



## **Ad hoc Accounting Clean up Committee Report**

**June 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, Blake Wilson, CPA

### **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 ([All Items Complete, waiting for Implementation Confirmation - IC](#))
- 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
      - An Issue was found related to Reconciled Auction Funds in 2022. This would cause the committee to suggest an audit after our taxes are filed for the prior years.
      - CWCB Payment transfer from reserves but budgeted in Operating Expense \$62,916.39 – [Still open](#).
    - Currently working with CPA to finalize BEWA and BEWR Income 2014 to 2017 for tax prep.
  - Advances revenues and liabilities ([All Items Complete, waiting for IC](#))
    - 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.
  - Miscellaneous Income ([All Items Complete, waiting for IC](#))
    - Classification errors
    - The Sale of the Cabin was capital gain.
      - This resulted in an expense and a capital gain – identified for CPA.
  - Miscellaneous/Unallocated Expense GAPP ([All Items Complete, waiting for IC](#))
    - 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 (All Items Complete, waiting for IC)
  - 25% Special Assessment should have been spread across all reconstruction expenses.
  - 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. (All Items Complete, waiting for IC)
  - Cost to book value corrections in general ledger are in process/review. (All Items Complete, waiting for IC)
    - 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. (All Items Complete, waiting for IC)
- Net operating loss/income for the last 10 years
  - Currently the team is meeting regularly with the accountant.
  - CPA Meetings now to review status of tax preparation.
  - 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 on Thursdays for review of status. Our next few Google meetings are scheduled for Thursday, June 15<sup>th</sup>, and 22<sup>nd</sup> and 29<sup>th</sup>, at 3:00.