

GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

Truckee, California

FINANCIAL STATEMENTS

AND

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

December 31, 2010 and 2009

# GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Glenshire/Devonshire Residents Association, Inc.

We have reviewed the accompanying balance sheet of Glenshire/Devonshire Residents Association, Inc. as of December 31, 2010 and the related statements of operating and replacement fund revenue and expenses and changes in fund balance and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Association's 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements and supplementary information in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Information for the year ended December 31, 2009 is presented for comparative purposes only and was extracted from the financial statements for that year, on which our accountants' review report was dated February 24, 2010.

McCLINTOCK ACCOUNTANCY CORPORATION  
Tahoe City, California  
March 1, 2011

GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

Exhibit A

BALANCE SHEETS  
December 31, 2010 and 2009

(See Independent Accountants' Review Report)

	2010			2009
	Operating Fund	Replacement Fund	Total	Total (for comparative purposes only)
<b>ASSETS</b>				
Cash and equivalents, including \$39,095 and \$35,745 held as security deposits in 2010 and 2009 (Note 5)	\$ 274,279	\$ -0-	\$ 274,279	\$ 289,029
Cash equivalents including certificates of deposit, designated for future major repairs and replacements (Note 6)	-0-	322,590	322,590	242,328
Dues receivable, less allowance for doubtful accounts of \$4,725 in 2010 and \$2,500 in 2009	249,997	-0-	249,997	236,540
Prepaid expenses and other assets	8,014	-0-	8,014	7,100
	<u>532,290</u>	<u>322,590</u>	<u>854,880</u>	<u>774,997</u>
Property and equipment	116,634	-0-	116,634	112,791
Less: accumulated depreciation	(95,168)	-0-	(95,168)	(87,956)
Net property and equipment	<u>21,466</u>	<u>-0-</u>	<u>21,466</u>	<u>24,835</u>
Total Assets	<u>\$ 553,756</u>	<u>\$ 322,590</u>	<u>\$ 876,346</u>	<u>\$ 799,832</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>				
<b>Liabilities</b>				
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ 14,785
Accrued liabilities	21,502	-0-	21,502	12,242
Design review committee and other deposits (Note 5)	40,095	-0-	40,095	36,245
Deferred income	373,150	-0-	373,150	373,150
Total Liabilities	<u>434,747</u>	<u>-0-</u>	<u>434,747</u>	<u>436,422</u>
<b>Members' Equity</b>				
Operating fund	119,009	-0-	119,009	121,083
Replacement fund	-0-	322,590	322,590	242,327
Total Members' Equity	<u>119,009</u>	<u>322,590</u>	<u>441,599</u>	<u>363,410</u>
Total Liabilities and Members' Equity	<u>\$ 553,756</u>	<u>\$ 322,590</u>	<u>\$ 876,346</u>	<u>\$ 799,832</u>

GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

Exhibit B

STATEMENTS OF OPERATING REVENUE, EXPENSES  
AND CHANGES IN MEMBERS' EQUITY

For the Years Ended December 31, 2010 and 2009

(See Accountants' Review Report)

	<u>2010</u>	<u>2009</u>
Revenue		
Members' dues	\$ 373,175	\$ 373,175
Less: dues allocated to replacement fund	(80,000)	(95,000)
	<u>293,175</u>	<u>278,175</u>
Design review committee fees	4,875	2,600
Late charges and transfer fees	18,494	15,537
Rental and class fees	35,071	38,932
Concessions sales, net of costs of goods sold of \$3,489 and \$3,944 in 2010 and 2009	674	286
Interest income	564	4,716
Miscellaneous, including \$-0- and \$7,364 of lake trail grant revenue in 2010 and 2009, respectively	8,675	11,620
	<u>361,528</u>	<u>351,866</u>
Expenses		
Salaries and benefits	221,893	208,278
Repairs and maintenance	34,940	32,721
Insurance	22,728	22,855
Maintenance and operating supplies	8,744	23,920
Utilities	30,661	28,460
Professional services	9,306	6,953
Administrative services and supplies	19,101	38,637
Miscellaneous	2,197	1,435
Lake trail expenditures	2,661	7,468
Bad debt expense	4,860	2,135
Depreciation expense	7,212	7,368
Provision for income taxes (Note 4)	486	1,397
	<u>364,789</u>	<u>381,627</u>
Revenue Under Expenses	(3,261)	(29,761)
Capitalized Replacement Fund Expenditures	1,187	-0-
Members' Equity, Beginning of Year	<u>121,083</u>	<u>150,844</u>
Members' Equity, End of Year	<u>\$ 119,009</u>	<u>\$ 121,083</u>

The accompanying notes are an integral part of these statements.

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"TENTATIVE & PRELIMINARY" For Discussion Purposes Only

GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

Exhibit C

STATEMENTS OF REPLACEMENT REVENUE,  
EXPENSES AND CHANGES IN MEMBERS' EQUITY

For the Years Ended December 31, 2010 and 2009

(See Accountants' Review Report)

	<u>2010</u>	<u>2009</u>
Revenue		
Members' dues	\$ 80,000	\$ 95,000
Interest income	1,450	1,800
	<u>81,450</u>	<u>96,800</u>
Expenses		
Clubhouse fixtures and equipment	1,187	-0-
	<u>1,187</u>	<u>-0-</u>
Revenue Over Expenses	80,263	96,800
Members' Equity, Beginning of Year	<u>242,327</u>	<u>145,527</u>
Members' Equity, End of Year	<u>\$ 322,590</u>	<u>\$ 242,327</u>

The accompanying notes are an integral part of these statements.

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"TENTATIVE & PRELIMINARY" For Discussion Purposes Only

GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

Exhibit D

STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2010 and 2009

(See Independent Accountants' Review Report)

	2010			2009
	Operating Fund	Replacement Fund	Total	Total (for comparative purposes only)
Cash Flows from Operating Activities:				
Revenue Over (Under) Expenses	\$ (3,261)	\$ 80,263	\$ 77,002	\$ 67,039
Adjustments:				
Capitalized replacement fund expenditures	1,187	-0-	1,187	-0-
Depreciation	7,212	-0-	7,212	7,368
Change in assets other than cash and property & equipment	(14,370)	-0-	(14,370)	6,526
Change in payables and other liabilities	(1,675)	(1)	(1,676)	14,057
Total adjustments	(7,646)	(1)	(7,647)	27,951
Net Cash Provided (Used) by Operating Activities	(10,907)	80,262	69,355	94,990
Cash Flows from Investing Activities:				
Acquisition of equipment	(3,843)	-0-	(3,843)	(2,542)
Net Cash Used for Investing Activities	(3,843)	-0-	(3,843)	(2,542)
Net Increase (Decrease) in Cash and Equivalents	(14,750)	80,262	65,512	92,448
Cash and equivalents- Beginning of Year	289,029	242,328	531,357	438,909
Cash and equivalents - End of Year	\$ 274,279	\$ 322,590	\$ 596,869	\$ 531,357
Supplementary Cash Flow Information:				
Income taxes paid	\$ 1,400	\$ -0-	\$ 1,400	\$ -0-

GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

(See Independent Accountants' Review Report)

1. Form and Nature of Organization

Glenshire/Devonshire Residents Association, Inc. is a non-stock, non-profit corporation organized in February 1969 under the laws of the State of California. The Association is a homeowners association supported by annual assessments of the 1,357 lots within the Glenshire/Devonshire subdivisions in Truckee, California. The Association was organized to provide the management services and maintenance of certain common use areas within the subdivision. The Association derives a significant portion of its revenue from dues assessments that are levied annually against each lot within the development.

2. Summary of Significant Accounting Policies

- A. The Association's governing documents provide certain guidelines for controlling its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts on the fund accounting basis. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund - Used to account for financial resources available for the general operations of the Association.

Replacement Fund - Used to account for financial resources designated for future major repairs and replacements.

- B. Real property and other common property acquired from the developer and related improvements to such property are not reflected on the Association's financial statements. This property includes tennis courts, swimming pool, clubhouse and approximately 200 acres of common land. The Association capitalizes personal property at cost and depreciates it using the straight-line method over its estimated useful life of 3 to 15 years.
- C. Deferred income represents dues billed in the current period applicable to the following period.
- D. Association members are subject to annual dues to provide funds for the Association's operating expenses and major repairs and replacements. Dues receivable at the balance sheet date represents fees due from property owners. The Association's policy includes, among other things, assessing a late charge on delinquent payments and placing liens on the property of homeowners whose assessments are delinquent, with the right to proceed with non-judicial foreclosure proceedings if necessary. An allowance for doubtful accounts is created when an account's collectibility is uncertain. Accounts are written off when the Association

GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

(See Independent Accountants' Review Report)

is notified that it is a bad debt, such as after a bankruptcy or foreclosure proceedings. Fine income is recognized as revenue when collected due to the uncertainty surrounding the collection of those amounts.

- E. Interest earned on replacement fund investments is recorded as income in that fund. Any related income tax is recorded as an expense of the operating fund.
- F. The Association has elected to be taxed on net operating income as a regular corporation. However, certain elections are made to substantially reduce or eliminate income taxes on net member income. In general, dues allocated for future major repairs and replacements can be set-aside on a tax-free basis if applicable guidelines are followed. Additionally, all other amounts received by the Association, such as bank interest income, are taxed, net of related expenses, for federal and state purposes.
- G. For purposes of the Statements of Cash Flows, cash and cash equivalents are defined as all cash in checking and money market accounts and short-term (six months or less) or highly liquid certificates of deposit.
- H. The carrying amounts of financial instruments, including cash, certificates of deposit, accounts receivable and accounts payable approximate their fair value due to the short term maturities of these instruments.
- I. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- J. Certain reclassifications were made to the 2009 financial statements in order to conform to the classifications used in 2010. The reclassifications had no effect on the financial position or results of operations of the Association for 2009.

3. Concentration of Credit Risk

The Association maintains demand and certificate of deposit accounts at various local banks. At December 31, 2010 and 2009, the aggregate balance of these accounts did not exceed the federally insured limits.

The Association invests a portion of its cash in a money market mutual fund that holds primarily commercial paper, certificates of deposit, and U.S. government backed securities. Money market mutual fund holdings are not federally insured.

GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

(See Independent Accountants' Review Report)

Financial instruments that potentially subject the Association to credit risk consist principally of members' dues receivable. Dues receivable at December 31, 2010 and 2009 were primarily from members who live in the Glenshire/Devonshire subdivision or whose primary residence is within the State of California.

4. Income Taxes

The provision for income taxes is as follows:

	<u>2010</u>	<u>2009</u>
Federal	\$ 304	\$ 839
State	<u>182</u>	<u>558</u>
	<u>\$ 486</u>	<u>\$1,397</u>

5. Design Review Committee Deposits

Members are required to advance security deposits for construction and pay a fee to the Association to ensure that construction is completed in accordance with the guidelines established by the Association's Design Review Committee. The security deposits are refundable upon satisfactory completion of construction. In addition, the Association retains deposits for clubhouse rentals.

6. Future Major Repairs and Replacements of Common Area

The Association's CC&Rs provide for the Association to assess members for the acquisition, improvement and maintenance of common properties, primarily the clubhouse, tennis courts, swimming pool and surrounding parking area.

The amount of dues allocated to the replacement fund is based on a reserve study prepared by management and approved by the Board of Directors. The Association's policy is to fund for replacements over the estimated lives of the respective assets. Actual replacement costs and timing may vary from these estimates and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right, subject to any necessary member approval, to increase regular dues or levy special assessments. It may also delay major repairs and replacements until funds are available.

GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

(See Independent Accountants' Review Report)

7. Interfund Borrowings

The Association maintains an operating fund and replacement fund. At various times during the year, there is a receivable/(payable) between the funds. There were no amounts due between the funds at December 31, 2010 or 2009.

8. Subsequent Events

Subsequent events have been evaluated through March 1, 2011, the date that the statements were available for issuance.

INDEPENDENT ACCOUNTANTS' REPORT ON REQUIRED  
SUPPLEMENTARY INFORMATION

To the Board of Directors  
Glenshire/Devonshire Residents Association, Inc.

The supplementary information on future major repairs and replacements on page 11 is not a required part of the basic financial statements of Glenshire/Devonshire Residents Association, Inc., but is supplementary information required by the American Institute of Certified Public Accountants. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion or any other form of assurance on it.

McCLINTOCK ACCOUNTANCY CORPORATION  
Tahoe City, California  
March 1, 2011

GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

Schedule 1

REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR  
REPAIRS AND REPLACEMENTS  
December 31, 2010

(See Independent Accountants' Report on Required Supplementary Information)

The Association's management updated a study in 2010 to estimate the remaining useful lives, the lives after replacement and the replacement costs of the components of common property. The estimates were based on management's and contractors' estimates and historical costs. Estimated current replacement costs do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

The Association does not designate the balance in the replacement fund by component. The total funds available for major repairs and replacements were \$332,590 at December 31, 2010. The 2011 budget includes \$50,000 of dues to be allocated to the replacement fund.

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

Component	Remaining Life (Years)	Life After Replacement (Years)	Current Replacement Cost
Clubhouse	0-34	10-70	\$ 1,376,800
Grounds	0-20	9-39	317,600
Main pool	5-17	7-24	139,300
Office	2-5	5-10	10,200
Wading pool	3-9	9-20	39,100
			<u>\$ 1,883,000</u>

GLENSHIRE/DEVONSHIRE RESIDENTS ASSO  
Journal Entries Report : Adjusting Entries  
December 31, 2010

Page: 1  
Prepared by: 400  
Reviewed by: *h 2/25/11*

2/24/2011 4:01PM

Entry #	Status	Account/Cod	Description	Workpaper	Debit	Credit
AJE 1	Posted	1017	Edward Jones-Operating MMA		561.54	
		3020	Interest Income			561.54
		1017	Edward Jones-Operating MMA		160,000.00	
		1018	Edward Jones-Operating CDs			160,000.00
			To adjust the Edward Jones operating accounts to actual.			
AJE 2	Posted	1117	Edward Jones-Reserve MMA		422.29	
		3015	Interest reserve accounts			422.29
		1117	Edward Jones-Reserve MMA		33,812.57	
		1118	Edward Jones-Reserve CDs			33,812.57
			To adjust the Edward Jones reserve accounts to actual.			
AJE 3	Posted	7750	Provision for Bad Debts		2,500.00	
		1299	Allowance for doubtful accounts			2,500.00
			To adjust the allowance for doubtful accounts to estimated actual.			
AJE 4	Posted	1560	Other Equipment		1,076.90	
		6050	Grounds Maintenance			1,076.90
		1560	Other Equipment		1,578.05	
		7850	Capital Improvements			1,578.05
		6050	Grounds Maintenance		920.13	
		7850	Capital Improvements			920.13
		1560	Other Equipment		1,187.43	
		2905	Equip. transfer to Op. fund			1,187.43
			To record 2010 asset additions.			
AJE 5	Posted	7840	Depreciation Expense		7,212.00	
		1640	Accumulated Depreciation			7,212.00
			To record depreciation expense for the year.			
AJE 6	Posted	6000	Salaries - General		1,275.00	
		2075	Accrued Vacation/Sick			1,275.00
			To adjust accrued vacation to actual.			
AJE 7	Posted	2200	Deferred Income		50,000.00	
		4000	Dues			50,000.00
			To recognize the full amount of 2010 assessment revenue.			
AJE 8	Posted	2985	P/Y income		67,039.33	
		2920	Replacement Reserve Fund Balance			96,800.00
		2900	Undesignated Fund Balance		29,760.67	
			To close out and adjust equity accounts.			
AJE 9	Posted	4001	Dues allocated to the repl. fund		80,000.00	
		3000	Dues allocated to the repl. fund			80,000.00
			To record 2010 allocation of dues to the RF.			
AJE 10	Posted	7801	State Franchise Tax		182.00	
		7800	Federal Income Tax		304.00	
		1450	Prepaid Franchise Tax			182.00
		1475	Prepaid Federal Income Tax			304.00
			To adjust income tax accounts to estimated actual.			
TOTALS					437,831.91	437,831.91

*AJE*

GLENSHIRE/DEVONSHIRE RESIDENTS ASSO  
 ADJUSTED TRIAL BALANCE REPORT  
 December 31, 2010

Page: 1  
 Prepared by: 400  
 Reviewed by:

2/24/2011 4:02PM

142/28/11

Leadcode	Description	Adjusted 12/31/2009	Unadjusted 12/31/2010	AJE 12/31/2010	Adjusted 12/31/2010
A	Cash				
1002	Charles Schwab - Operating MM				
1003	U.S. Bank - ACC Checking	35,745.27	39,095.00		39,095.00
1006	Bank of the West CD				
1009	Raymond James				
1010.5	TRB - Special Assessment				
1011	Comstock				
1012	Placer Reserve				
1013	TRB Special Assessment				
1016	Bank of the West - Operating	87,293.84	68,326.64		68,326.64
1017	Edward Jones-Operating MMA	5,989.44	5,989.44	1 561.54	
				1 160,000.00	166,550.98
1018	Edward Jones-Operating CDs	160,000.00	160,000.00	1 -160,000.00	
1193	Petty Cash		306.16		306.16
	Total Cash	289,028.55	273,717.24	561.54	274,278.78
A-2	Cash - repl. fund				
1004	Charles Schwab - Reserve MM				
1007	Plumas - reserve				
1008	Plumas - Reserve CD's				
1014	R James - Res MM				
1104	Charles Schwab-Reserve MMkt				
1107	Plumas-Reserve	3,868.07	3,871.96		3,871.96
1108	Plumas-Reserve CDs	74,464.11	75,487.79		75,487.79
1117	Edward Jones-Reserve MMA	63,995.33	63,995.33	2 422.29	
				2 33,812.57	98,230.19
1118	Edward Jones-Reserve CDs	100,000.00	178,812.57	2 -33,812.57	145,000.00
	Total Cash - repl. fund	242,327.51	322,167.65	422.29	322,589.94
B	Dues Receivables				
1200	Members'Receivables	263,390.04	310,648.16		310,648.16
1201	Members' Receivable - Current				
1298	Fines receivable contra account	-24,350.00	-55,926.51		-55,926.51
1299	Allowance for doubtful account	-2,500.00	-2,225.00	3 -2,500.00	-4,725.00
1300.5	Accounts Receivable Members Sp				
1350	Grant receivable				
	Total Dues Receivables	236,540.04	252,496.65	-2,500.00	249,996.65
C	Interfund Receivables				
1300	Due frm Spec Assess Fund to Op				
	Total Interfund Receivables	0.00	0.00	0.00	0.00
L	Prepaid Expenses				
1400	Prepaid Insurance	6,703.00	6,703.00		6,703.00
1425	Prepaid Federal Taxes				
1450	Prepaid Franchise Tax	102.00	702.00	10 -182.00	520.00
1475	Prepaid Federal Income Tax	295.00	1,095.00	10 -304.00	791.00
1480	Tax Credit Rec - Fed				
	Total Prepaid Expenses	7,100.00	8,500.00	-486.00	8,014.00
	Current Assets	774,996.10	856,881.54	-2,002.17	854,879.37
U	Property and equipment				
1550	Office Equipment	20,619.91	20,619.91		20,619.91
1560	Other Equipment	92,171.56	92,171.56	4 1,076.90	
				4 1,578.05	96,013.94
				4 1,187.43	
1570	Construction in Progress				
	Total Property and equipment	112,791.47	112,791.47	3,842.38	116,633.85
	Property and Equipment	112,791.47	112,791.47	3,842.38	116,633.85
V	Accumulated depreciation				
1640	Accumulated Depreciation	-87,955.54	-87,955.54	5 -7,212.00	-95,167.54
	Total Accumulated depreciation	-87,955.54	-87,955.54	-7,212.00	-95,167.54
	Other Assets	-87,955.54	-87,955.54	-7,212.00	-95,167.54
	Total Assets	799,832.03	881,717.47	-5,371.79	876,345.68

TB

GLENSHIRE/DEVONSHIRE RESIDENTS ASSO  
 ADJUSTED TRIAL BALANCE REPORT  
 December 31, 2010

2/24/2011 4:02PM

Leadcode Description	Adjusted 12/31/2009	Unadjusted 12/31/2010	AJE 12/31/2010	Adjusted 12/31/2010
BB Accounts payable				
2100 Accounts Payable	-14,785.14			
Total Accounts payable	-14,785.14	0.00	0.00	0.00
CC Accrued liabilities				
2001 Accrued Payroll				
2002 FUTA Taxes		-1.12		-1.12
2010 W/H Fed. Income Taxes				
2015 Federal Payroll Taxes				
2020 W/H State Income Taxes				
2025 SUI payroll taxes				
2026 5305ASEP (Retirement) WH				
2027 Employee holding account				
2070 Salaries Payable		-4,000.00		-4,000.00
2075 Accrued Vacation/Sick	-12,241.61	-16,225.77	6 -1,275.00	-17,500.77
2155 Federal income taxes payable				
Total Accrued liabilities	-12,241.61	-20,226.89	-1,275.00	-21,501.89
FF Income taxes payable				
2080 Accrued FTB income tax				
2081 Accrued Federal income tax				
Total Income taxes payable	0.00	0.00	0.00	0.00
Current Liabilities	-27,026.75	-20,226.89	-1,275.00	-21,501.89
DD Deferred income				
2190 Prepaid dues				
2200 Deferred Income	-373,150.08	-423,150.08	7 50,000.00	-373,150.08
Total Deferred income	-373,150.08	-423,150.08	50,000.00	-373,150.08
EE Line of credit				
*2100.5 TRB - Line of Credit				
Total Line of credit	0.00	0.00	0.00	0.00
GG Deposits held				
2040 Clubhouse Rental Deposit	-500.00	-1,000.00		-1,000.00
2045 TC Key Deposits				
2050 Arc Control Comm				
2060 ACC Refund Plan Check Fee	-35,745.00	-39,095.00		-39,095.00
Total Deposits held	-36,245.00	-40,095.00	0.00	-40,095.00
HH Interfund payable				
2110.5 Due to Operating Fund from Spe				
2302 Transfer - Acct #1002				
2303 Transfer - Acct #1003				
Total Interfund payable	0.00	0.00	0.00	0.00
Other Liabilities	-409,395.08	-463,245.08	50,000.00	-413,245.08
Total Liabilities	-436,421.83	-483,471.97	48,725.00	-434,746.97
TT1 Undesignated				
2900 Undesignated Fund Balance	-150,844.12	-150,844.12	8 29,760.67	-121,083.45
2905 Equip. transfer to Op. fund			4 -1,187.43	-1,187.43
2985 P/Y income		-67,039.33	8 67,039.33	
Total Undesignated	-150,844.12	-217,883.45	95,612.57	-122,270.88
TT2 Replacement fund				
2920 Replacement Reserve Fund Balan	-145,526.75	-145,526.75	8 -96,800.00	-242,326.75
3000 Dues allocated to the repl. fu	-95,000.00		9 -80,000.00	-80,000.00
3009 Grant revenue CFIP				
3015 Interest reserve accounts	-1,800.37	-1,027.88	2 -422.29	-1,450.17
7875 Reserve replacement		1,187.43		1,187.43
7876 CFIP Grant expense				
A920 Replacement Reserve Fund Balan				
Total Replacement fund	-242,327.12	-145,367.20	-177,222.29	-322,589.49
TT3 Designated for soil remediatio				
*2910 Designated fund balance - soil				
Total Designated for soil remediation	0.00	0.00	0.00	0.00
Shareholders' Equity	-393,171.24	-363,250.65	-81,609.72	-444,860.37
Net (Income) Loss	29,761.04	-34,994.85		3,261.66

GLENSHIRE/DEVONSHIRE RESIDENTS ASSO  
 ADJUSTED TRIAL BALANCE REPORT  
 December 31, 2010

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 Prepared by: 400  
 Reviewed by:

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Leadcode Description	Adjusted 12/31/2009	Unadjusted 12/31/2010	AJE 12/31/2010	Adjusted 12/31/2010
Total Shareholders' Equity	-363,410.20	-398,245.50	-43,353.21	-441,598.71
Total Liabilities & Shareholde	-799,832.03	-881,717.47	5,371.79	-876,345.68

GLENSHIRE/DEVONSHIRE RESIDENTS ASSO  
 ADJUSTED TRIAL BALANCE REPORT  
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Leadcode Description	Adjusted 12/31/2009	Unadjusted 12/31/2010	AJE 12/31/2010	Adjusted 12/31/2010
10 Members dues				
4000 Dues	-373,175.00	-323,175.00	7 -50,000.00	-373,175.00
4001 Dues allocated to the repl. fu	95,000.00		9 80,000.00	80,000.00
Total Members dues	-278,175.00	-323,175.00	30,000.00	-293,175.00
20 Special assessment				
3010.5 Special assessment dues				
Total Special assessment	0.00	0.00	0.00	0.00
50 Rental and class fees				
4010 Clubhouse Rentals	-29,341.10	-29,590.80		-29,590.80
4020 Classes	-9,590.40	-5,480.00		-5,480.00
Total Rental and class fees	-38,931.50	-35,070.80	0.00	-35,070.80
Sales Revenue	-317,106.50	-358,245.80	30,000.00	-328,245.80
15 Contam. soil reimb.				
3012 Superfund reimbursement				
6049 Refund to membership				
Total Contam. soil reimb.	0.00	0.00	0.00	0.00
30 Architectural control committe				
4200 Design Review Fees	-2,600.00	-4,875.00		-4,875.00
4210 ACC Deposit Income				
Total Architectural control committee	-2,600.00	-4,875.00	0.00	-4,875.00
40 Late charges and transfer fees				
4010.5 Late Fee				
4045 Delinquent Assessment Interest				
4070 Demand/Transfer Fees	-10,800.75	-13,593.75		-13,593.75
4075 Return Check Charge				
4100 Late Fee	-4,735.75	-4,899.89		-4,899.89
Total Late charges and transfer fees	-15,536.50	-18,493.64	0.00	-18,493.64
70 Concessions, net				
4050 Trading Post/Snack Bar	-4,230.00	-4,162.50		-4,162.50
5000 Candy/Soda Purchases				
5001 Supplies-Trading Post	3,943.67	3,488.59		3,488.59
Total Concessions, net	-286.33	-673.91	0.00	-673.91
80 Bank interest				
3010 Interest - Placer S & L				
3020 Interest Income	-4,716.43	-1.97	1 -561.54	-563.51
3021 Interest Truckee River				
3025 Interest - USB ACC		-1.00		-1.00
3030 Interest - USB Operating				
Total Bank interest	-4,716.43	-2.97	-561.54	-564.51
90 Miscellaneous				
3011 Special Assessment Income				
4000.5 Dues Collected by Special Asse				
4005 Special Assessment Income				
4006 Town of Truckee trails reimburs	-7,364.28			
4060 Membership services				
4080 Contiguous Membership				
4090 Miscellaneous	-1,397.76	-3,240.56		-3,240.56
4300 Pictures/Photos	-1,715.00	-3,405.00		-3,405.00
4350 Guest Fees	-943.00	-1,682.00		-1,682.00
4360 Non-compliance Fines	-200.00	-347.50		-347.50
Total Miscellaneous	-11,620.04	-8,675.06	0.00	-8,675.06
Other Income	-34,759.30	-32,720.58	-561.54	-33,282.12
Total Revenues	-351,865.80	-390,966.38	29,438.46	-361,527.92
100 Salaries and benefits				
6000 Salaries - General	114,393.90	121,432.94	6 1,275.00	122,707.94
6010 Salaries - Pool/Tennis	34,774.07	42,176.28		42,176.28
6012 Salaries - Building Maint	13,095.29	12,940.10		12,940.10
6014 Salaries - Landscaping				
6016 Salaries - Recreation	7,827.31	3,558.00		3,558.00
6020 P/R Burden	17,860.25	17,069.86		17,069.86
7045 Workers Compensation	6,754.00	7,049.00		7,049.00
7050 Insurance - Employee Medical	13,573.12	16,391.96		16,391.96
Total Salaries and benefits	208,277.94	220,618.14	1,275.00	221,893.14

GLENSHIRE/DEVONSHIRE RESIDENTS ASSO  
 ADJUSTED TRIAL BALANCE REPORT  
 December 31, 2010

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Leadcode	Description	Adjusted 12/31/2009	Unadjusted 12/31/2010	AJE 12/31/2010	Adjusted 12/31/2010
110	Repairs and maintenance				
6050	Grounds Maintenance	23,370.85	26,702.56	4 4	-1,076.90 920.13
6065	Building Security				26,545.79
6067	Janitorial	2,080.35	868.06		868.06
7000	Repairs/Maint. - Pool/Tennis	5,931.69	5,851.89		5,851.89
7701	Computer Maintenance	1,338.60	1,674.40		1,674.40
	Total Repairs and maintenance	32,721.49	35,096.91		-156.77 34,940.14
120	Insurance				
7040	Insurance -Gen. Liability	22,854.47	22,728.13		22,728.13
	Total Insurance	22,854.47	22,728.13		0.00 22,728.13
130	Maintenance and operating supp				
6040	Build. Maint. Supplies	10,536.95	1,114.10		1,114.10
6055	Supplies - Grounds	4,168.01	2,517.69		2,517.69
6080	Chemicals - Pool				
6090	Supplies - Pool/Tennis	6,765.66	4,795.87		4,795.87
7010	Recreational Supplies	2,449.40	316.17		316.17
	Total Maintenance and operating suppl	23,920.02	8,743.83		0.00 8,743.83
140	Utilities				
6060	Utilities - Building	28,460.35	30,661.07		30,661.07
	Total Utilities	28,460.35	30,661.07		0.00 30,661.07
150	Professional services				
4150	Demand-Legal				
7700	Accounting	3,690.00	3,600.00		3,600.00
7730	Legal Fees	3,262.50	5,705.85		5,705.85
	Total Professional services	6,952.50	9,305.85		0.00 9,305.85
160	Administrative services and su				
6000.5	Bank Charges				
6005	Bank Charges - Special				
6070	Outside Consulting	4,750.00			
7005	Equipment Lease	3,525.79	3,658.59		3,658.59
7020	Office Supplies	4,410.81	2,547.56		2,547.56
7025	Printing/mailing	12,936.80	4,792.71		4,792.71
7026	PrintingACC/CC&R's				
7027	Mailings				
7028	General Printing				
7030	Bank Charges				
7031	TRB Bank Charges				
7032	ACC Bank Charges				
7060	Travel and Meetings	54.51			
7070	Meals and Entertainment	3,127.49	2,056.55		2,056.55
7080	Employee Mileage	4,736.92	4,717.99		4,717.99
7200	Membership services				
7710	Dues & Publications	687.30	266.17		266.17
7715	Shire				
7720	Elections	2,060.51			
7740	Taxes & Fees	2,346.52	1,061.82		1,061.82
	Total Administrative services and sup	38,636.65	19,101.39		0.00 19,101.39
170	Miscellaneous				
7075	Education/Classes	1,285.00	1,658.16		1,658.16
7150	Misc. -General	150.33	538.78		538.78
7500	Uniforms - Pool/tennis				
	Total Miscellaneous	1,435.33	2,196.94		0.00 2,196.94
180	Capital expenditures				
6045	Building Renovation				
7735	Collection Fees				
7850	Capital Improvements		2,498.18	4 4	-1,578.05 -920.13
7880	Lake Trail expenses	7,468.00	2,661.31		2,661.31
	Total Capital expenditures	7,468.00	5,159.49		-2,498.18 2,661.31
190	Interest expense				
6010.5	TRB Interest Expense				
7034	Interest Expense - Special				
	Total Interest expense	0.00	0.00		0.00 0.00
200	Contaminated soil remediation				
6046	Contaminated Soil/Tank Removal				
6046.5	Contaminated Soil/Tank Removal				
6047	Contam. soil removal expense				
6048	Contam. soil maintenance				

GLENSHIRE/DEVONSHIRE RESIDENTS ASSO  
 ADJUSTED TRIAL BALANCE REPORT  
 December 31, 2010

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Leadcode Description	Adjusted 12/31/2009	Unadjusted 12/31/2010	AJE 12/31/2010	Adjusted 12/31/2010
Total Contaminated soil remediation	0.00	0.00	0.00	0.00
210 Provision for bad debts				
7750 Provision for Bad Debts	2,135.09	2,359.78	3 2,500.00	4,859.78
Total Provision for bad debts	2,135.09	2,359.78	2,500.00	4,859.78
220 Depreciation expense				
7840 Depreciation Expense	7,368.00		5 7,212.00	7,212.00
Total Depreciation expense	7,368.00	0.00	7,212.00	7,212.00
230 Provision for income taxes				
7800 Federal Income Tax	839.00		10 304.00	304.00
7801 State Franchise Tax	558.00		10 182.00	182.00
Total Provision for income taxes	1,397.00	0.00	486.00	486.00
Operating Expenses	381,626.84	355,971.53	8,818.05	364,789.58
Total Expenses	381,626.84	355,971.53	8,818.05	364,789.58
Net (Income) Loss	29,761.04	-34,994.85		3,261.66

\* Indicates an inactive account.

***GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.  
15726 GLENSHIRE DRIVE  
TRUCKEE, CA 96161***

March 1, 2011

McClintock Accountancy Corporation  
P.O. Box 6179  
Tahoe City, CA 96145

We are providing this letter in connection with your review of the balance sheet and the related statements of operating, and replacement fund revenue and expenses and changes in members' equity and cash flows of Glenshire/Devonshire Residents Association, Inc. as of December 31, 2010, for the purpose of expressing limited assurance that there are no material modifications that should be made to the statements in order for them to be in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of the financial position, results of operations, and cash flows of Glenshire/Devonshire Residents Association, Inc. in conformity with U.S. generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of March 1, 2011 the following representations made to you during your reviews.

1. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles.
2. We have made available to you all—
  - a. Financial records and related data.
  - b. Minutes of the meetings of board members, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. We acknowledge our responsibility to prevent and detect fraud.
6. We have no knowledge of any fraud or suspected fraud affecting the entity involving management or others.
7. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, or others.
8. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
9. There are no material losses that have not been properly accrued or disclosed in the financial statements.
10. There are no—
  - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion that must be disclosed in accordance with FASB Statement No. 5.
  - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
11. There are no transfers or designations of fund balance or interfund borrowings that were not properly authorized and approved or uncollectible interfund loans that have not been properly reflected in the financial statements or disclosed to you.
12. The Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral. No real property is presently owned by the Association. The Association is expecting to receive title to the common area from the developer, which will consist of certain common areas within each phase of the development.
13. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
14. The following, if applicable, have been properly recorded or disclosed in the financial statements:

- a. Related party transactions and related accounts receivable or payable, including member assessments, purchases, loans, transfers, leasing arrangements, and guarantees.
  - b. Guarantees, whether written or oral, under which the Association is contingently liable.
15. The board of directors is collecting funds for future major repairs and replacements in conformity with the Association's policy to fund for those needs based on a study updated in 2010. The board of directors believes the funds will adequately provide for future major repairs and replacements.
  16. The Association's allocation of expenses against membership and nonmembership income conforms with IRS rules, which require that the allocation be made "on a reasonable and consistently applied basis." We have adequately documented such allocation.
  17. The board of directors has reviewed the Association's insurance coverage for the current year and believes it is adequate.
  18. No events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
  19. There are no estimates that may be subject to material change in the near term that have not been properly disclosed in the financial statements. We understand that the *near term* means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Association vulnerable to the risk of a near-term severe impact that have not been properly disclosed in the financial statements.
  20. We are in agreement with the adjusting journal entries, if any, you have recommended, and they have been posted to the Association's accounts.

We have responded fully and truthfully to all inquiries made to us by you during your review.

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Accountant

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General Manager

CHARTS.XLS

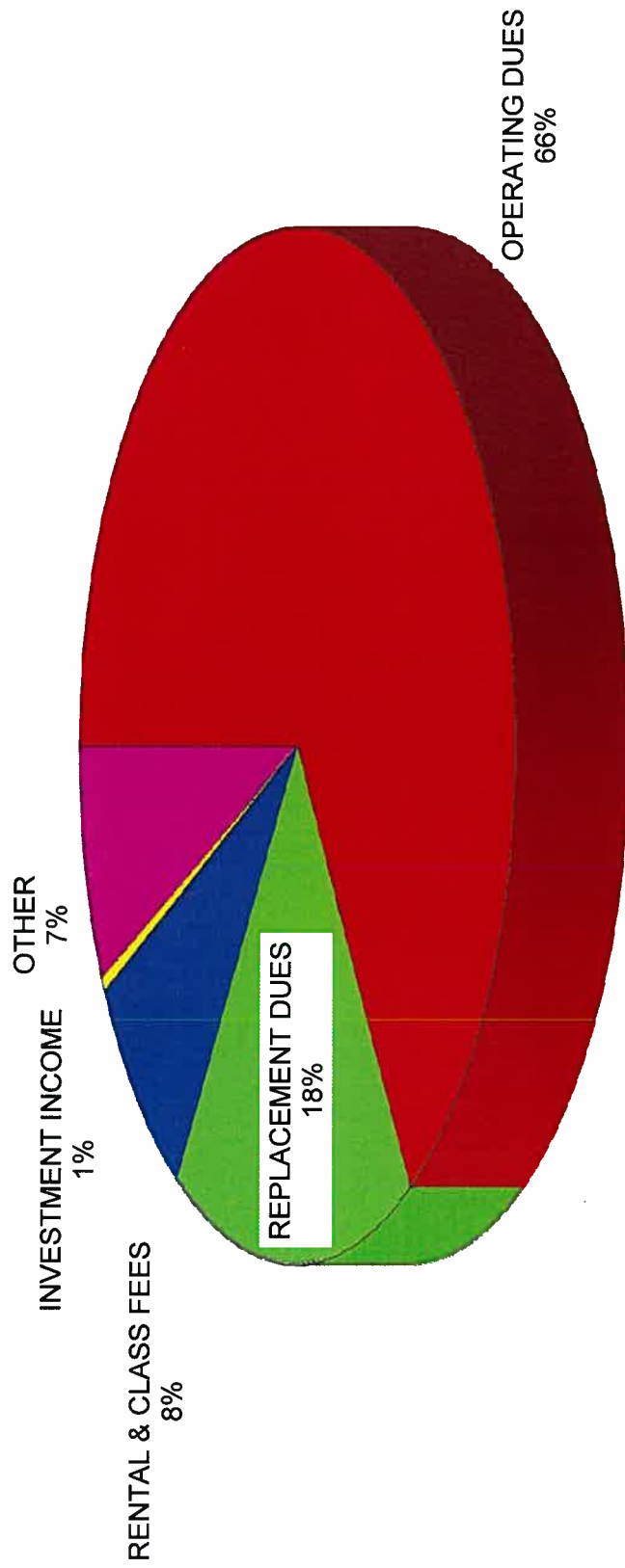
GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.			
CHART DATA FOR BOARD PRESENTATION			
CHART 1 - REVENUE AND EXPENSE COMPARISON			
	REVENUE	EXPENSES	
1990	221,509	200,425	
1991	219,939	211,039	
1992	442,676	529,809	
1993	437,182	587,752	
1994	502,725	279,762	
1995	662,108	553,267	
1996	302,920	352,350	
1997	313,077	321,426	
1998	304,971	297,829	
1999	312,897	346,126	
2000	318,864	312,650	
2001	352,465	335,858	
2002	339,236	340,482	
2003	342,934	365,779	
2004	350,229	364,040	
2005	444,825	414,577	
2006	428,149	390,052	
2007	428,815	463,237	
2008	493,580	443,060	
2009	448,666	381,627	
2010	442,978	365,976	
CHART 2 - CASH/INVESTMENTS AND EARNINGS			
	EARNINGS	CASH/INVESTMENTS	
1990	11,473	194,176	
1991	12,389	227,171	
1992	8,103	294,653	
1993	2,235	120,943	
1994	2,780	181,757	
1995	10,488	316,621	
1996	11,415	252,974	
1997	8,962	231,886	
1998	11,425	261,659	
1999	10,721	243,980	
2000	11,219	272,427	
2001	10,391	311,213	
2002	5,006	330,856	
2003	2,444	307,442	
2004	1,895	330,815	
2005	4,739	382,757	
2006	10,155	432,515	
2007	13,125	381,513	
2008	6,312	438,909	
2009	6,516	531,357	
2010	2,014	596,869	

CHART 3 - ALLOWANCE FOR DOUBTFUL ACCOUNTS		
1990	13,005	
1991	7,060	
1992	7,452	
1993	8,575	
1994	7,500	
1995	7,031	
1996	0	
1997	0	
1998	0	
1999	0	
2000	0	
2001	0	
2002	0	
2003	0	
2004	0	
2005	0	
2006	0	
2007	0	
2008	2,500	
2009	2,500	
2010	4,725	
CHART 4 - MEMBERS' EQUITY		
	OPERATING	REPLACEMENT
1990	109,126	0
1991	118,026	0
1992	30,893	0
1993	-119,677	0
1994	103,286	0
1995	182,220	32,507
1996	41,381	132,615
1997	78,130	102,863
1998	103,377	100,660
1999	68,211	109,736
2000	74,692	111,118
2001	98,310	107,104
2002	89,570	115,823
2003	88,100	112,530
2004	85,072	103,847
2005	108,623	114,291
2006	168,480	101,859
2007	167,884	70,817
2008	150,844	145,527
2009	121,083	242,327
2010	119,009	322,590

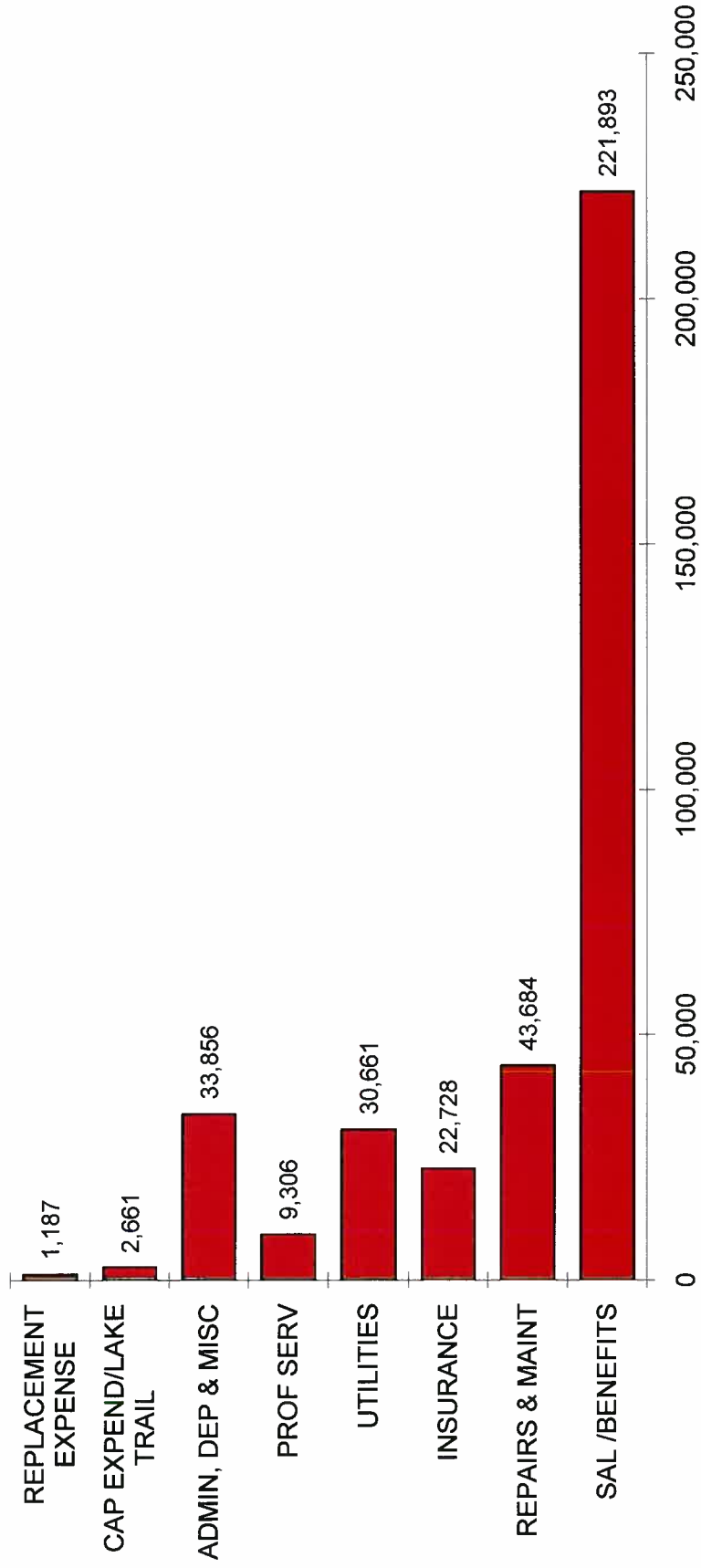
CHARTS.XLS

CHART 5 - EXPENSE PIE			
SAL /BENEFITS	221,893		
REPAIRS & MAINT	43,684		
INSURANCE	22,728		
UTILITIES	30,661		
PROF SERV	9,306		
ADMIN, DEP & MISC	33,856		
CAP EXPEND/LAKE TRAIL	2,661		
REPLACEMENT EXPENSE	1,187		
TOTAL	365,976		
CHART 6 - REVENUE PIE			
OPERATING DUES	293,175		
REPLACEMENT DUES	80,000		
RENTAL & CLASS FEES	35,071		
INVESTMENT INCOME	2,014		
OTHER	32,718		
	442,978		

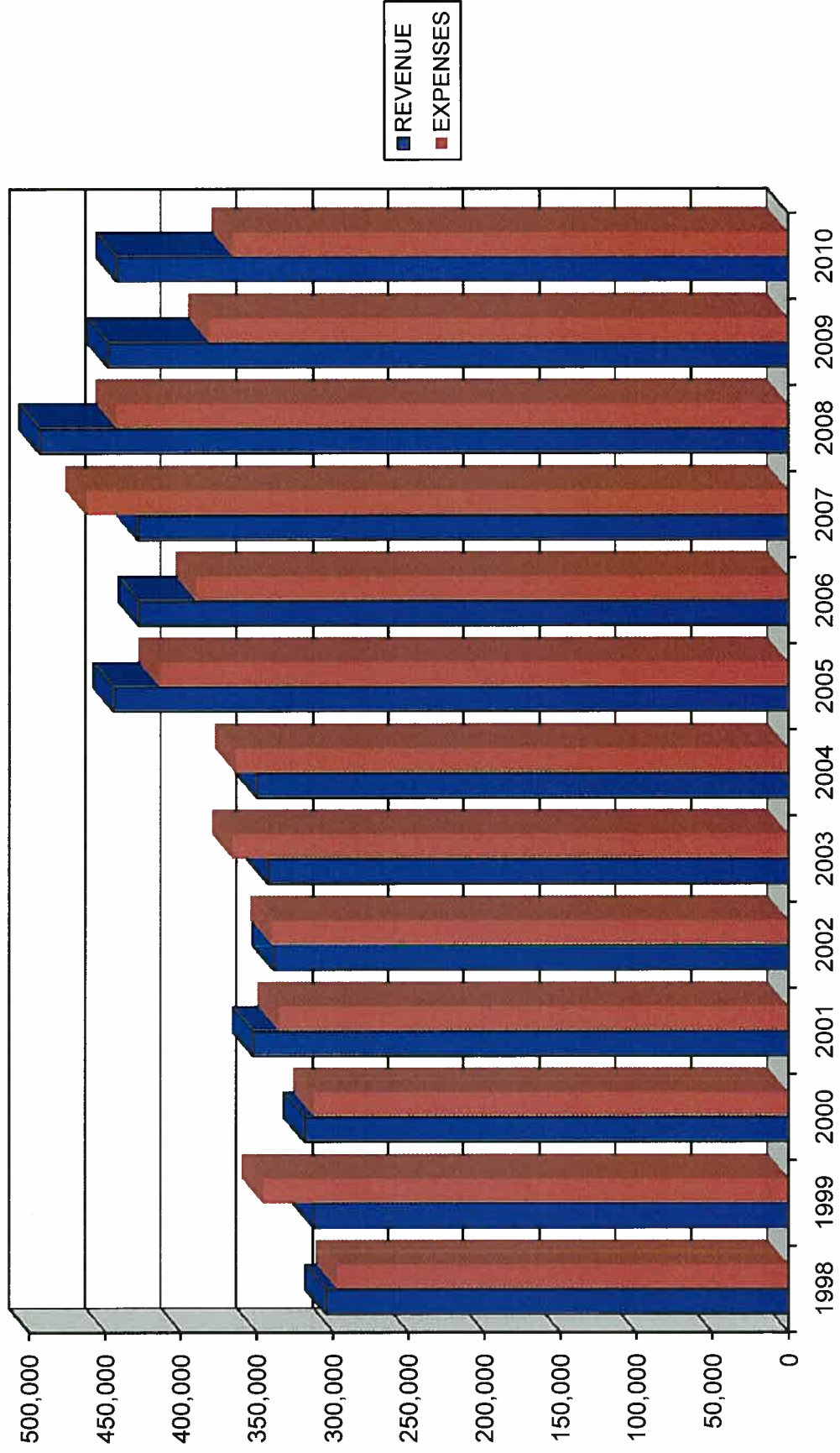
**GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION  
2010 TOTAL REVENUE \$442,978 (\$448,666 in prior year)**



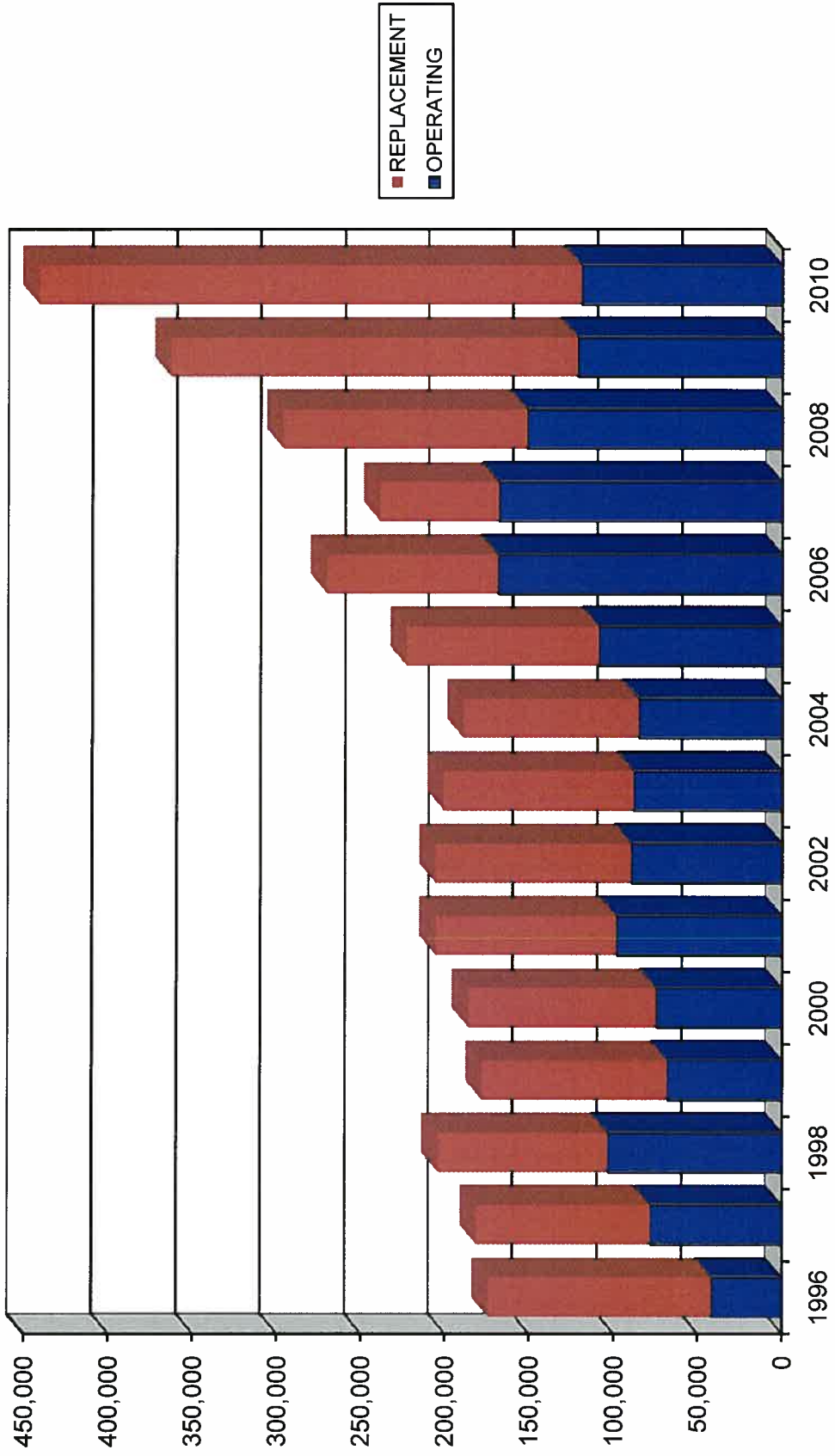
**GLNSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION  
2010 EXPENSES \$365,976 (\$381,627 in prior year)**



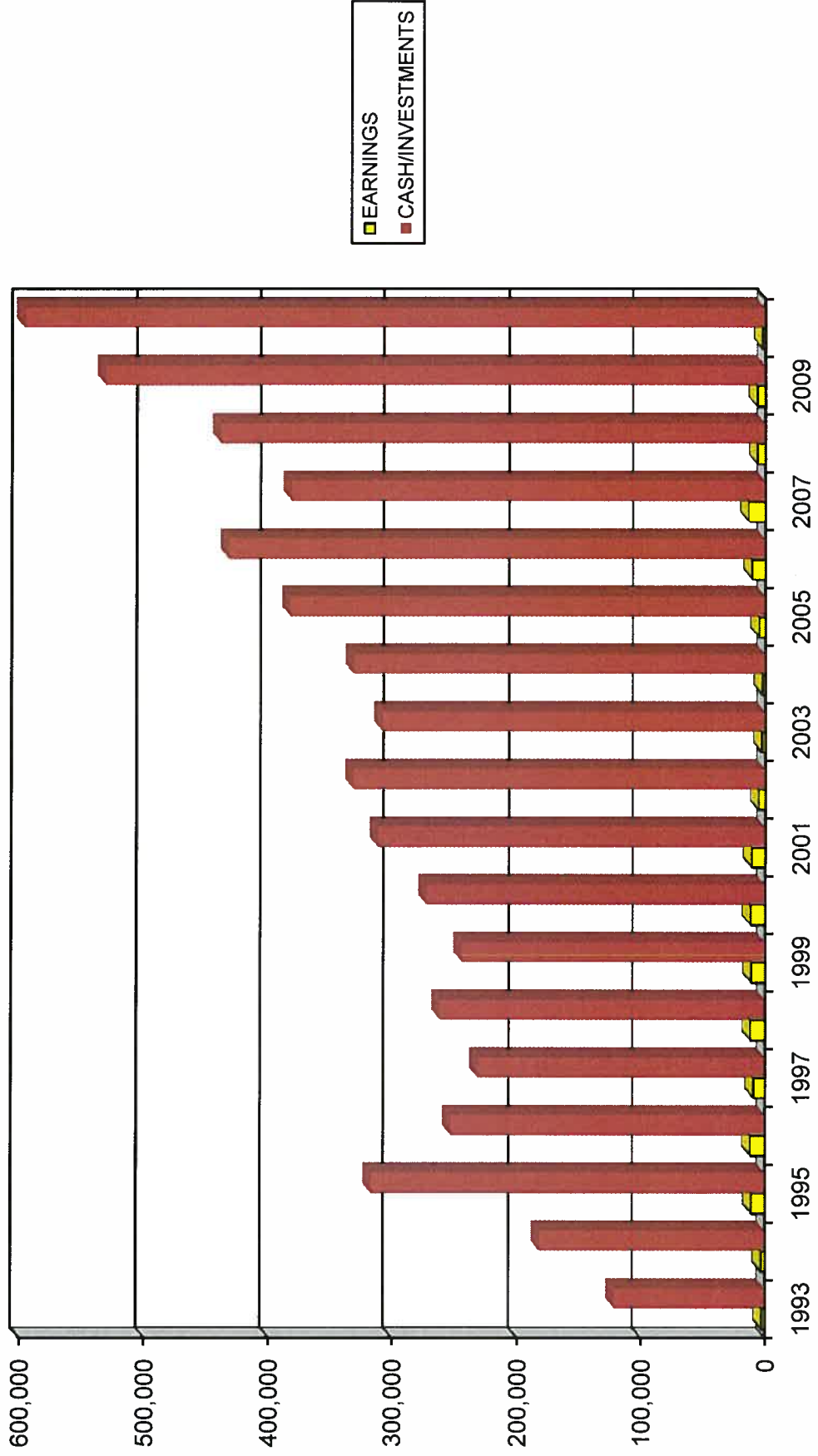
# GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION REVENUE AND EXPENSES - ALL FUNDS



# GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION MEMBERS' EQUITY



# GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION EARNINGS AND CASH/INVESTMENTS



**GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION  
ALLOWANCE FOR DELINQUENT MEMBER ACCOUNTS**

