



**Barley | McNamara | Wild**  
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

Consolidated Financial Statements and Independent  
Auditor's Report

**River Ranch RV Resort Owners Association, Inc.  
and Subsidiary**

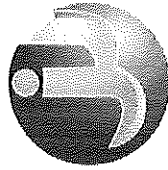
December 31, 2016

# River Ranch RV Resort Owners Association, Inc. and Subsidiary

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**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors

**River Ranch RV Resort Owners Association, Inc. and Subsidiary:**

We have audited the accompanying financial statements of **River Ranch RV Resort Owners Association, Inc. and Subsidiary**, (a nonprofit corporation), which comprise the consolidated balance sheet as of December 31, 2016, and the related consolidated statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of **River Ranch RV Resort Owners Association, Inc. and Subsidiary** as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



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**Disclaimer of Opinion on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that supplementary information on Future Major Repairs and Replacements on page 11 be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Report on Supplemental Schedules**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental schedules on pages 12-13 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Barley, McNamara, Wild*

Tampa, Florida  
January 20, 2017

# River Ranch RV Resort Owners Association, Inc. and Subsidiary

## Consolidated Balance Sheet

As of December 31, 2016

<u>Assets</u>	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 108,899	\$ 204,865	\$ 313,764
Cash designated for activities	94,596	-	94,596
Assessments receivable	25,127	-	25,127
Prepaid expenses	7,695	-	7,695
RV lot held for investment	45,204	-	45,204
Property plant and equipment	577,335	-	577,335
Total assets	<u>858,856</u>	<u>204,865</u>	<u>1,063,721</u>
<b><u>Liabilities and Fund Balances</u></b>			
LIABILITIES			
Accounts payable and accrued expenses	125,417	-	125,417
Prepaid assessments	6,045	-	6,045
Notes payable	121,046	-	121,046
Total liabilities	<u>252,508</u>	<u>-</u>	<u>252,508</u>
FUND BALANCES	606,348	204,865	811,213
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 858,856</u>	<u>\$ 204,865</u>	<u>\$ 1,063,721</u>

The accompanying notes are an integral part of this consolidated financial statement.

**River Ranch RV Resort Owners Association, Inc. and Subsidiary**  
**Consolidated Statement of Revenues and Expenses and Changes in Fund Balances**  
**For the year ended December 31, 2016**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Assessment revenues	\$ 785,808	\$ 135,000	\$ 920,808
Rental fee income net of rental paid to owners of \$282,850	172,929	-	172,929
Association facilities income	120,222	-	120,222
Golf cart rentals	27,779	-	27,779
Interest income	3,029	-	3,029
Other	64,694	1,125	65,819
Total revenue	<u>1,174,461</u>	<u>136,125</u>	<u>1,310,586</u>
<b>EXPENSES</b>			
Salary and wages, plus benefits	411,533	-	411,533
Water and sewer	137,887	-	137,887
Administrative	84,088	-	84,088
Other grounds and equipment maintenance	99,054	76,845	175,899
Cable service	91,500	-	91,500
Association manager fee	64,800	-	64,800
Depreciation	64,513	-	64,513
Electricity	45,564	-	45,564
Insurance	35,391	-	35,391
Legal and accounting fees	13,447	-	13,447
Trash removal	39,828	-	39,828
Propane	34,336	-	34,336
Landscaping	14,344	-	14,344
Buildings	25,270	105,335	130,605
Pool and bathhouse	16,681	-	16,681
Golf cart lease	16,297	-	16,297
Irrigation	8,510	-	8,510
Repairs and maintenance	8,571	-	8,571
Taxes and licenses	4,562	-	4,562
Total expenses	<u>1,216,176</u>	<u>182,180</u>	<u>1,398,356</u>
<b>Deficit of Revenues over Expenses</b>	(41,715)	(46,055)	(87,770)
Fund balances at the beginning of year	677,603	250,920	928,523
Decrease in Activity Committee fund balance	(29,540)	-	(29,540)
<b>Fund Balances at the End of Year</b>	<u>\$ 606,348</u>	<u>\$ 204,865</u>	<u>\$ 811,213</u>

The accompanying notes are an integral part of this consolidated financial statement.

## River Ranch RV Resort Owners Association, Inc. and Subsidiary

### Consolidated Statement of Cash Flows

For the year ended December 31, 2016

	Operating Fund	Replacement Fund	Total
<b>Cash flows from operating activities:</b>			
Deficit of Revenues over Expenses:	\$ (41,715)	\$ (46,055)	\$ (87,770)
Adjustments to reconcile decrease in fund balances to net cash used by operating activities:			
Bad debt expense	15,083	-	15,083
Depreciation expense	64,513	-	64,513
Increase (decrease) in cash due to changes in:			
Amounts designated for activities	(29,540)	-	(29,540)
Assessment receivable, net	(29,358)	-	(29,358)
Prepaid and other assets	(86,957)	-	(86,957)
Account and accrued liabilities	68,181	-	68,181
Prepaid owner assessments	(15,392)	-	(15,392)
Net cash used by operating activities	<u>(55,185)</u>	<u>(46,055)</u>	<u>(101,240)</u>
<b>Cash flows from financing activities:</b>			
Payments on notes payable	<u>99,912</u>	<u>-</u>	<u>99,912</u>
Net cash provided by financing activities	99,912	-	99,912
<b>Net increase (decrease) in cash</b>	44,727	(46,055)	(1,328)
<b>Cash, beginning of period</b>	<u>64,172</u>	<u>250,920</u>	<u>315,092</u>
<b>Cash, end of period</b>	<u>\$ 108,899</u>	<u>\$ 204,865</u>	<u>\$ 313,764</u>
<b>Cash paid for income tax</b>	<u>\$ 1,912</u>	<u>\$ -</u>	<u>\$ 1,912</u>

The accompanying notes are an integral part of this consolidated financial statement.

# River Ranch RV Resort Owners Association, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2016

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### Note A – Organization and Description of Business

River Ranch RV Resort Owners Association, Inc. (the Association) was incorporated on March 20, 2001 in the state of Florida. The Association is a homeowners' association governed by Chapter 720, Florida statutes. The Association is responsible for the operation and maintenance of the common property within the River Ranch RV Resort development, consisting of 367 residential RV lots located at River Ranch, Florida. The major portion of the common property consists of the Mustang Center, Phase III pool, Possum Path clubhouse, and Trails End clubhouse and pool.

Owners within the resort can allow their lots to enter a rental pool. The rental pool is handled by the Association. Rental monies collected by the Association are paid to lot owners after deducting a fixed percentage for administration costs.

During the year ended December 31, 2016, River Ranch RV Resort, LLC was incorporated in the state of Florida. The Association is the sole owner of this entity.

### Note B – Significant Accounting Policies

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

#### Principles of Consolidation

The accompanying consolidated financial statements include the Organization and its wholly owned subsidiary (see Note A). All significant intercompany accounts and transactions have been eliminated upon consolidation.

#### Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on-hand, cash in banks and money market accounts.

#### Recognition of Assets and Depreciation Policy

The Association's policy for recognizing common property as assets in its balance sheet is to recognize (a) common personal property and (b) real property to which it has title and that it can dispose of for cash while retaining the proceeds.

#### Fund Accounting

The Association uses fund accounting, which requires that funds, such as operating funds, deferred maintenance funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the board of directors and property manager. Disbursements from the replacement funds may be made only for their designated purposes. (See Note E)

#### Interest Earned

The board's policy is to allocate to each fund interest earned on all cash accounts net of income taxes.



# River Ranch RV Resort Owners Association, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2016

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### Note B – Significant Accounting Policies (continued)

#### Donated Services

The Association's Board of Directors and its officers' serve without compensation. The values of these services are not recorded in the financial statements.

#### Concentration of Credit Risk

The Association's primary sources of income are assessments paid by the owners.

The Association places its cash and cash equivalents with high credit quality financial institutions. At times such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

#### 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.

### Note C – Owners' Assessments

Monthly assessments to owners were \$209 for RV lots during 2016. Of this amount, \$31 was designated to the replacement fund.

The annual budget and assessments of owners are determined by the board of directors. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

### Note D – Assessments Receivable

#### Assessment Fees

The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are 30 days in arrears and therefore considered delinquent. As of December 31, 2016, the Association had assessments receivable of \$40,210, of which \$33,938 were delinquent. It is the opinion of the board of directors that the Association will ultimately prevail against the homeowners whose assessments are delinquent for up to twelve months of assessments, and, accordingly, an allowance for doubtful accounts reserve of approximately \$15,000 was deemed necessary for those assessments in excess of twelve months.

### Note E – Future Major Repairs and Replacement Funds

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in a separate savings account and generally are not available for expenditures for normal operations.

# River Ranch RV Resort Owners Association, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2016

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### Note E – Future Major Repairs and Replacement Funds (continued)

The Board of Directors had a formal reserve study completed during fiscal 2015 to estimate the remaining useful lives and the replacement costs of the components of common property. The Board of Directors used this information combined with their own estimates to produce the estimates in the table included in the unaudited supplementary information on Future Major Repairs and Replacements.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on their estimates of current replacement costs and considering amounts previously accumulated in the replacement fund.

The Association Members voted to fund in fiscal year 2017 78% of the amount recommended by the reserve study. Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The board voted in fiscal 2016 to fund for major repairs and replacements using the pooled reserve method. Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The following is a table of the current period activity in the replacement fund by component:

	December 31, 2015	Additions	Interest	Charges	December 31, 2016
Pooled reserves	<u>\$ 250,920</u>	<u>\$ 135,000</u>	<u>\$ 1,125</u>	<u>\$ 182,180</u>	<u>\$ 204,865</u>

### Note F – Property and Equipment

Property and equipment consisted of the following as of December 31:

	2016	Useful life (years)
Common property	<u>\$ 1,109,595</u>	5 to 39
Equipment	<u>280,333</u>	5 to 7
	<u>1,389,928</u>	
Less - Accumulated depreciation	<u>(812,593)</u>	
	<u>\$ 577,335</u>	

Depreciation expense for the year ended December 31, 2016 was \$64,513.

# River Ranch RV Resort Owners Association, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2016

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### Note G – Federal and State Taxes

The Association has elected to file as a homeowners' association in accordance with Internal Revenue Code 528, using Form 1120-H. Under that section, the Association excludes from taxation exempt function income, which generally consists of revenue from uniform assessments to owners. The Association's investment income and other nonexempt income were subject to tax. The Organization periodically assesses whether it has incurred income tax expense or related interest or penalties in accordance with accounting for uncertain tax positions. No such amounts were recognized. The Association's federal income tax returns for 2014, 2015 and 2016 are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

### Note H – Commitments and Contingencies

The Association may be periodically involved in legal actions and claims that arise as a result of events that occur in the normal course of operations. The financial statements do not include any adjustments for such actions. The Association also has entered into various contracts for services including management and other services.

### Note I – Operating Leases

During the year ended December 31, 2016, the Association entered into a non-cancelable lease agreement for rental golf carts. The total value of the leased equipment was approximately \$149,000. The following is a schedule by year showing future minimum lease payments required under the operating leases which have an initial term or remaining non-cancelable lease term in excess of one year as of December 31, 2016.

<u>Year Ending</u>	<u>Amount</u>
2017	\$ 30,545
2018	30,545
2019	30,545
2020	17,818

### Note J – Long-Term Debt

The Association has a noninterest bearing note payable for the renovation of the Trails End building. Installments in the amount of \$863 are due monthly through May 2031. The note bears interest at 3% per annum and the payments are expected to be made from the Activities account.

Future minimum payments on the note payable as of December 31, 2016 are as follows:

<u>Year Ending</u>	<u>Amount</u>
2017	\$ 6,818
2018	7,036
2019	7,240
2020	7,460
2021	7,687
Thereafter	84,805
	<u>\$ 121,046</u>

# River Ranch RV Resort Owners Association, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2016

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### Note K – Subsequent Events

Management has evaluated subsequent events through January 20, 2017, the date which the financial statements were available for issue.

## SUPPLEMENTARY INFORMATION

# River Ranch RV Resort Owners Association, Inc. and Subsidiary

## Supplemental Information (Unaudited)

December 31, 2016

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### Future Major Repairs and Replacement (Unaudited)

A consulting company conducted a study in February 2015 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on future estimated replacement costs. Funding requirements take into consideration an annual inflation rate and annual interest rate for amounts funded for future major repairs and replacements.

The following table is based on the above noted estimates and presents significant information about the components of common property.

<u>Components</u>	<u>Useful Lives</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>
Roads and Pavement	3 – 55	0 – 7	\$ 302,840
Major Equipment	8 – 40	2 – 15	168,300
Buildings	4 – 40	1 – 18	654,105
Pools and Spas	8 – 60	2 – 24	283,605
Other (currently unfunded)	2 – 35	0 – 16	<u>125,765</u>
			<u>\$ 1,534,615</u>

See accountants' report

**River Ranch RV Resort Owners Association, Inc. and Subsidiary**  
**Consolidating Balance Sheet**  
**As of December 31, 2016**

<u>Assets</u>	<u>River Ranch RV Owners Association, Inc.</u>	<u>River Ranch RV Resort, LLC.</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 16,953	\$ 91,946	\$ -	\$ 108,899
Cash designated for activities	94,596	-	-	94,596
Assessments receivable	25,098	29	-	25,127
Other receivables	915	(915)	-	-
Prepaid expenses	6,639	1,056	-	7,695
RV lot held for investment	45,204	-	-	45,204
Property plant and equipment	577,335	-	-	577,335
Total assets	<u>766,740</u>	<u>92,116</u>	<u>-</u>	<u>858,856</u>
<u>Liabilities and Fund Balances</u>				
LIABILITIES				
Accounts payable and accrued expenses	34,198	91,219	-	125,417
Prepaid assessments	6,045	-	-	6,045
Notes payable	121,046	-	-	121,046
Other payables	-	-	-	-
Total liabilities	<u>161,289</u>	<u>91,219</u>	<u>-</u>	<u>252,508</u>
FUND BALANCES	605,451	897	-	606,348
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 766,740</u>	<u>\$ 92,116</u>	<u>\$ -</u>	<u>\$ 858,856</u>

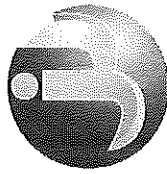
See Accountant's Opinion

**River Ranch RV Resort Owners Association, Inc. and Subsidiary**  
**Consolidating Operating Fund**  
**For the year ended December 31, 2016**

	<u>River Ranch RV Owners Association, Inc. Operating Fund</u>	<u>River Ranch RV Resort, LLC.</u>	<u>Eliminations</u>	<u>Total Operating Fund</u>
<b>REVENUES</b>				
Assessment revenues	\$ 785,808	\$ -	\$ -	\$ 785,808
Rental fee income net of rental paid to owners of \$282,850	118,559	54,370	-	172,929
Association facilities income	120,222	-	-	120,222
Golf cart rentals	4,890	22,889	-	27,779
Interest income	3,029	-	-	3,029
Other	122,465	(57,771)	-	64,694
Total revenue	<u>1,154,973</u>	<u>19,488</u>	-	<u>1,174,461</u>
<b>EXPENSES</b>				
Salary and wages, plus benefits	411,533	-	-	411,533
Water and sewer	137,887	-	-	137,887
Administrative	78,933	5,155	-	84,088
Other grounds and equipment maintenance	99,045	9	-	99,054
Cable service	91,500	-	-	91,500
Association manager fee	64,800	-	-	64,800
Depreciation	64,513	-	-	64,513
Electricity	45,564	-	-	45,564
Insurance	35,287	104	-	35,391
Legal and accounting fees	13,447	-	-	13,447
Trash removal	39,828	-	-	39,828
Propane	34,336	-	-	34,336
Landscaping	14,344	-	-	14,344
Buildings	25,270	-	-	25,270
Pool and bathhouse	16,681	-	-	16,681
Irrigation	8,510	-	-	8,510
Repairs and maintenance	8,571	-	-	8,571
Taxes and licenses	4,562	-	-	4,562
Golf cart lease	2,974	13,323	-	16,297
Total expenses	<u>1,197,585</u>	<u>18,591</u>	-	<u>1,216,176</u>
<b>Excess (deficit) of Revenues over Expenses</b>	(42,612)	897	-	(41,715)
Fund balances at the beginning of year	677,603	-	-	677,603
Decrease in Activity Committee fund balance	(29,540)	-	-	(29,540)
<b>Fund Balances at the End of Year</b>	<u>\$ 605,451</u>	<u>\$ 897</u>	<u>\$ -</u>	<u>\$ 606,348</u>

See Accountant's Opinion





**Barley | McNamara | Wild**  
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

February 15, 2017

To those charged with governance of  
River Ranch RV Resort Owners' Association, Inc.

We have audited the financial statements of River Ranch RV Resort Owners' Association, Inc. for the year ended December 31, 2016, and have issued our report thereon dated January 20, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 18, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by River Ranch RV Resort Owners' Association, Inc. are described in Note B to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the future major repairs and replacement is based on a study conducted by a third party. We evaluated the key factors and assumptions used to develop the future major repairs and replacement in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of future major repairs and replacement in Note E to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 20, 2017.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Supplementary Information Accompanying the Audited Financial Statements

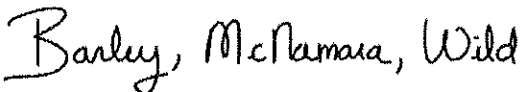
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Required Supplementary Information

With respect to the supplementary information required by the Financial Accounting Standards Board, we applied certain limited procedures to the information, including inquiring of management about their methods of preparing the information; comparing the information for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements; and obtaining certain representations from management, including about whether the required supplementary information is measured and presented in accordance with prescribed guidelines.

This information is intended solely for the use of those charged with governance and management of River Ranch RV Resort Owners' Association, Inc., and is not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,



Barley, McNamara, Wild