

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Credit Policies

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Accounts receivable at the balance sheet dates represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of property owners whose assessments are ninety days or more delinquent.

The Association routinely reviews the status of delinquent accounts and, as a consequence, believes that its accounts receivable credit risk exposure is limited. Trade receivables are carried at original invoice amount, less an estimate made for doubtful receivables based on a monthly review of all outstanding amounts.

A valuation allowance is provided for known and anticipated credit losses, as determined by management based on experience. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. Interest is charged on member accounts that are delinquent more than thirty days.

Deferred Assessment Revenue

Deferred assessment revenue consists of property owners' assessments and amenity membership fees that are billed in the current year for the following year, which are netted against accounts receivable on the balance sheets. Deferred assessment revenue that consists of property owners' assessments and amenity membership fees that are prepaid by the property owners in the current year for the following year are recorded as a current liability in deferred assessment revenue on the balance sheets.

Property and Equipment

The Association capitalizes all property and equipment to which it has title or other evidence of ownership with the exception of real property directly associated with the units. The Association recognizes titled real and personal property, including construction in progress, assets at cost. Property contributed by the Developer is recorded at fair value. Disposition of any common real property must be in accordance with the Association's governing documents.

Depreciation is determined using the straight-line method over the estimated useful lives of property and equipment.

Golf course, lakes, and land improvements	3-30 years
Vehicles and equipment	3-15 years
Buildings and improvements	5-40 years
Furniture, fixtures, and equipment	3-10 years

The Association reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. At December 31, 2017 and 2016, management did not believe there was any impairment to long-lived assets. The Association estimates the construction in progress completion costs to be approximately \$317,000.