

GLENMORE COMMUNITY ASSOCIATION, INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Glenmore Community Association, Inc.
Keswick, Virginia

We have audited the accompanying consolidated financial statements of Glenmore Community Association, Inc., which comprise the balance sheet as of December 31, 2014, and the related statements of revenues, expenses, and changes in members' equity and cash flows for the year then ended, and the related notes to the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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 Glenmore Community Association, Inc. as of December 31, 2014, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The combining schedules and supplemental schedules of expenses are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of the Association's 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 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.

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 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the consolidated 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 consolidated 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 Summarized Comparative Information

We have previously audited the Glenmore Community Association, Inc.'s 2013 financial statements, and our report dated May 27, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Robinson, Turner, Cox Associates

Charlottesville, Virginia

July 24, 2015

GLENMORE COMMUNITY ASSOCIATION, INC.

Consolidated Balance Sheet
As of December 31, 2014
With Comparative Amounts for 2013

Assets	2014	2013
Cash, including interest bearing deposits:		
Available for operations	\$ 348,408	\$ 478,102
Designated for reserves	414,814	452,924
Receivables:		
Dues and assessments, net	8,385	1,929
Accounts and accrued revenue	51,449	43,917
Prepaid income taxes	69	1,172
Prepaid insurance	7,152	-
Property and equipment, less accumulated depreciation	1,234,390	27,584
Total assets	\$ 2,064,667	\$ 1,005,628
Liabilities and Members' Equity		
Liabilities:		
Accounts payable and accrued expenses	\$ 28,579	\$ 35,779
Deferred income taxes payable	1,173	-
Revenue billed in advance	14,568	-
Mortgage loan payable	811,145	-
Total liabilities	\$ 855,465	\$ 35,779
Members' Equity:		
Designated:		
Future major repairs and replacements:		
Common area improvements	\$ 337,011	\$ 332,794
Storm emergency	39,373	45,000
Controlled access and security	27,996	27,996
Contingency	10,434	47,134
Undesignated	794,388	516,925
Total members' equity	\$ 1,209,202	\$ 969,849
Total liabilities and members' equity	\$ 2,064,667	\$ 1,005,628

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

GLENMORE COMMUNITY ASSOCIATION, INC.

Consolidated Statement of Revenues, Expenses and Changes in Members' Equity
Year Ended December 31, 2014
With Comparative Amounts for 2013

	<u>2014</u>	<u>2013</u>
Revenues:		
Member assessments		
Annual dues	\$ 672,149	\$ 671,965
Special assessments	251,985	-
Late fees	1,562	1,650
Interest	1,147	1,339
Impact fees	8,800	9,000
Equestrian center:		
Operations	102,480	-
Gain on sale of assets	4,084	-
Other	3,404	6,012
Total revenues	\$ <u>1,045,611</u>	\$ <u>689,966</u>
Expenses:		
Communication	\$ 4,693	\$ 3,328
Contingency	3,828	5,032
Depreciation	26,683	5,892
Interest	11,211	-
Management and administration	51,373	59,502
Property operation and maintenance	427,524	349,179
Safety and controlled access	185,081	193,933
Equestrian center operations	95,865	-
Total expenses	\$ <u>806,258</u>	\$ <u>616,866</u>
Excess (deficiency) of revenues over expenses	\$ 239,353	\$ 73,100
Members' equity, beginning of year	<u>969,849</u>	<u>896,749</u>
Members' equity, end of year	\$ <u><u>1,209,202</u></u>	\$ <u><u>969,849</u></u>

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

GLENMORE COMMUNITY ASSOCIATION, INC.

Consolidated Statement of Cash Flows
Year Ended December 31, 2014
With Comparative Amounts for 2013

	2014	2013
Cash flows from operating activities:		
Excess (deficiency) of revenues over expenses	\$ 239,353	\$ 73,100
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by (used for) operating activities:		
Depreciation	26,683	5,892
Provision for uncollectible dues and write-offs	1,300	6,353
Proceeds from sale of assets	14,275	-
Gain on sale of assets	(4,084)	-
(Increase) decrease in:		
Dues and assessments receivable	(7,756)	(1,218)
Accounts receivable and accrued revenue	(7,532)	(29,798)
Prepaid insurance	(7,152)	-
Prepaid income taxes	1,103	(1,172)
Increase (decrease) in:		
Accounts payable and accrued expenses	(7,200)	5,427
Income taxes payable	-	(11,603)
Deferred income taxes payable	1,173	-
Revenue received in advance	14,568	-
Net cash provided by (used for) operating activities	\$ 264,731	\$ 46,981
Cash flows from Investing activities:		
Acquisition of real property	\$ (1,243,285)	\$ -
Acquisition of other fixed assets	(395)	-
Net cash provided by (used for) investing activities	\$ (1,243,680)	\$ -
Cash flows from financing activities:		
Mortgage loan proceeds	\$ 820,000	\$ -
Principal payments on mortgage loan	(8,855)	-
Net cash provided by (used for) financing activities	\$ 811,145	\$ -
Net increase (decrease) in cash	\$ (167,804)	\$ 46,981
Cash at beginning of year	931,026	884,045
Cash at end of year	\$ 763,222	\$ 931,026
Supplemental Disclosure		
Income taxes paid	-	-
Interest paid	11,211	-

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

GLENMORE COMMUNITY ASSOCIATION, INC.

Notes to Consolidated Financial Statements
As of December 31, 2014

NOTE 1-FINANCIAL REPORTING ENTITY:

Nature of Activities:

Glenmore Community Association, Inc. is a non-stock Virginia corporation and consists of 835 residential lots of which 790 are dues eligible in a planned unit development located in Albemarle County, Virginia. The Association is responsible for the preservation, operation and maintenance of the common property and roads within the Glenmore development, and also provides certain security services for the development. On August 29, 2014 the Association purchased the Glenmore Equestrian Center.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The accounts and records of the Association are maintained on the accrual basis of accounting. The Association does not utilize fund accounting for internal or external financial reporting.

Cash

For purposes of cash flows, cash includes cash in banks, including interest earning deposits.

Member Assessments

Association members (property owners) are subject to annual assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent dues receivable from members less an allowance for uncollectible accounts of \$2,700. The Association's policy is to retain legal counsel and place liens on the development properties whose assessments are substantially delinquent. Receivables are considered delinquent when amounts have not been received within 30 days of their due dates. Late payment fees are assessed on delinquent accounts. Receivables are written off when all collection efforts have been exhausted.

The Association computes its allowance for uncollectible accounts based on specific account analysis and other considerations.

Construction Impact Fees

Effective January 1, 2012 the Association began the assessment of a one-time "impact fee" of \$500 per lot on lots developed in the Leake and Livengood sections of the Glenmore Community. In the event the lot is owned by a developer or builder for sale to a third party, the payment of this fee may be deferred until the settlement of the sale of the improved lot or occupancy of the house, whichever occurs first. This fee increased to \$1,000 per lot on January 1, 2013 and increases at the rate of \$100 per year beginning January 1, 2014 through January 1, 2019. After January 1, 2019 the fee will increase annually based on the National Highway Construction Cost Index issued by the Federal Highway Administration, or its equivalent.

GLENMORE COMMUNITY ASSOCIATION, INC.

Notes to Consolidated Financial Statements
As of December 31, 2014 (Continued)

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Principles of Consolidation

The financial statements of the Association include Glenmore Farm, Inc., a Virginia stock corporation created on August 13, 2014 to hold certain assets of and operate the Glenmore Equestrian Center, which was purchased on August 29, 2014 and commenced operations on or about that date. The Association owns 100% of the common stock of Glenmore Farm, Inc. All significant intercompany transactions have been eliminated in the preparation of the consolidated financial statements.

Fixed Assets - Common Areas, Property and Equipment

The Association holds title to its common areas, roads and personal property (vehicles and equipment). Its policy for recognizing common property (including roads) in its balance sheet is determined by whether the property can be sold for cash while retaining the sale proceeds, or if the property is used to generate significant cash flows from members and nonmembers on the basis of usage. Since the Association common areas cannot be sold and such common areas do not contain amenities which generate significant cash flows from members and nonmembers for usage, the common areas and roads have not been capitalized and reported in the balance sheet.

The real estate, buildings and improvements of the Glenmore Equestrian Center have been capitalized and reported on the balance sheet. This property, although considered common area for property taxation purposes, generates significant cash flows through the operation of the equestrian center by Glenmore Farm, Inc., a wholly owned subsidiary company of the Association. This property can be resold upon approval by the members of the Association. This property is leased to Glenmore Farm, Inc. for a nominal monthly fee.

Use of Estimates

The preparation of financial statements in accordance 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.

Comparative Amounts

Comparative amounts for the prior year are presented for information purposes only. Certain prior year amounts in the Supplemental Schedule of Expenses have been reclassified to be comparable to the current year presentation.

NOTE 3-DEPOSITS:

The Association requires all investments of cash to be in federally insured accounts or collateralized with U.S. Government securities. At December 31, 2014 all of the Association's cash funds were held in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Association's name. At December 31, 2014 no amounts of deposits were exposed to custodial risk.

GLENMORE COMMUNITY ASSOCIATION, INC.

Notes to Consolidated Financial Statements
As of December 31, 2014 (Continued)

NOTE 4-ACCOUNTS RECEIVABLE:

At December 31, 2014 the Association was owed \$34,309 from Glenmore Country Club, LLC for its share of the gatehouse/security expenses (\$14,281) and its share of Piper Way paving costs (\$20,028). The receivable amount for the paving costs is being paid in monthly installments of \$2,000 per an agreement with the Association's Board of Directors. The payments are current and the account is non-interest bearing.

At December 31, 2014 the Association was owed \$17,140 from various customers for services provided by the equestrian center. No amounts have been provided for estimated uncollectible amounts since management believes substantially all amounts owed will be collected.

NOTE 5-FIXED ASSETS:

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	20 years
Vehicles	5 to 7 years
Equipment	3 to 7 years
Horses	3 to 7 years

A summary of fixed assets is as follows:

Land	\$	771,000
Buildings and improvements		307,285
Equipment - Association		41,274
Equipment - equestrian center		79,195
Fencing		65,000
Horses		10,500
		<hr/>
Total	\$	1,274,254
Accumulated depreciation		39,864
		<hr/>
Net fixed assets	\$	<u><u>1,234,390</u></u>

Depreciation expense was \$26,683 for 2014 and \$5,892 in 2013.

GLENMORE COMMUNITY ASSOCIATION, INC.

Notes to Consolidated Financial Statements
As of December 31, 2014 (Continued)

NOTE 6-LONG-TERM DEBT:

The following is a summary of long-term debt:

\$820,000 mortgage loan from Union Bank, dated August 29, 2014, interest at 4.05%, payable in monthly installments of \$5,016, maturity of August 29, 2019, secured by real estate comprising the Glenmore equestrian center.

\$ 811,145

Amounts required to amortize long-term debt are as follows:

2015	\$	27,859
2016		29,008
2017		30,205
2018		31,451
2019		692,622
Total	\$	<u><u>811,145</u></u>

Total interest expense was \$11,211 all of which was expensed.

NOTE 7-INCOME TAXES:

The Association elected to be taxed as a Homeowner's Association under Section 528 of the Internal Revenue Code. Under that election, the Association is taxed on its nonexempt function income, such as interest earnings, less expenses directly associated with the production of such income. Exempt function income, which consists primarily of member assessments, is not taxable. The Association utilizes the cash basis for income tax reporting. The tax returns for the 2011, 2012, 2013 and 2014 tax years remain open for examination by federal and state tax authorities.

Prepaid income taxes of \$69 consist of federal (\$58) and Virginia (\$11) income tax payments that have been made in excess of 2014 taxes due for Glenmore Community Association. The Association reports its income and expenses on a cash basis for income tax purposes. The effect of any timing differences between income reported for financial reporting purposes and taxable income is deemed to be not material and thus no deferred income tax liabilities are reported for the Association.

Glenmore Farm, Inc. files its income taxes separately from the Association. The 2014 tax returns filing dates were extended and have not yet been filed. It is anticipated there will be no income tax liabilities resulting from the filing of these tax returns. Deferred income taxes of \$1,173 consist of federal (\$785) and Virginia (\$388) for Glenmore Farm, Inc. The deferred income taxes primarily result from differences between book and income tax depreciation expenses.

NOTE 8-SPECIAL ASSESSMENTS:

In 2014, a special assessment of \$321 was made against 785 properties to provide funding for the purchase of the Glenmore Equestrian Center.

GLENMORE COMMUNITY ASSOCIATION, INC.

Notes to Consolidated Financial Statements
As of December 31, 2014 (Continued)

NOTE 9-FUTURE MAJOR REPAIRS AND REPLACEMENTS:

The Association is required by law to have a reserve study performed at least once every five years, and to review reserve requirements annually. In December 2010, the Association's Board of Directors prepared a reserve study and incorporated its requirements and funding beginning in the 2012 budget.

The reserve study was prepared by committees of the Board of Directors and others in the Glenmore community. This study estimated the replacement cost of significant common area assets and other items as deemed appropriate by the Board. The Association does not maintain a separate replacement fund, but reserves equity for the amounts required in the approved funding program. Actual expenditures for the major repairs and replacements may vary from the estimated amounts, and the variations may be significant. Therefore, amounts set aside or reserved at December 31, 2014 may not be adequate to meet future needs. If additional funds are needed, however, the Association's Board of Directors has the right to increase regular assessments or levy special assessments, or may delay major repairs and replacements until the funds are available.

NOTE 10-DATE OF MANAGEMENT'S REVIEW:

Subsequent events and transactions have been evaluated for potential recognition or disclosure through July 24, 2015, the date financial statements were available for issuance. There are no events that have occurred through that date which is required to be reported or disclosed.

GLENMORE COMMUNITY ASSOCIATION, INC.

Combining Balance Sheet Schedule
As of December 31, 2014

Assets	Glenmore Community Association	Glenmore Farm, Inc.	Intercompany Eliminations	Net Total
Cash, including interest bearing deposits:				
Available for operations	\$ 308,663	\$ 39,745	\$ -	\$ 348,408
Designated for reserves	414,814	-	-	414,814
Receivables:				
Dues and assessments, net	8,385	-	-	8,385
Accounts and accrued revenue	34,309	17,140	-	51,449
Note - Glenmore Farm, Inc.	20,000	-	(20,000)	-
Prepaid income taxes	69	-	-	69
Prepaid insurance	-	7,152	-	7,152
Investment in Glenmore Farm, Inc.	100,000	-	(100,000)	-
Property and equipment, less accumulated depreciation	1,150,397	83,993	-	1,234,390
Total assets	<u>\$ 2,036,637</u>	<u>\$ 148,030</u>	<u>\$ (120,000)</u>	<u>\$ 2,064,667</u>
Liabilities and Members' Equity				
Liabilities:				
Accounts payable and accrued expenses	\$ 20,736	\$ 7,843	\$ -	\$ 28,579
Deferred income taxes payable	-	1,173	-	1,173
Revenue billed in advance	-	14,568	-	14,568
Mortgage loan payable	811,145	-	-	811,145
Total liabilities	<u>\$ 831,881</u>	<u>\$ 43,584</u>	<u>\$ (20,000)</u>	<u>\$ 855,465</u>
Members' Equity:				
Designated:				
Future major repairs and replacements:				
Common area improvements	\$ 337,011	\$ -	\$ -	\$ 337,011
Storm emergency	39,373	-	-	39,373
Controlled access and security	27,996	-	-	27,996
Contingency	10,434	-	-	10,434
Undesignated	789,942	4,446	-	794,388
Capital stock	-	100,000	(100,000)	-
Total members' equity	<u>\$ 1,204,756</u>	<u>\$ 104,446</u>	<u>\$ (100,000)</u>	<u>\$ 1,209,202</u>
Total liabilities and members' equity	<u>\$ 2,036,637</u>	<u>\$ 148,030</u>	<u>\$ (120,000)</u>	<u>\$ 2,064,667</u>

GLENMORE COMMUNITY ASSOCIATION, INC.

Combining Schedule of Revenues, Expenses and Changes in Members' Equity
Year Ended December 31, 2014

	Glenmore Community Association	Glenmore Farm, Inc.	Intercompany Eliminations	Net Total
Revenues:				
Member assessments				
Annual dues	\$ 672,149	\$ -	\$ -	\$ 672,149
Special assessments	251,985	-	-	251,985
Late fees	1,562	-	-	1,562
Interest	1,147	-	-	1,147
Impact fees	8,800	-	-	8,800
Equestrian center:				
Operations	-	102,480	-	102,480
Gain on sales of assets	-	4,084	-	4,084
Other	3,446	-	(42)	3,404
	<u>939,089</u>	<u>106,564</u>	<u>(42)</u>	<u>1,045,611</u>
Total revenues	\$ 939,089	\$ 106,564	\$ (42)	\$ 1,045,611
Expenses:				
Communication	\$ 4,693	\$ -	\$ -	\$ 4,693
Contingency	3,828	-	-	3,828
Depreciation	20,472	6,211	-	26,683
Interest	11,211	-	-	11,211
Management and administration	51,373	-	-	51,373
Property operation and maintenance	427,524	-	-	427,524
Safety and controlled access	185,081	-	-	185,081
Equestrian center operations - all other	-	95,907	(42)	95,865
	<u>704,182</u>	<u>102,118</u>	<u>(42)</u>	<u>806,258</u>
Total expenses	\$ 704,182	\$ 102,118	\$ (42)	\$ 806,258
Excess (deficiency) of revenues over expenses	\$ 234,907	\$ 4,446	\$ -	\$ 239,353
Members' equity, beginning of year	969,849	-	-	969,849
Contribution of fixed assets by Glenmore Community Association	<u>-</u>	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
Members' equity, end of year	<u>\$ 1,204,756</u>	<u>\$ 104,446</u>	<u>\$ (100,000)</u>	<u>\$ 1,209,202</u>

GLENMORE COMMUNITY ASSOCIATION, INC.

Combining Schedule of Cash Flows
Year Ended December 31, 2014

	Glenmore Community Association	Glenmore Farm, Inc.	Intercompany Eliminations	Net Total
Cash flows from operating activities:				
Excess (deficiency) of revenues over expenses	\$ 234,907	\$ 4,446	\$ -	\$ 239,353
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by (used for) operating activities:				
Depreciation	20,472	6,211	-	26,683
Provision for uncollectible dues and write-offs	1,300	-	-	1,300
Proceeds from sale of assets	-	14,275	-	14,275
Gain on sale of assets	-	(4,084)	-	(4,084)
(Increase) decrease in:				
Dues and assessments receivable	(7,756)	-	-	(7,756)
Note receivable - Glenmore Farm, Inc.	(20,000)	-	20,000	-
Accounts receivable and accrued revenue	9,608	(17,140)	-	(7,532)
Prepaid insurance	-	(7,152)	-	(7,152)
Prepaid income taxes	1,103	-	-	1,103
Increase (decrease) in:				
Accounts payable and accrued expenses	(15,043)	7,843	-	(7,200)
Deferred income taxes payable	-	1,173	-	1,173
Revenue billed in advance	-	14,568	-	14,568
Net cash provided by (used for) operating activities	\$ 224,591	\$ 20,140	\$ 20,000	\$ 264,731
Cash flows from investing activities:				
Acquisition of real property	\$ (1,243,285)	\$ -	\$ -	\$ (1,243,285)
Acquisition of other fixed assets	-	(395)	-	(395)
Net cash provided by (used for) investing activities	\$ (1,243,285)	\$ (395)	\$ -	\$ (1,243,680)
Cash flows from financing activities:				
Note payable to Glenmore Community Association	\$ -	\$ 20,000	\$ (20,000)	\$ -
Mortgage loan proceeds	820,000	-	-	820,000
Principal payments on mortgage loan	(8,855)	-	-	(8,855)
Net cash provided by (used for) financing activities	\$ 811,145	\$ 20,000	\$ (20,000)	\$ 811,145
Net increase (decrease) in cash	\$ (207,549)	\$ 39,745	\$ -	\$ (167,804)
Cash at beginning of year	931,026	-	-	931,026
Cash at end of year	\$ 723,477	\$ 39,745	\$ -	\$ 763,222
Supplemental Disclosure				
Income taxes paid	\$ -	\$ -	\$ -	\$ -
Interest paid	11,211	-	-	11,211

GLENMORE COMMUNITY ASSOCIATION, INC.

**Supplemental Schedule of Expenses
Year Ended December 31, 2014
With Comparative Amounts for 2013**

	<u>2014</u>	<u>2013</u>
Communication		
Miscellaneous	\$ 1,766	\$ 541
Website	2,927	2,787
Total communication	\$ 4,693	\$ 3,328
Contingency	\$ 3,828	\$ 5,032
Depreciation	\$ 20,472	\$ 5,892
Interest expense	\$ 11,211	\$ -
Management and Administration		
Attorney	\$ 7,086	\$ 8,780
Auditor	6,200	6,000
Board of directors support	4,000	3,500
Communications and tech support	6,000	7,000
Financial operations	6,000	6,000
Compliance officer	2,000	2,000
Federal income tax	224	282
Insurance	8,171	8,072
License and other tax	1,443	1,537
Property operation and maintenance	8,000	8,000
Miscellaneous	151	1,093
Office supplies and postage	753	829
State income tax	45	56
Provision for uncollectible dues and write-offs	1,300	6,353
Total management and administration	\$ 51,373	\$ 59,502
Property Operation and Maintenance		
Animal control	\$ 1,790	\$ -
Emergency maintenance and culvert pilot project	23,850	-
Irrigation system	12,850	-
Landscape maintenance, mulch, leaf and limb removal	39,805	33,701
Maintenance of ponds and dams	13,785	11,828
Multi-use trails	1,955	700
Pond utilities	5,146	5,572
Rentals	885	957
Road resurfacing and repair	216,336	183,037
Sign and mailbox post maintenance	6,469	7,147
Storm emergency	16,921	2,775
Storm water and infrastructure maintenance	2,042	26,215
Trash pickup	5,200	4,711
Tree additions, replacements and maintenance	7,275	2,770
Turf maintenance contract	73,215	69,766
Total property operation and maintenance	\$ 427,524	\$ 349,179
Safety and Controlled Access		
Building maintenance and repairs	\$ 1,482	\$ 5,522
Safety patrol	14,573	15,370
Equipment maintenance	2,986	6,112
Guard contract	207,192	208,499
Guard contract reimbursement	(51,661)	(51,977)
Supplies	1,820	2,703
Utilities	7,292	6,294
Vehicle expenses	1,397	1,410
Total safety and controlled access	\$ 185,081	\$ 193,933
Total expenses	\$ 704,182	\$ 616,866

GLENMORE COMMUNITY ASSOCIATION, INC.

Glenmore Farm, Inc.

Supplemental Schedule of Expenses

Year Ended December 31, 2014

Administration	\$	981
Contract labor		31,572
Depreciation		6,211
Events		991
Horse care		24,392
Insurance		6,174
Payroll		17,652
Repairs and maintenance		4,180
Supplies		2,408
Taxes and licenses		2,499
Utilities		4,892
Other		166
		<hr/>
Total expenses	\$	<hr/> 102,118 <hr/>

GLENMORE COMMUNITY ASSOCIATION, INC.

**Supplementary Information on Future Major Repairs
and Replacements (Unaudited)
As of December 31, 2014**

The Association's Board of Directors conducted a study in December 2010 to estimate the remaining useful lives and the replacement costs of the components of common property. These estimates were prepared from information obtained by various Association committees and individuals in the community. Replacement costs were based on the estimated costs to repair or replace the common property components as of the date of the study, or December 2010. These estimates do not take in to account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

Components	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Cost	Designated for Future Repairs and Replacements December 31, 2014
Common Area Improvements			
Roads	N/D	\$ 275,000	\$ 263,217
Dams	N/D	40,000	40,000
Pond equipment	5	3,530	3,530
Walking paths	15	100,000	20,001
Storm water culverts and basins	20	20,000	-
Fences	20	18,420	2,763
Sign and mailbox posts	5	14,000	7,500
Total common area improvements		\$ 470,950	\$ 337,011
Storm Emergency			
Snow	1	\$ 35,000	\$ 29,373
Wind damage	N/D	10,000	10,000
Total storm emergency		\$ 45,000	\$ 39,373
Controlled Access and Security			
Entry gates	8	\$ 8,000	\$ -
Cameras	5	N/D	7,521
Computers	5	N/D	1,000
Software	5	N/D	3,300
Access control panel	4	N/D	1,125
Other office equipment	N/D	N/D	750
Generator	10	N/D	5,000
Lightning/electrical failure equipment	15	N/D	1,200
Patrol vehicle	8	N/D	8,100
Total controlled access and security		\$ 8,000	\$ 27,996
Total		\$ 523,950	\$ 404,380

N/D = Not Determined