

Mt. Baker Rim Community Club 2020-2021 Operating Plan

	2019 Budget	2020 Budget	2021 Budget Draft
Ordinary Income/Expense			
Income			
4010 · Members Dues	285,024.50	297,337.50	297,337.50
Dues for Reserve Fund	10,963.00	11,013.00	11,013.00
Contributing lots x Annual Dues ammount:	(438.5 x \$675)	(440.5 x \$700)	(440.5 x \$700)
4018 - Rental Income - Apartment		7,200.00	7,200.00
4030 · Members Interest	400.00	300.00	300.00
4050 · Member Lien Fees		400.00	400.00
4101 · Member Gate Card	1,400.00	1,400.00	1,000.00
4102 · Vendor Gate Card	2,000.00	2,000.00	1,000.00
4140 · Dividend & Interest Income	3,500.00	4,200.00	3,000.00
4168 · Clubhouse Rental Income		350.00	350.00
4169 · Violations Income	1,000.00	1,000.00	2,000.00
4173 · Renter Fee Income	14,000.00	19,000.00	19,000.00
4175 · Transfer Fees	2,500.00	2,800.00	2,800.00
Total Income	320,787.50	347,000.50	345,400.50
Expense			
5000 · ADMINISTRATION			
5005 · Accounting Expense	8,500.00	8,800.00	9,000.00
5006 · Bookkeeping		-	-
5011 · Bank Service Charges	60.00	60.00	300.00
5012 · Credit Card Fees	1,900.00	2,800.00	3,000.00
5021 · Gate Card Expense	1,000.00	1,100.00	1,100.00
5024 · Annual General Meeting Expense	1,400.00	1,500.00	1,500.00
5025 · General Admin./Directors	625.00	800.00	1,000.00
5026 · Interest Expense	0.00	-	-
5028 · Internet Access	1,600.00	1,700.00	1,300.00
5030 · Legal	0.00	-	-
5031 · Filing Fees	200.00	500.00	500.00
5032 · Attorney Fees	500.00	1,200.00	1,200.00
5035 · Licenses & Permits	700.00	650.00	700.00
5036 · Mileage	50.00	-	-
5045 · Office Supplies	1,500.00	1,600.00	1,100.00
5046 · Postage	750.00	800.00	500.00
5047 · Computer Software	225.00	900.00	900.00
5050 · Social Functions/ Supplies		300.00	400.00
5060 · Training	300.00	300.00	300.00
5061 · Amazon Prime	110.00	130.00	150.00
5064 · Website Expense	400.00	400.00	400.00
Total 5000 · ADMINISTRATION	19,820.00	23,540.00	23,350.00
5120 · General Insurance	15,250.00	17,300.00	19,000.00
5200 · MAINTENANCE & REPAIR			
5210 · Clubhouse-Maintenance	1,200.00	1,200.00	1,200.00
5215 · Gate House-Maintenance	600.00	800.00	1,000.00
5216 · Office Maintenance	300.00	300.00	0.00
5220 · Gate/Security-Maintenance	1,200.00	1,500.00	1,500.00
5225 · Pool-Maintenance & Repair	1,200.00	1,200.00	1,000.00
5230 · Grounds-Maintenance	2,400.00	2,500.00	2,500.00
5231 · Roads-Maintenance/Paving	18,000.00	18,000.00	18,000.00
5235 · Compactor Maintenance	500.00	500.00	500.00
5240 · Tree Removal	1,200.00	1,500.00	2,000.00
Total 5200 · MAINTENANCE & REPAIR	26,600.00	27,500.00	27,700.00
5300 · SUPPLIES			
5310 · Other Supplies		200	200
5311 · Clubhouse Supplies	1,100.00	1,500.00	2,000.00
5320 · Pool Supplies	8,000.00	9,200.00	12,000.00

Mt. Baker Rim Community Club 2020-2021 Operating Plan

	2019 Budget	2020 Budget	2021 Budget Draft
5325 · Tools	900.00	1,500.00	1,000.00
Total 5300 · SUPPLIES	10,000.00	12,400.00	15,200.00
5400 · TAXES			
5411 · Federal Unemployment Tax	350.00	300.00	300.00
5412 · FICA/Medicare	10,500.00	11,000.00	11,000.00
5414 · State Unemployment Tax	200.00	200.00	500.00
5415 · Labor & Industries	3,750.00	3,750.00	3,000.00
5120 · Income Tax Federal		450.00	0.00
5430 · Property Tax - Gatehouse	225.00	220.00	220.00
5435 · Property Tax - MBR Lots	18.00	20.00	20.00
Total 5400 · TAXES	15,043.00	15,940.00	15,040.00
5500 · UTILITIES			
5510 · Telephone	1,800.00	1,800.00	2,400.00
5515 · Garbage	13,500.00	16,250.00	17,000.00
5516 · Recycling	5,000.00	8,000.00	8,500.00
5520 · Gate House-Power	3,000.00	3,000.00	3,000.00
5525 · Clubhouse-Power	5,500.00	5,500.00	5,500.00
5530 · Storage Shed-Power	250.00	200.00	300.00
5535 · Gate House-Water	300.00	350.00	350.00
5537 · Propane	9,000.00	9,000.00	7,500.00
5540 · Clubhouse-Water	600.00	800.00	800.00
5545 · Clubhouse-Wi-Fi Internet	2,300.00	2,450.00	2,000.00
Total 5500 · UTILITIES	41,250.00	47,350.00	47,350.00
5600 · VEHICLE/EQUIPMENT			
5610 · Fuel	2,750.00	4,000.00	4,000.00
5615 · Maintenance & Repair-Vehicles	2,500.00	3,000.00	3,000.00
Total 5600 · VEHICLE/EQUIPMENT	5,250.00	7,000.00	7,000.00
5700 · WAGES & BENEFITS			
5710 · Employee Medical	0.00	0.00	0.00
5715 · Wages - Caretaker	49,000.00	52,000.00	52,000.00
5720 · Wages-Bookkeeper	24,000.00	23,000.00	23,000.00
5721 · Wages-Office Manager	22,000.00	28,000.00	28,000.00
5725 · Wages - Seasonal PT Caretaker	0.00	0.00	0.00
5725 · Wages - Asst. Caretaker	39,000.00	39,500.00	39,500.00
5726 · Wages PT Caretaker's	10,000.00	11,000.00	8,000.00
5727 · IRA Contribution	4,000.00	4,000.00	2,500.00
Total 5700 · WAGES & BENEFITS	148,000.00	157,500.00	153,000.00
6560 · Payroll Expenses	2,100.00	2,100.00	2,100.00
Total Expense	283,313.00	310,630.00	309,740.00
Net Ordinary Income	37,474.50	36,370.50	35,660.50
Other Income/Expense			
Other Expense			
8065 · Charitable Contributions		0	0
8070 · Operating Reserves	42,000.00	36,000.00	36,000.00
8600 · Depreciation Expense		Depreciation will appear after end of year.	Depreciation will appear after end of year.
8515 · CAPITAL EXP. C.H. Improvements			
Total Other Expense	42,000.00	36,000.00	36,000.00
Net Other Income/Expense	(42,000.00)	(36,000.00)	(36,000.00)
Net Income	(4,525.50)	370.50	(339.50)
Reserve Fund Sources:			
Reserve Fund Dues	10,963.00	11,013.00	11,013.00
Budgeted Operating Surplus	31,037.00	24,987.00	24,987.00
	42,000.00	36,000.00	36,000.00

MT. BAKER RIM COMMUNITY CLUB FIVE YEAR RESERVE PLAN

	Service or Upgrade Date	Expected Lifespan	Expected Replacement Year	Remaining Lifespan	Anticipated Required Funds	Required Annual Funding	Optimum Jan. 1 2020 Reserves	Actual Jan. 1 2020 Reserves on Hand	2020 Expenditures	Min 2020 Reserve Deposits	Actual 2020 Reserve Deposits	Actual Jan. 1 2021 Reserves on Hand	2021 Expenditures	Expected 2021 Reserve Deposits	Expected Jan. 1 2022 Reserves on Hand	2022 Expenditures	Expected 2022 Reserve Deposits	Expected Jan 1 2023 Reserves on Hand	2023 Expenditures	Expected 2023 Reserve Deposits	Expected Jan 1 2024 Reserves on Hand	2024 Expenditures	Expected 2024 Reserve Deposits	Expected Jan 1 2025 Reserves on Hand
CH Structure	1978	60	2038	19	\$100,000	\$1,667	\$70,000	\$54,776		\$1,667	\$1,721	\$56,496		\$2,072	\$58,568		\$2,072	\$60,640		\$2,072	\$62,712		\$2,072	\$64,784
CH Roof	2008	50	2058	39	\$50,000	\$1,000	\$12,000	\$9,390		\$1,000	\$1,032	\$10,423		\$1,243	\$11,666		\$1,243	\$12,909		\$1,243	\$14,152		\$1,243	\$15,395
CH Deck & Fencing	1995	40	2035	16	\$10,000	\$250	\$6,250	\$4,891		\$250	\$258	\$5,149		\$311	\$5,460		\$311	\$5,771		\$311	\$6,082		\$311	\$6,393
CH Exterior Siding	1985	35	2020	1	\$16,000	\$457	\$13,425	\$10,505	-\$10,000	\$457	\$472	\$977		\$568	\$1,545	-\$4,627	\$568	-\$2,514	-\$4,071	\$568	-\$6,017		\$568	-\$5,449
CH Windows & Doors	2016	40	2056	37	\$60,000	\$1,500	\$6,000	\$4,695		\$1,500	\$1,549	\$6,244		\$1,865	\$8,109		\$1,865	\$9,974		\$1,865	\$11,839		\$1,865	\$13,704
CH Walls & Floors	2019	60	2045	26	\$30,000	\$500	\$17,500	\$16,566		\$500	\$516	\$17,082		\$622	\$17,704		\$622	\$18,326		\$622	\$18,948		\$622	\$19,570
CH Sauna	2017	20	2037	18	\$4,500	\$225	\$450	\$352		\$225	\$232	\$584		\$280	\$864		\$280	\$1,144		\$280	\$1,424		\$280	\$1,704
CH Heating System	2017	30	2047	28	\$35,000	\$1,167	\$2,333	\$1,826		\$1,167	\$1,204	\$3,030		\$1,451	\$4,481		\$1,451	\$5,932		\$1,451	\$7,383		\$1,451	\$8,834
CH Security System	1995	30	2025	6	\$5,000	\$167	\$4,174	\$3,266		\$167	\$172	\$3,439		\$208	\$3,647		\$208	\$3,855		\$208	\$4,063		\$208	\$4,271
Pool Pump Room	1999	40	2039	20	\$17,000	\$425	\$8,925	\$6,984		\$425	\$439	\$7,423		\$528	\$7,951		\$528	\$8,479		\$528	\$9,007		\$528	\$9,535
CH/Pool Electrical Pannel	2014	40	2054	35	\$19,000	\$475	\$2,850	\$2,230		\$475	\$490	\$2,721		\$590	\$3,311		\$590	\$3,901		\$590	\$4,491		\$590	\$5,081
CH Showers Mens	2018	20	2038	18	\$10,000	\$500	\$3,244	\$2,538		\$500	\$516	\$3,055		\$622	\$3,677		\$622	\$4,299		\$622	\$4,921		\$622	\$5,543
CH Showers Ladies	2010	20	2030	11	\$10,000	\$500	\$5,000	\$3,913		\$500	\$516	\$4,429		\$622	\$5,051		\$622	\$5,673		\$622	\$6,295		\$622	\$6,917
CH Appliances	2011	20	2031	12	\$5,000	\$250	\$2,500	\$1,956		\$250	\$258	\$2,214		\$311	\$2,525		\$311	\$2,836		\$311	\$3,147		\$311	\$3,458
CH Light Fixtures	2018	30	2048	28	\$5,000	\$167	\$3,295	\$2,579		\$167	\$172	\$2,751		\$208	\$2,959		\$208	\$3,167		\$208	\$3,375		\$208	\$3,583
Total Chubhouse					\$376,500	\$9,249	\$157,946	\$126,467	-\$10,000	\$9,249	\$9,549	\$126,015	\$0	\$11,501	\$137,516	-\$4,627	\$11,501	\$144,390	-\$4,071	\$11,501	\$151,820	\$0	\$11,501	\$163,321
Pool	2011	40	2051	32	\$130,000	\$3,250	\$29,250	\$40,089	-\$10,000	\$3,250	\$3,355	\$33,445	\$0	\$4,040	\$37,485		\$4,040	\$41,525		\$4,040	\$45,565		\$4,040	\$49,605
Pool Fence	2015	40	2055	36	\$23,400	\$585	\$2,925	\$2,289		\$585	\$604	\$2,893		\$727	\$3,620		\$727	\$4,347		\$727	\$5,074		\$727	\$5,801
Tennis Court	2008	40	2048	29	\$70,000	\$1,750	\$21,000	\$16,433		\$1,750	\$1,807	\$18,239		\$2,175	\$20,414		\$2,175	\$22,589		\$2,175	\$24,764		\$2,175	\$26,939
Tennis Court Fence	2006	50	2056	37	\$25,000	\$500	\$7,000	\$930		\$500	\$516	\$1,446		\$622	\$2,068		\$622	\$2,690		\$622	\$3,312		\$622	\$3,934
Total Pool/Tennis Courts					\$248,400	\$6,085	\$60,175	\$59,741	-\$10,000	\$6,085	\$6,282	\$56,023	\$0	\$7,564	\$63,587	\$0	\$7,564	\$71,151	\$0	\$7,564	\$78,715	\$0	\$7,564	\$86,279
Gate House Structure	2014	30	2044	25	\$100,000	\$3,333	\$19,999	\$15,649		\$3,333	\$3,441	\$19,091		\$4,143	\$23,234		\$4,143	\$27,377		\$4,143	\$31,520		\$4,143	\$35,663
Gate House Deck	2014	20	2034	15	\$12,500	\$625	\$3,750	\$2,934		\$625	\$645	\$3,580		\$777	\$4,357		\$777	\$5,134		\$777	\$5,911		\$777	\$6,688
Heating System	2015	30	2030	11	\$5,000	\$167	\$3,333	\$2,608		\$167	\$172	\$2,780		\$415	\$3,195		\$415	\$3,610		\$415	\$4,025		\$415	\$4,440
Front Gate Security System	2010	15	2025	6	\$35,000	\$2,333	\$23,333	\$2,734		\$2,333	\$2,409	\$5,143		\$2,900	\$8,043		\$2,900	\$10,943		\$2,900	\$13,843		\$2,900	\$16,743
Entry Sign & Access	2002	20	2021	3	\$20,500	\$1,025	\$18,450	\$15,773	-\$10,000	\$1,025	\$1,058	\$6,832		\$1,274	\$8,106	-\$9,466	\$1,274	-\$86		\$1,274	\$1,188		\$1,274	\$2,462
Garage	1999	40	2039	20	\$40,000	\$1,000	\$21,000	\$15,097		\$1,000	\$1,032	\$16,129		\$1,243	\$17,372		\$1,243	\$18,615		\$1,243	\$19,858		\$1,243	\$21,101
A-Frame	2008	40	2048	29	\$35,000	\$875	\$10,500	\$8,216		\$875	\$903	\$9,120		\$1,088	\$10,208		\$1,088	\$11,296		\$1,088	\$12,384		\$1,088	\$13,472
Trash Area Structure	2015	40	2055	36	\$36,000	\$900	\$4,500	\$3,521		\$900	\$929	\$4,450		\$1,119	\$5,569		\$1,119	\$6,688		\$1,119	\$7,807		\$1,119	\$8,926
Information Technology	2020	10	2020	10	\$7,500	\$750	\$750	\$587	-\$7,500	\$750	\$774	-\$6,139		\$0	-\$6,139		\$0	-\$6,139		\$0	-\$6,139		\$0	-\$6,139
Reserve Study	2021	10	2021	10	\$5,000	\$500	\$500	\$391		\$500	\$516	\$907	-\$5,000	\$0	-\$4,093		\$0	-\$4,093		\$0	-\$4,093		\$0	-\$4,093
Total Other Structures & IT					\$296,500	\$11,508	\$106,115	\$67,511	-\$17,500	\$11,508	\$11,881	\$61,893	-\$5,000	\$12,959	\$69,852	-\$9,466	\$12,959	\$73,345	\$0	\$12,959	\$86,304	\$0	\$12,959	\$99,263
Vehicles 2016 Dodge	2017	20	2037	18	\$50,000	\$2,500	\$5,000	\$3,913		\$2,500	\$2,581	\$6,494		\$3,108	\$9,602		\$3,108	\$12,710		\$3,108	\$15,818		\$3,108	\$18,926
Snowplow	2007	25	2032	13	\$10,000	\$400	\$5,200	\$4,069		\$400	\$413	\$4,482		\$497	\$4,979		\$497	\$5,476		\$497	\$5,973		\$497	\$6,470
Sander & Spreader	2012	14	2026	7	\$8,000	\$571	\$4,571	\$3,577		\$571	\$590	\$4,167		\$710	\$4,877		\$710	\$5,587		\$710	\$6,297		\$710	\$7,007
1994 Tractor	1994	33	2027	8	\$24,000	\$727	\$18,909	\$14,797		\$727	\$751	\$15,547		\$904	\$16,451		\$904	\$17,355		\$904	\$18,259		\$904	\$19,163
2012 Toyota Tacoma	2012	18	2030	11	\$30,000	\$1,667	\$13,333	\$10,433		\$1,667	\$1,721	\$12,154		\$2,072	\$14,226		\$2,072	\$16,298		\$2,072	\$18,370		\$2,072	\$20,442
Lawn Mowers	2008	14	2022	3	\$6,000	\$429	\$5,143	\$4,024		\$429	\$442	\$4,467		\$533	\$5,000	-\$5,000	\$533	\$533		\$533	\$1,066		\$533	\$1,599
Trash Compactor	2015	20	2035	16	\$28,000	\$1,400	\$7,000	\$5,478		\$1,400	\$1,445	\$6,923		\$1,740	\$8,663		\$1,740	\$10,403		\$1,740	\$12,143		\$1,740	\$13,883
Playground Equipment	2011	15	2026	7	\$5,000	\$333	\$3,000	\$2,348		\$333	\$344	\$2,692		\$414	\$3,106		\$414	\$3,520		\$414	\$3,934		\$414	\$4,348
Total Vehicles and Equipment					\$161,000	\$8,027	\$62,157	\$48,638	\$0	\$8,027	\$8,288	\$56,926	\$0	\$9,978	\$66,904	-\$5,000	\$9,978	\$71,882	\$0	\$9,978	\$81,860	\$0	\$9,978	\$91,838
Totals					\$1,082,400	\$34,869	\$386,394	\$302,357	-\$37,500	\$34,869	\$36,000	\$300,857	-\$5,000	\$42,002	\$337,859	-\$19,093	\$42,002	\$360,768	-\$4,071	\$42,002	\$398,699	\$0	\$42,002	\$440,701

Mt. Baker Rim Community Club, Inc.

Financial Statements and
Supplementary Information with
Independent Accountant's Review Report

Year Ended December 31, 2019 with
Summarized Comparative Totals for the
Year Ended December 31, 2018

Larson Gross 

Mt. Baker Rim Community Club, Inc.

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Independent Accountant's Review Report

To the Board of Directors and Association Members
Mt. Baker Rim Community Club, Inc.
Glacier, Washington

We have reviewed the accompanying financial statements of Mt. Baker Rim Community Club, Inc., (the Club) which comprise the balance sheet as of December 31, 2019, the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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 American Institute of Certified Public Accountants. 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.

Other Matters

Report on Summarized Comparative Information

We previously reviewed the Club's 2018 financial statements and in our conclusion dated April 4, 2019, stated that based on our review, we were not aware of any material modifications that should be made to the 2018 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2018, for it to be consistent with the reviewed financial statements from which it has been derived.

Required Supplementary Information

The accompanying supplementary information on future major repairs and replacements on page 12 is presented for purposes of additional analysis and is a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Larson Gross PLLC

Bellingham, Washington
May 1, 2020

Mt. Baker Rim Community Club, Inc.

Balance Sheet

December 31, 2019

With Summarized Comparative Totals for December 31, 2018

(See Independent Accountant's Review Report)

	2019			2018
	Operating Fund	Reserve Fund	Total	Total
Assets				
Assets				
Cash and cash equivalents	\$ 55,088	\$ 259,718	\$ 314,806	\$ 390,727
Dues and assessments receivable, net	8,930	-	8,930	2,955
Prepaid expenses	8,260	-	8,260	7,081
Property and equipment, net	284,106	-	284,106	306,575
Investment in cooperative	4,788	-	4,788	4,788
Federal income tax receivable	588	-	588	-
Interfund receivable (payable)	(42,639)	42,639	-	-
Total assets	\$ 319,121	\$ 302,357	\$ 621,478	\$ 712,126
Liabilities and Fund Balances				
Liabilities				
Accrued expenses	\$ 10,969	\$ -	\$ 10,969	\$ 12,619
Contractor deposits	14,000	-	14,000	16,000
Prepaid dues and assessments	20,665	-	20,665	89,638
Federal income tax payable	-	-	-	151
Total liabilities	45,634	-	45,634	118,408
Fund balances	273,487	302,357	575,844	593,718
Total liabilities and fund balances	\$ 319,121	\$ 302,357	\$ 621,478	\$ 712,126

Mt. Baker Rim Community Club, Inc.

Statement of Revenues, Expenses, and Changes in Fund Balances

Year Ended December 31, 2019

With Summarized Comparative Totals for December 31, 2018

(See Independent Accountant's Review Report)

	2019			2018
	Operating Fund	Reserve Fund	Total	Total
Revenues				
Dues and capital assessments	\$ 286,312	\$ 11,025	\$ 297,337	\$ 295,987
Other income	21,139	-	21,139	4,150
Rental income	19,500	-	19,500	18,800
Gate cards	2,195	-	2,195	3,380
Fines and penalties	1,800	-	1,800	5,525
Interest income	1,033	3,130	4,163	4,259
Total revenues	331,979	14,155	346,134	332,101
Expenses				
Labor and labor-related	169,745	-	169,745	163,451
Repairs, maintenance, and replacement	49,822	13,549	63,371	30,335
Utilities	46,344	-	46,344	44,226
Depreciation	22,469	-	22,469	22,470
Supplies	18,273	-	18,273	15,670
Insurance	16,997	-	16,997	17,274
Professional services	12,027	-	12,027	8,370
Office expense	6,136	-	6,136	7,232
Miscellaneous	4,056	-	4,056	3,880
Bad debt expense	2,740	-	2,740	1,200
General meeting expenses	1,436	-	1,436	929
Social functions	402	-	402	314
Federal income tax expense	12	-	12	591
Total expenses	350,459	13,549	364,008	315,942
Excess (deficiency) of revenues over expenses	(18,480)	606	(17,874)	16,159
Fund balances – beginning of year	291,967	301,751	593,718	577,559
Fund balances – end of year	\$ 273,487	\$ 302,357	\$ 575,844	\$ 593,718

Mt. Baker Rim Community Club, Inc.

Statement of Cash Flows

Year Ended December 31, 2019

With Summarized Comparative Totals for December 31, 2018

(See Independent Accountant's Review Report)

	2019			2018
	Operating Fund	Reserve Fund	Total	Total
Cash flows from operating activities				
Excess (deficiency) of revenues over expenses	\$ (18,480)	\$ 606	\$ (17,874)	\$ 16,159
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:				
Depreciation	22,469	-	22,469	22,470
(Increase) decrease in assets:				
Dues and assessments receivable	(5,975)	-	(5,975)	2,127
Prepaid expenses	(1,179)	-	(1,179)	(225)
Federal income tax receivable	(588)	-	(588)	-
Increase (decrease) in liabilities:				
Accrued expenses	(1,650)	-	(1,650)	3,215
Contractor deposits	(2,000)	-	(2,000)	8,000
Prepaid dues and assessments	(68,973)	-	(68,973)	18,370
Federal income tax payable	(151)	-	(151)	(272)
Net cash provided (used) by operating activities	(76,527)	606	(75,921)	69,844
Cash flows from financing activities				
Interfund transfers	32,310	(32,310)	-	-
Net cash provided (used) by financing activities	32,310	(32,310)	-	-
Net increase (decrease) in cash and cash equivalents	(44,217)	(31,704)	(75,921)	69,844
Cash and cash equivalents – beginning of year	99,305	291,422	390,727	320,883
Cash and cash equivalents – end of year	\$ 55,088	\$ 259,718	\$ 314,806	\$ 390,727
Supplemental Disclosure of Cash Flow Information				
Cash paid for federal income tax			\$ 751	\$ 863

Notes to Financial Statements

December 31, 2019

With Summarized Comparative Totals for December 31, 2018

(See Independent Accountant's Review Report)

Note 1 – Organization and Operations

Mt. Baker Rim Community Club, Inc. (the Club) organized in the State of Washington in 1971 as a homeowners' association. The term of the Club is perpetual unless otherwise voted upon by the members. The Club is located near the base of Mt. Baker consisting of 445 individually owned lots with common community facilities, including the clubhouse, swimming pool, tennis courts, gatehouse office and caretaker's residence, roadways and waterfront areas. The Club owns another 45 lots that are undevelopable open space property, or common community facilities.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – The Club prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; accordingly, revenue and gains are recognized when earned, and expenses and losses are recognized when incurred.

Fund accounting – The Club uses fund accounting whereby financial resources, such as operating funds and funds designated for future repairs and replacements, are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating fund – This fund is used to account for financial resources available for the general operations of the Club.

Reserve fund – This fund is used to account for financial resources designated for major repairs and replacements and capital improvement. Expenditures from this fund must receive approval by the Board of Directors.

Comparative information – The financial statements include certain prior-year summarized comparative information. Such information should be read in conjunction with the Club's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Cash and cash equivalents – Cash, checking accounts, and certificates of deposit are considered to be cash equivalents. The Club maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. The Club has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Dues and assessments receivable – Receivables consist of dues and assessments receivable. Club members are subject to annual assessments to provide funds for the Club's operating expenses, future capital acquisitions, and major repairs and replacements. Dues and assessments receivable are recorded in the Club's balance sheet at their net realizable value. Net realizable value is equal to the gross amount of receivables less an estimated allowance for doubtful accounts. On a continuing basis, the Board analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off to bad debt expense. The allowance for bad debts totaled \$2,740 at December 31, 2019. There was no allowance for bad debts at December 31, 2018.

Notes to Financial Statements

December 31, 2019

With Summarized Comparative Totals for December 31, 2018

(See Independent Accountant's Review Report)

Note 2 – Summary of Significant Accounting Policies – (Continued)

Property and equipment – The common community assets consisting of the clubhouse, swimming pool, tennis courts, gatehouse office and caretaker's apartment, roadways, and waterfront area were constructed by the developer, Lands West, Inc. and sold to the individual lot owners as a portion of the cost of their lots. The original costs of the common assets are owned jointly by the property owners and are not reflected in these financial statements.

Capitalized improvements to the common assets, property, and equipment are recorded at cost. Additions, improvements, and expenditures that exceed \$2,500 and add materially to the productive capacity or extend the life of an asset are capitalized. Expenditures for repair and maintenance are expensed as incurred. Depreciation is recorded using straight-line and accelerated methods over expected useful lives of 5 to 39 years.

Interfund borrowing – The Reserve Fund had an interfund receivable from the Operating Fund of \$42,639 at December 31, 2019. During May 2020, the interfund borrowing was paid in full.

Revenue recognition – The Club identifies a contract with a customer when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing services identified in the contract. Revenue is recognized as performance obligations under the terms of the contract with the customer are satisfied. Generally, this recognition occurs with the transfer of control of the good or service to the customer. For further discussion of revenue and related accounting policies, see Note 3.

Federal income tax – The Club is taxed as a regular corporation, subject to the provisions of Internal Revenue Code Section 277. As such, income from members is segregated from income derived from non-members and both are taxed at regular corporate rates. However, taxation of the excess of membership income over membership expenses can be deferred for one year if certain elections are made. Any net membership losses may only be carried forward to offset membership income of future tax periods. At December 31, 2019 and 2018, the excess membership deduction carryover totaled \$382,611 and \$370,961, respectively. Federal income tax due for 2019 and 2018 totaled \$12 and \$591, respectively.

As of December 31, 2019, tax returns for the prior three fiscal years remain subject to examination by major tax jurisdictions. The Club recognized no interest or penalties in the statement of revenues, expenses, and changes in fund balances for the year ended December 31, 2019 related to the filing of the tax return.

Interest income – Interest income is allocated to the operating and reserve funds in proportion to the interest-bearing deposits of each fund.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Notes to Financial Statements

December 31, 2019

With Summarized Comparative Totals for December 31, 2018

(See Independent Accountant's Review Report)

Note 2 – Summary of Significant Accounting Policies – (Continued)

Reclassifications – Certain reclassifications have been made to the prior year's financial statements to conform to the current year's financial statement presentation.

Subsequent events – In preparing these financial statements, the Club has evaluated events and transactions for potential recognition or disclosure through May 1, 2020, the date the financial statements were available to be issued.

Note 3 – Revenue Recognition

Impact of accounting method change – The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The Club adopted the requirements of the new guidance as of January 1, 2019, utilizing the modified retrospective method of transition. The Club did not recognize any adjustments in income, retained earnings, or any other financial statement line item as a result of adopting ASC 606.

Nature of products – The Club provides social and recreational activities and maintains the community assets of Mt. Baker Rim properties.

Timing – The Club recognizes revenue from members' assessments over time in the applicable assessment time period. Rental income is recognized in the month the facilities are used by the member or member's guest. Revenue from other sources is recognized at the point in time when the product or service is provided, which is when the performance obligation is satisfied.

Payment terms – Payments for annual dues and capital assessments are due the first month of the corresponding calendar year for which the payment pertains. The Club records revenue from gate cards, rental income, and other sources at the point in time of delivery of the good or service to the member or member's guest. Payment terms are typically within 30 days. The primary purpose of the Club's invoicing terms is to provide members with simplified and predictable ways of purchasing the goods and services and not to receive financing from or provide financing to the member. Additionally, the Club has elected the practical expedient that permits an entity to not recognize a significant financing component if the time between the transfer of a good or service and payment is one year or less.

Transaction price – The transaction price is the amount of consideration to which the Club expects to be entitled in exchange for transferring goods and services to the member. The Club records reductions to net revenue related to future returns based on the Club's expectations and historical experience.

Notes to Financial Statements

December 31, 2019

With Summarized Comparative Totals for December 31, 2018

(See Independent Accountant's Review Report)

Note 3 – Revenue Recognition – (Continued)

Deferred revenue – Deferred revenue consist of dues and assessments prepaid by members. When consideration is received and revenue has not yet been recognized, prepaid dues and assessments (deferred revenue) represents a contract liability until the service is performed. Prepaid dues and assessments totaled \$20,665, \$89,638, and \$71,268 at December 31, 2019, 2018, and 2017 respectively.

Disaggregated revenue – The following table presents the Club's revenues, disaggregated by good or service type, for the years ended December 31:

	Shown as %	
	2019	2018
Dues and capital assessments	85	89
Other income	6	1
Rental income	6	6
Gate cards	1	1
Fines and penalties	1	2
Interest income	1	1
Total revenues	100	100

Note 4 – Cash and Cash Equivalents

Cash and cash equivalents consist of the following at December 31:

	2019			2018 Total
	Operating Fund	Reserve Fund	Total	
Cash on hand (petty cash and undeposited funds)	\$ 7,905	\$ -	\$ 7,905	\$ 2,547
Cash in checking	30,867	500	31,367	76,632
Cash in social and ground accounts	2,308	-	2,308	4,623
Constuction deposits held	14,008	-	14,008	16,003
Capital reserves, CDs and savings	-	259,218	259,218	290,922
	<u>\$ 55,088</u>	<u>\$ 259,718</u>	<u>\$ 314,806</u>	<u>\$ 390,727</u>

The Board's policy is that income in excess of operating expenses for the year shall be set aside for future major repairs and replacements and transferred to the reserve fund.

Notes to Financial Statements

December 31, 2019

With Summarized Comparative Totals for December 31, 2018

(See Independent Accountant's Review Report)

Note 5 – Property and Equipment

Property and equipment include the following at December 31:

	2019	2018
Building improvements	\$ 563,161	\$ 563,161
Road improvements	338,792	338,792
Equipment	101,795	101,795
Vehicles	38,675	38,675
	<u>1,042,423</u>	<u>1,042,423</u>
Less accumulated depreciation	<u>(758,317)</u>	<u>(735,848)</u>
	<u>\$ 284,106</u>	<u>\$ 306,575</u>

Depreciation expense totaled \$22,469 and \$22,470 for the years ended December 31, 2019 and 2018, respectively.

Note 6 – Investment in Cooperative

Investment in cooperative is stated at cost plus reinvested cooperative dividends less any stock retirements. The Club's investment in CHS, Inc. totaled \$4,788 at December 31, 2019 and 2018.

Note 7 – Related Party Transactions

Prepaid dues from Board members and employees totaled \$2,025 at December 31, 2018. There were no prepaid dues from Board members and employees at December 31, 2019. Rental income from an employee totaled \$5,400 and \$600 for the years ended December 31, 2019 and 2018, respectively.

Note 8 – Future Major Repairs and Replacements

The Club's governing documents require funds to be accumulated for future major repairs and replacements, and for contingencies such as floods. Accumulated funds, which aggregate \$302,357 at December 31, 2019, are held in separate accounts and are generally not available for operating purposes.

The Club prepared an internal study in May of 1999, to estimate the remaining useful lives and the replacement costs of the common property components. In 2017, the Board reevaluated the reserve and agreed that the replacement values used to calculate the reserve would be the actual cost of replaced assets or the current cost of assets anticipated to be replaced in the short-term. The Board believes that the current reserves are adequate to maintain the common assets in the short-term. The Club is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the reserve fund.

Notes to Financial Statements

December 31, 2019

With Summarized Comparative Totals for December 31, 2018

(See Independent Accountant's Review Report)

Note 8 – Future Major Repairs and Replacements – (Continued)

Actual expenditures, however, may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the reserve fund may not be adequate to meet future needs. If additional funds are needed, however, the Club has the right, subject to Board approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

Note 9 – Retirement Plan

The Club sponsors a SIMPLE IRA plan that covers employees that are reasonably expected to receive at least \$5,000 in compensation for the calendar year and have received at least \$5,000 in compensation during any two calendar years preceding the current calendar year. The Club has elected to make an annual matching contribution equal to elected deferrals up to 3% of the participant's compensation. Participants are always vested in all of their plan accounts. The Club's matching contribution totaled \$1,777 and \$1,813 for the year ended December 31, 2019 and 2018, respectively.

Note 10 – Recent Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to record most leases with terms greater than 12 months on their balance sheet by recognizing a liability to make lease payments and an asset representing their right to use the asset during the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election, by class of underlying asset, not to recognize the corresponding assets and lease liabilities. Lessee recognition, measurement, and presentation of expenses and cash flows will not change significantly from existing guidance and lessor accounting is largely unchanged. ASU 2016-02 also changes the definition of a lease and requires qualitative and quantitative disclosures that provide information about the amount, timing, and uncertainty of cash flows arising from leases. Application is required for annual periods beginning after December 15, 2020. The Club continues to evaluate the impact of the new accounting guidance on its financial statements.

Note 11 – Subsequent Event

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Club operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Club, it is reasonably possible that the Club is vulnerable to the risk of a near-term severe impact.

Supplementary Information

Mt. Baker Rim Community Club, Inc.

Schedule of Future Major Repair and Replacements

Year Ended December 31, 2019

The Club conducted an internal study in 2017 to estimate the remaining useful lives and replacement costs of several property components. The estimated future replacement costs are based on estimated costs at December 31, 2019 and include the effects of inflation at four percent per year between that date and the date the components are estimated to require repair and replacement.

The following table is based on the study and its analysis by the management of the Club and presents significant information about the components of common property.

Components	Remaining Useful Lives	Estimated Replacement Costs at December 31, 2019	Components of Fund Balance at December 31, 2018	Year Ended December 31, 2019			Components of Fund Balance at December 31, 2019
				Assessments and Other, Net	Interest & Dividend Income	Expenditures	
Clubhouse	2-37	\$ 376,500	\$ 132,883	\$ 3,880	\$ 3,130	\$ (13,549)	\$ 126,344
Gate House	4-36	284,000	77,655	2,927	-	-	80,582
Pool/Tennis Court	30-37	248,400	44,240	2,560	-	-	46,800
Vehicles and equipment	4-22	161,000	46,973	1,658	-	-	48,631
		<u>\$ 1,069,900</u>	<u>\$ 301,751</u>	<u>\$ 11,025</u>	<u>\$ 3,130</u>	<u>\$ (13,549)</u>	<u>\$ 302,357</u>

Classification by category with long-lived items generally considered to be infrastructure type items not necessarily entirely replaced at one time.

Short lived	<u>\$ 161,000</u>
Long lived	<u>\$ 908,900</u>