

PINECREST PERMITTEES ASSOCIATION

Financial Statements

December 31, 2014 and 2013

draft

PINECREST PERMITTEES ASSOCIATION
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 894,480	\$ 757,044
Short-term investments	600,000	500,000
Accounts receivable	5,745	17,500
Accrued interest receivable	228	290
Prepaid expense	16,135	16,192
Buildings and equipment, net of accumulated depreciation	1,017,997	1,076,449
TOTAL ASSETS	\$ 2,534,585	\$ 2,367,475
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 9,903	\$ 14,651
Accrued payroll and related costs	49,746	57,293
Total Liabilities	59,649	71,944
NET ASSETS, Unrestricted	2,474,936	2,295,531
TOTAL LIABILITIES AND NET ASSETS	\$ 2,534,585	\$ 2,367,475

See accompanying notes to the financial statements.

PINECREST PERMITTEES ASSOCIATION
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDING DECEMBER 31

	2014	2013
	Unrestricted	Unrestricted
REVENUE, GAINS, AND OTHER SUPPORT:		
Member dues for water, fire, and roads	\$ 484,590	\$ 555,412
Garbage fees	41,525	43,050
Sewer fees	569,876	510,248
Snow removal fees	27,300	27,400
Other revenues	28,663	13,106
Interest income	1,730	1,024
	1,153,684	1,150,240
Expenses		
Program services:		
Water, fire, and roads	356,578	362,425
Wastewater	446,145	483,993
Snow removal	23,190	28,789
Garbage	33,805	30,189
Total Program services	859,718	905,396
Management and general	114,561	104,373
	974,279	1,009,769
Change in Net Assets	179,405	140,471
Net Assets - Beginning of the year	2,295,531	2,155,060
Net Assets - End of the year	\$ 2,474,936	\$ 2,295,531

See accompanying notes to the financial statements.

PINECREST PERMITTEES ASSOCIATION
 STATEMENTS OF CASH FLOWS
 FOR THE YEAR ENDING DECEMBER 31

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	\$ 179,405	\$ 140,471
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	121,814	109,565
Change in accounts receivable	11,755	(15,416)
Change in accrued interest receivable	62	827
Change in prepaid expenses	57	7,108
Change in accounts payable	(4,748)	4,598
Change in accrued payroll and related costs	(7,547)	7,609
	300,798	254,762
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease (increase) in short-term investments	(100,000)	(100,000)
Purchase of improvements and equipment	(63,362)	(121,872)
	(163,362)	(221,872)
Net cash provided by operating activities	300,798	254,762
Net Change in Cash and Equivalents	137,436	32,890
CASH AND CASH EQUIVALENTS, BEGINNING	757,044	724,154
CASH AND CASH EQUIVALENTS, ENDING	\$ 894,480	\$ 757,044

See accompanying notes to the financial statements.

Pinecrest Permittees Association
Notes to the Financial Statements
December 31, 2014 and 2013

Note 1 – Organizational Information

Pinecrest Permittees Association (the Association) renders services to its members, the general public and others at Pinecrest, California. The Association was incorporated in January of 1950 as a California non-profit corporation. Membership is limited to holders of special use permits from the United States Forest Service (USFS) and USFS lessees. The Association does not contemplate the distribution of gains, profits or dividends to the members, in accordance with California Code.

The Association is tax-exempt under Internal Revenue Code Section 501(c)(4) and California Revenue and Taxation Code 23701f. The Association does not engage in any activities which would be subject to unrelated business activities income tax.

Association services include installation and maintenance of systems and equipment for water distribution, sanitation, sewage disposal, collection and disposition of garbage, fire prevention/fighting, road maintenance, and snow removal. The Association is subject to the cognizance of the USFS and cooperates with the USFS in the enforcement of all rules and regulations of the Department of Agriculture and with all laws and regulations pertaining to sanitation, fire prevention, public health and recreation.

Note 2 – Summary of Significant Accounting Policies

Pervasiveness of estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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.

Pinecrest Permittees Association
Notes to the Financial Statements (continued)
December 31, 2014 and 2013

Basis of accounting – The Association reports its revenues and expenses on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized in the accounting year in which the liability is incurred.

Cash and cash equivalents – Cash is held in checking and savings accounts. Certificates of deposit with a term of three months or less are classified as cash equivalents for financial reporting purposes.

Retirement Plan – The Association maintains a Section 401(K) employee retirement plan for eligible employees. For 2013 and 2014, the cost to the Association was \$81,865 and \$76,502, respectively.

Members' Equity – The Association is required to report financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. All of the members' equity of the Association is unrestricted. There is no temporarily or permanently members' equity.

Cost Allocation Plan – The Association allocates indirect costs using a method similar to the Direct Allocation Method as promulgated by *OMB Circular A-122 Revised*. Indirect general and administrative costs are allocated to each fund activity pro rata using total direct costs before depreciation. Indirect depreciation costs are allocated to the General Fund.

Note 3 – Accounts Receivable, Net

As of December 31, 2013 and 2014, the accounts receivable was \$17,500 and \$5,745, respectively, with no allowance for doubtful accounts.

Pinecrest Permittees Association

Notes to the Financial Statements (continued) December 31, 2014 and 2013

Note 4 – Short-Term Investments

All short-term investments at December 31, 2013 and 2014 consisted of Certificates of Deposit, all FDIC insured, with maturity dates of more than 6 months but less than twelve months.

Note 5 – Property and Equipment, Net

	2014	2013
Buildings	\$ 592,304	\$ 592,304
Infrastructure	2,058,415	2,058,415
Machinery	928,727	877,303
Vehicles	146,817	146,817
	<u>3,726,263</u>	<u>3,674,839</u>
Accumulated depreciation	<u>(2,708,266)</u>	<u>(2,598,391)</u>
	<u>\$1,017,997</u>	<u>\$1,076,448</u>

Depreciation expense was \$121,814 and \$109,565 for 2013 and 2012, respectively. Capital items are depreciated using the straight-line method over their estimated useful lives which range from 5 to 20 years.

Pinecrest Permittees Association

Notes to the Financial Statements (continued)
December 31, 2014 and 2013

Note 6 – Concentration

The USFS contracts with the Association to provide wastewater services for their offices, as well as the Pinecrest Campgrounds, which are operated by a concessionaire of the USFS. Under the current contract, the USFS and its concessionaire pay for 29.9% of the allowable wastewater costs.

Note 7 – Subsequent Events

Management has evaluated subsequent events through the date of the auditors' report.

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PINECREST PERMITTEES ASSOCIATION
SUPPLEMENTAL SCHEDULE
SCHEDULE OF EXPENSES BY PROGRAM
FOR THE YEAR ENDING DECEMBER 31, 2013

PROGRAMS

Expenses	Water, Fire, and Roads	Wastewater	Snow	Garbage	Management and general	Total
Accounting and legal					\$ 33,625	\$ 33,625
Appraisal costs						-
Depreciation	26,781	56,171	17,414		9,199	109,565
Donation						-
Employee salaries and costs	252,073	300,388	3,894	18,286	18,602	593,243
Fire Department Expenses	8,599					8,599
Fuel and Oil	4,220	8,888	5,085	124		18,317
Garbage Fees				11,155		11,155
Insurance					27,786	27,786
Lab Test		14,328				14,328
Miscellaneous	738				1,877	2,615
NFHA Dues	13,405					13,405
Office Expenses					6,082	6,082
Outside Services		13,416			1,746	15,162
Regulation Fees	2,816	13,875		180		16,871
Repairs & Maintenance	6,861	14,222	2,312	342		23,737
Supplies	31,480					31,480
Tax, Licenses and Permits	260	8,917	84	102	5,009	14,372
Telephone	59	3,016			447	3,522
Utilities	15,133	50,772	-	-	-	65,905
Total expenses	<u>\$ 362,425</u>	<u>\$ 483,993</u>	<u>\$ 28,789</u>	<u>\$ 30,189</u>	<u>\$ 104,373</u>	<u>\$ 1,009,769</u>

See accompanying notes to the financial statements.

PINECREST PERMITTEES ASSOCIATION
SUPPLEMENTAL SCHEDULE
SCHEDULE OF EXPENSES BY PROGRAM
FOR THE YEAR ENDING DECEMBER 31, 2014

PROGRAMS

Expenses	Water, Fire, and Roads	Wastewater	Snow	Garbage	Management and general	Total
Accounting and legal					\$ 33,978	\$ 33,978
Depreciation	34,738	59,089	18,788		9,199	121,814
Employee salaries and costs	223,279	249,901	2,710	18,922	27,057	521,869
Fire Department Expenses	8,226					8,226
Fuel and Oil	13,599	6,724	1,050	666		22,039
Garbage Fees				14,021		14,021
Insurance	1,171				29,193	30,364
Lab Test		13,180				13,180
Miscellaneous	1,088				1,762	2,850
NFHA Dues	15,280					15,280
Office Expenses	221				8,190	8,411
Outside Services	4,000				1,180	5,180
Regulation Fees	2,304	15,062				17,366
Repairs & Maintenance	7,372	30,925	642	196		39,135
Supplies	28,230	8,067				36,297
Tax, Licenses and Permits	881	4,957			3,553	9,391
Telephone		3,379			449	3,828
Utilities	16,189	54,861	-	-	-	71,050
Total expenses	<u>\$ 356,578</u>	<u>\$ 446,145</u>	<u>\$ 23,190</u>	<u>\$ 33,805</u>	<u>\$ 114,561</u>	<u>\$ 974,279</u>

See accompanying notes to the financial statements.