Wyoming

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Star Valley Ranch Association (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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.

### ***Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 Star Valley Ranch Association as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Information on Future Major Repairs and Replacements is supplementary information required by accounting principles generally accepted in the United States of America. This information has not been included as part of these financial statements.

*DeCoria & Company, PC*

DeCoria & Company, PC  
Afton, Wyoming

April 17, 2015

## **Financial Statements**

**Star Valley Ranch Association**  
**Statements of Financial Position**  
**December 31, 2014 and 2013**

	2014	2013
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 179,037	\$ 138,949
Investments	1,161,766	1,048,890
Accounts receivable, net	93,573	70,028
Inventory	16,173	14,613
Prepaid Expenses	14,378	17,850
Total current assets	<u>1,464,927</u>	<u>1,290,330</u>
<b>Noncurrent assets:</b>		
Restricted investments	26,299	26,221
Fixed assets, net	1,459,842	1,621,962
Water rights	220,000	220,000
Total noncurrent assets	<u>1,706,141</u>	<u>1,868,183</u>
Total assets	<u><u>\$ 3,171,068</u></u>	<u><u>\$ 3,158,513</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 4,681	\$ 7,999
Accrued payroll and related liabilities	24,216	14,631
Deposits	175	175
Member deposits	5,015	6,555
Designated funds	11,494	7,291
Total liabilities	<u>45,581</u>	<u>36,651</u>
<b>Net assets:</b>		
Unrestricted	3,099,188	3,095,641
Restricted	26,299	26,221
Total net assets	<u>3,125,487</u>	<u>3,121,862</u>
Total liabilities and net assets	<u><u>\$ 3,171,068</u></u>	<u><u>\$ 3,158,513</u></u>

*The accompanying notes are an integral part of the financial statements.*



**Star Valley Ranch Association**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended December 31, 2014 and 2013**

	2014	2013
<b>Operating revenues:</b>		
Homeowner assessments	\$ 704,900	\$ 704,900
Other administrative income	8,288	11,446
Utilities revenue	2,090	1,212
Golf course fees	376,347	369,214
Facilities rental and other	27,924	24,833
Lounge income	54,764	60,956
Total operating revenues	<u>1,174,313</u>	<u>1,172,561</u>
<b>Operating expenses:</b>		
Administration	353,771	335,657
Facilities	125,307	122,673
Golf course	428,782	445,082
Lounge	51,947	58,378
Major repairs	9,288	35,575
Depreciation	213,603	213,993
Bad debt expense	4,167	2,209
Total operating expenses	<u>1,186,865</u>	<u>1,213,567</u>
Operating loss	<u>(12,552)</u>	<u>(41,006)</u>
<b>Other revenue:</b>		
Interest income	18,259	17,820
Gain (loss) on sale of assets	<u>(2,082)</u>	<u>490</u>
Total other revenue	<u>16,177</u>	<u>18,310</u>
Change in net assets	3,625	(22,696)
Net assets, beginning of year	<u>3,121,862</u>	<u>3,144,558</u>
Net assets, end of year	<u><u>\$ 3,125,487</u></u>	<u><u>\$ 3,121,862</u></u>

*The accompanying notes are an integral part of the financial statements.*

**Star Valley Ranch Association**  
**Statements of Cash Flows**  
**Years Ended December 31, 2014 and 2013**

	2014	2013
<b>Cash flows from operating activities:</b>		
Operating loss	\$ (12,552)	\$ (41,006)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	213,603	213,993
Prior year construction in progress expensed in the current year	-	21,821
Change in:		
Accounts receivable	(23,545)	(12,518)
Inventory	(1,560)	1,332
Prepaid expenses	3,472	(1,908)
Accounts payable	(3,318)	1,612
Accrued payroll and related liabilities	9,585	(8,812)
Deferred revenue	(1,540)	3,277
Designated funds payable	4,203	291
Net cash provided by operating activities	<u>188,348</u>	<u>178,082</u>
<b>Cash flows from investing activities:</b>		
Interest income	18,259	17,820
Proceeds from sale of fixed assets	-	3,577
Purchases of fixed assets	(53,565)	(227,817)
Change in restricted investments	(78)	(80)
Change in investments, net	<u>(112,876)</u>	<u>63,108</u>
Net cash used by investing activities	<u>(148,260)</u>	<u>(143,392)</u>
Change in cash and cash equivalents	40,088	34,690
Cash and cash equivalents, beginning of year	<u>138,949</u>	<u>104,259</u>
Cash and cash equivalents, end of year	<u><u>\$ 179,037</u></u>	<u><u>\$ 138,949</u></u>

*The accompanying notes are an integral part of the financial statements.*



**Star Valley Ranch Association  
Notes to Financial Statements  
December 31, 2014 and 2013**

**1. Summary of Significant Accounting Policies**

Nature of Organization

Star Valley Ranch Association (“SVRA” or the “Association”) was incorporated under the laws of the State of Wyoming on November 16, 1970, as a nonprofit corporation to serve the representative owners and inhabitants of the self-contained residential community located in Lincoln County, Wyoming known as Star Valley Ranch. The members of the Association are property owners of Star Valley Ranch Association, which comprises approximately 2,035 lots, 2014 of which are assessed, and recreational facilities, including two golf courses, two pro shops, a swimming pool, two tennis courts, a grill and lounge, and airstrip and other facilities. Recreational facilities are available on a user fee basis. The primary purposes of SVRA are to provide community services and recreational facilities for the general use, benefit and welfare of the owners of the residential lots situated within the real property area. The Association’s main sources of revenue are annual assessments and golf course revenue.

In 2007, residents of the area elected to incorporate as the Town of Star Valley Ranch (“the Town”). Subsequently, the Town has taken over the roads, culinary water system and other functions from the Association. However, the Association continues to operate the recreational facilities in Star Valley Ranch.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Association considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Investments

Investments consist of certificates of deposit with local banks and are stated at cost plus accrued interest.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through an allowance for doubtful accounts based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to the applicable accounts receivable.

**Star Valley Ranch Association**  
**Notes to Financial Statements**  
**December 31, 2014 and 2013**

**1. Summary of Significant Accounting Policies, Continued**

Inventories

Inventories, consisting of pro shop merchandise, liquor and pool merchandise, is valued at the lower of weighted average cost or market value.

Fixed Assets

Purchased fixed assets are stated at cost; and donated items, if any, are recorded at their estimated fair value at the date of donation. Only assets with a value of \$4,000 or greater are capitalized as fixed assets. Normal maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. Equipment under capital lease obligations is amortized over the shorter period of the lease term or the estimated useful life of the equipment.

Depreciation of fixed assets is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Buildings and improvements	5-50
Equipment	5-25
Land improvements	7-20
Vehicles	5-7

Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. The Association's income tax filings are subject to examination by various taxing authorities, the open examination periods are 2010 through 2014.

Financial Instruments

ASC Topic 825, *Financial Instruments*, permits entities to choose to measure many financial assets and liabilities at fair value. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than a forced liquidation. At December 31, 2014 and 2013, the carrying value of financial instruments, such as receivables, accounts payable and accrued liabilities, approximated their fair values based on the short-term maturities of these instruments.



**Star Valley Ranch Association**  
**Notes to Financial Statements**  
**December 31, 2014 and 2013**

**1. Summary of Significant Accounting Policies, Continued**

Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy for those assets and liabilities measured at fair value, that distinguishes between assumptions based on market data (observable inputs) and the organization's own assumptions (unobservable inputs). The hierarchy consists of: Level 1 – quoted market prices in active markets for identical instruments; Level 2 – inputs other than Level 1 inputs that are observable; and Level 3 – unobservable inputs developed using estimates and assumptions determined by the organization. The inputs and methodology used for valuing SVRA's financial assets and liabilities are not indicators of the risks associated with those instruments.

At December 31, 2014 and 2013, there are no assets that are measured at fair value on a recurring basis. Certain assets are measured at fair value on a nonrecurring basis, that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). SVRA had not assets measured at fair value on a nonrecurring basis during 2014 or 2013.

Member Assessments

Association members are subject to annual assessments to provide funds for the Association's operating expenses and future capital acquisitions. Assessments are approved by a vote of the Board of Directors. The annual assessment for lots was \$350 for both 2014 and 2013. Assessments are recognized as revenue in the year for which they are levied.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and affect the amounts reported in the financial statements. Management is continually evaluating and updating these estimates, and it is possible these estimates will change in the near future.

**2. Bank Deposits**

Cash and cash equivalents and investments consist of deposits held in a checking accounts and certificates of deposit with local banks. The carrying amount of bank deposits at December 31, 2014 was \$1,367,102, and combined bank balances totaled \$1,364,834 (including certificates of deposit carried in investments). The difference between the carrying amount of bank deposits and bank balances consists of outstanding checks and deposits not processed by the bank as of December 31, 2014. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each bank.

**Star Valley Ranch Association**  
**Notes to Financial Statements**  
**December 31, 2014 and 2013**

**2. Bank Deposits, Continued**

A summary of the total insured and uninsured cash balances at December 31, 2014 and 2013 is as follows:

	2014	2013
Cash	\$ 176,769	\$ 141,049
Certificates of deposit (included with investments)	1,161,766	1,048,890
Certificates of deposit (included with restricted investments)	26,299	26,221
Total bank deposits	1,364,834	1,216,160
Portion insured by FDIC	1,364,834	1,216,160
Uninsured balance	\$ -	\$ -

**3. Restricted Cash and Investments**

Restricted cash and investments were acquired through a gift from a member. The cost of the securities was determined using the fair market value at the date of the gift. Terms of the gift require the proceeds from the sale of the securities and the restricted cash to be used to construct two additional tennis courts.

**4. Accounts Receivable**

The Association assesses membership fees annually, uncollected balances are included in accounts receivable. A summary of accounts receivable, and the related allowance for doubtful accounts as of December 31, 2014 and 2013 are included below:

	2014		2013	
Assessments due from members	\$ 110,098	100%	\$ 82,386	100%
Allowance for doubtful accounts	(16,525)	-15%	(12,358)	-15%
Accounts receivable, net	\$ 93,573	85%	\$ 70,028	85%

**Star Valley Ranch Association**  
**Notes to Financial Statements**  
**December 31, 2014 and 2013**

**5. Fixed Assets**

Changes in fixed assets during 2014 are summarized as follows:

	Balance 12/31/13	Additions	Disposals	Balance 12/31/14
Buildings and improvements	\$ 962,317	\$ -	\$ (28,448)	\$ 933,869
Equipment	722,032	13,134	(28,995)	706,171
Vehicles	40,400	-	-	40,400
Land improvements	114,323	31,533	-	145,856
Water & irrigation system	1,654,628	-	-	1,654,628
Construction in progress	124,246	8,898	-	133,144
Total depreciable fixed assets	3,617,946	53,565	(57,443)	3,614,068
Accumulated depreciation	(2,118,754)	(213,603)	55,361	(2,276,996)
Net depreciable fixed assets	1,499,192	(160,038)	(2,082)	1,337,072
Land	122,770	-	-	122,770
Net fixed assets	<u>\$ 1,621,962</u>	<u>\$ (160,038)</u>	<u>\$ (2,082)</u>	<u>\$ 1,459,842</u>

Depreciation expense for the years ended December 31, 2014 and 2013, was \$213,603 and \$213,993, respectively.

**6. Lease Commitments**

Lease commitments for operating leases that the Association had entered into as of December 31, 2014 are as follows:

Description of Leased Property	Months	Start Date	End Date	Annual Payments
28 Golf carts	48	04/01/11	03/31/15	21,670
12 Golf carts	48	07/01/12	06/30/16	9,444
Total annual payments				<u>\$ 31,114</u>

Lease expense pursuant to lease agreements was \$38,605 and \$48,046 for the years ended December 31, 2014 and 2013, respectively.



**Star Valley Ranch Association**  
**Notes to Financial Statements**  
**December 31, 2014 and 2013**

**8. Functional Expenses**

Expenses have been reported below by their functional classification:

This table does not included major repairs expense, bad debt expense and depreciation expense.

*For the Year Ended December 31, 2014*

	<i>Administration</i>	<i>Facilities</i>	<i>Golf Courses</i>	<i>Lounge</i>	<i>Total</i>
Payroll expenses	\$ 165,989	\$ 73,671	\$ 222,846	\$ 16,500	\$ 479,006
Accounting fees	15,165	-	-	-	15,165
Advertising	5,122	-	5,791	-	10,913
Bank charges	10,122	-	-	-	10,122
Committee expenses	19,084	-	-	-	19,084
Cleaning and janitorial	-	9,851	-	-	9,851
Contract services	-	5,066	225	2,250	7,541
Dues and donations	620	-	3,875	-	4,495
Equipment	5,917	-	2,546	-	8,463
Insurance	48,971	-	-	-	48,971
Lease	-	-	38,605	-	38,605
Legal and professional	24,346	-	-	-	24,346
License and fees	196	-	-	872	1,068
Other	952	72	9,175	321	10,520
Postage	3,189	-	30	-	3,219
Printing and publications	-	82	535	-	617
Property taxes	35,164	-	-	-	35,164
Repairs and maintenance	-	18,489	11,664	-	30,153
Supplies	6,151	3,070	114,729	30,579	154,529
Telephone	3,783	2,329	1,807	403	8,322
Training	-	361	1,003	-	1,364
Travel	177	-	28	-	205
Utilities	8,823	12,316	15,923	1,022	38,084
Total expenses	\$ 353,771	\$ 125,307	\$ 428,782	\$ 51,947	\$ 959,807



**Star Valley Ranch Association**  
**Notes to Financial Statements**  
**December 31, 2014 and 2013**

**8. Functional Expenses, Continued**

Expenses have been reported below by their functional classification:

*For the Year Ended December 31, 2013*

	<i>Administration</i>	<i>Facilities</i>	<i>Golf Courses</i>	<i>Lounge</i>	<i>Total</i>
Payroll expenses	\$ 155,958	\$ 76,209	\$ 230,315	\$ 20,690	\$ 483,172
Accounting fees	14,240	-	-	-	14,240
Advertising	2,758	-	5,868	-	8,626
Bank charges	10,245	-	-	-	10,245
Committee expenses	17,793	-	-	-	17,793
Cleaning and janitorial	-	9,985	-	-	9,985
Contract services	-	2,849	2,650	2,765	8,264
Dues and donations	845	-	3,875	-	4,720
Equipment	6,400	-	4,211	-	10,611
Insurance	45,123	-	-	-	45,123
Lease	-	-	38,605	-	38,605
Legal and professional	24,434	-	-	-	24,434
License and fees	176	-	-	950	1,126
Other	712	1,425	2,597	623	5,357
Postage	3,492	-	84	-	3,576
Printing and publications	55	235	785	-	1,075
Property taxes	37,119	-	-	-	37,119
Repairs and maintenance	-	14,764	18,181	-	32,945
Supplies	6,712	3,557	118,433	31,617	160,319
Telephone	3,425	2,306	2,067	377	8,175
Training	-	337	877	-	1,214
Travel	33	-	385	-	418
Utilities	6,137	11,006	16,149	1,356	34,648
Total expenses	\$ 335,657	\$ 122,673	\$ 445,082	\$ 58,378	\$ 961,790

This table does not included major repairs expense, bad debt expense and depreciation expense.

**9. Subsequent Events**

The Association has evaluated subsequent events through April 17, 2015, which is the date the financial statements were available to be issued, and have determined that there are no subsequent events that require disclosure under FASB Accounting Standards Codification, (ASC 855) *Subsequent Events*.