



Ad hoc Accounting Clean up Committee Report

May 2023

Bobby Clevenger, Pat Sorenson, Committee Chairs

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Charter: Review and clean up the general accounting for Big Elk Meadows in preparation for a CPA to perform our taxes. This work would include implementing accepted GAAP procedures, correcting transaction errors, allocations of expenses and revenues and determination of capital assets lost and gained due to flood and determine the communities net operating profit/loss annually over the last 10 years, since our last tax filing.

Members: Bobby Clevenger. Pat Sorenson – Chairs, Paul Cyphers, Dan Wray, Mary Ann Grimes

Committee Meetings

Meetings are held every Thursday with the full committee. Meetings are held weekly with independent work groups and assigned tasks. Meetings are held regularly with the accountant/CPA for tax preparation.

Progress to Date:

We are nearing the end of the accounting clean up. There are still a few open ends, and those are currently being worked on. We have been able to review and provide corrective action suggestions on all revenue accounts for both normal operations and reconstruction, reconstruction cost accounts, miscellaneous income and expense accounts and capital assets pre and post flood. We are now working directly with the tax accountant to complete this process in preparation for our tax filings.

Action Plan Status:

- Transaction classification errors/lack of discipline to GAPP
 - There were six (6) primary accounts used during reconstruction that needed reconciling.
 - Errors included expenses paid out of wrong accounts, deposits made into wrong accounts, no transaction detail and transactions posted incorrectly.
- Misstated revenues BEMA/BEWA
 - There are six (6) accounts, plus EM Grants that needed reconciled for revenues.
 - Accounts: BEWA, BEWR, BEMA, BEMR, Water Reserve, BEMA Reserve
 - The following were the findings from the research performed:
 - Many of the issues were from Reconstruction start up 2014 to 2016.
 - EM Grants, 12 items misclassified/incorrect, \$1,102,911 – all items found.
 - BEWR, 26 items misclassified/incorrect, \$2,055,925 - all items found.
 - BEMR, 11 items misclassified/incorrect, \$1,491,858 - all items found.
 - BEMA, 6 items misclassified/incorrect, \$216,261 - all items found.
 - BEWA, 15 items misclassified/incorrect, \$1,350,623 - all items found.
 - Water Reserves, 5 items misclassified/incorrect, \$27,000 net – 2 items still open
 - BEMA Reserves, 3 items misclassified/incorrect, \$112,009 net - 2 items still open
 - An Issue was found related to Auction Funds in 2022. All accounts showed reconciled by the bookkeeper, but the deposit was totally missing in the system in all accounts. The deposit slip was not provided after repeated requests until this exercise identified the problem to be resolved. This would cause the committee to suggest an audit after our taxes are filed for the prior years.
 - Currently working with CPA to finalize BEWA and BEWR Income 2014 to 2017 for tax prep.

- Advances revenues and liabilities
 - Operating Revenues – taxable income
 - Will be complete once we have Reconstruction finalized.
 - Reconstruction Revenues – tax exempt income.
 - All revenue sources identified and classification corrections in process.
 - Currently working on BEWR income statement
 - Identifying possible reconstruction liabilities that may have been expensed that should be capitalized.
- Miscellaneous Income
 - Classification errors
 - This was reported as having the suggested corrections complete, but upon recent review, we have identified possible issues with the entries being made into the system by the bookkeeper.
 - The corrections made appear to be entered wrong.
 - There are notes missing references to the changes requested by the committee.
 - The Sale of the Cabin was capital gain.
 - This resulted in an expense and a capital gain – identified for CPA.
 - Asset – Little Deer Crossing/Pond
 - Still need to itemize sale.
- Miscellaneous/Unallocated Expense
 - This was also reported having the suggested corrections complete, but the review process found some possible entry errors into the system by the bookkeeper.
 - Expense to capitalization
 - These have been identified and turned over to the bookkeeper.
 - Expenses to miscellaneous revenues
 - These have been identified and turned over to the bookkeeper.
- Reconstruction Allocation of Assessment Reimbursements
 - 25% Special Assessment should have been spread across all reconstruction expenses.
 - The Special Assessment deposits and transfers are all identified, but similar issues exist with wrong account or no-account information.
 - This will be finalized upon completion of the Reconstruction income statements.
- Assets
 - True value and life of assets are in process and will be completed based on the depreciation schedules that are applicable to each item.
 - There appears to be an issue with the carryover value from pre to post flood. This is an open item.
 - Purchase values are identified.
 - Cost to book value corrections in general ledger are in process/review.
 - All tangible and intangible assets have been identified.
 - Non-depreciable assets and correct depreciation schedules are identified.
 - All capital assets, including all the lakes, water distribution system and roads have:
 - Identified start or usage dates of all assets (State of Colorado Certification Dates).
 - Breakout of costs and source revenues for each lake by fiscal year
 - Life expectancy and possible replacement costs
- Net operating loss/income for the last 10 years
 - Currently the team is meeting regularly with the accountant.
 - Our focus will be on completing the 2014 through 2017 BEWA and BEWR income statements and then filing taxes for those years.
 - Our next step will be to do the same for BEMA and BEMR.

Regular meetings are held weekly on Thursday afternoons. As stated above, we are meeting regularly with the accountant. Our next few Google meetings are scheduled for Thursday, May 11th, and 18th, at 3:00.