



DC RANCH ASSOCIATION, INC.

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018 AND 2017
AND FOR THE YEARS THEN ENDED



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DC RANCH ASSOCIATION, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1 - 2
FINANCIAL STATEMENTS	
Balance Sheet.....	3
Statement of Revenues, Expenses and Changes in Fund Balances.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6 - 14
SUPPLEMENTARY INFORMATION	
Supplementary Information on Future Major Repairs and Replacements.....	15 - 18
Supplementary Schedules of Revenues, Expenses and Changes in Fund Balances.....	19 - 53

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
DC Ranch Association, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of DC Ranch Association, Inc. (an Arizona Corporation), which comprise the balance sheet as of December 31, 2018, and the related statements of revenues, expenses and changes in fund balances 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.

Auditor's 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 financial statements referred to above present fairly, in all material respects, the financial position of DC Ranch Association, Inc. as of December 31, 2018, 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 Summarized Comparative Information

We have previously audited the DC Ranch Association, Inc.'s December 31, 2017 financial statements, and we expressed an unqualified opinion on those financial statements in our report dated June 14, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information on future major repairs and replacements of common property, on pages 15 - 18, 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 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.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of revenues, expenses and changes in fund balances, on pages 19 - 53, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly we do not express an opinion or provide any assurance on it.

Butler Hansen, PLC

Gilbert, Arizona
May 1, 2019

DC RANCH ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 898,453	\$ 1,885,425	\$ 2,783,878	\$ 1,545,083
Investments - Repair Reserve	-	2,145,807	2,145,807	2,147,446
Investments - Capital Reserve	-	3,904,662	3,904,662	4,149,662
Accounts Receivable, Net of Allowance of \$13,779 and \$20,854, 2018 and 2017, Respectively	35,838	-	35,838	41,538
Builder/Developer Receivables	1,860	-	1,860	7,278
Other Receivables	472	-	472	250
Related Party Receivable	2,362	-	2,362	830
Accrued Interest Receivable	-	21,270	21,270	15,532
Prepaid Expenses	63,570	-	63,570	78,692
Intangible Asset	13,247	-	13,247	21,285
Property and Equipment, Net	52,476	-	52,476	70,176
Interfund Balance	(1,800)	1,800	-	-
TOTAL ASSETS	\$ 1,066,478	\$ 7,958,964	\$ 9,025,442	\$ 8,077,772
<u>LIABILITIES</u>				
Accounts Payable	\$ 210,934	\$ 143,168	\$ 354,102	\$ 240,696
Accrued Expenses	15,934	-	15,934	15,687
Related Party Payable	102,741	-	102,741	62,259
Insurance Claim Payable	-	-	-	1,127
Groundscape Restoration Projects	16,460	-	16,460	-
Insurance Payable	2,334	-	2,334	-
Accrued Payroll	45,295	-	45,295	36,586
Vacation Accrual	56,340	-	56,340	59,945
Prepaid Assessments	230,233	-	230,233	186,921
Income Tax Payable	35,634	-	35,634	-
Unearned Lease Income	4,368	-	4,368	4,241
Note Payable	-	-	-	3,438
TOTAL LIABILITIES	720,273	143,168	863,441	610,900
<u>FUND BALANCES</u>				
Operating Fund	346,205	-	346,205	280,893
Reserve Funds	-	7,815,796	7,815,796	7,185,979
TOTAL FUND BALANCES	346,205	7,815,796	8,162,001	7,466,872
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,066,478	\$ 7,958,964	\$ 9,025,442	\$ 8,077,772

See accompanying notes to the financial statements.

DC RANCH ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
REVENUES				
Neighborhood Assessments	\$ 4,116,926	\$ -	\$ 4,116,926	\$ 3,953,587
Master Assessments	2,270,224	-	2,270,224	2,254,336
Clubhouse Cost Share	422,410	-	422,410	416,338
Council Expense Net Reimbursement	274,569	-	274,569	249,447
Gate Transponders	209,491	-	209,491	231,211
Disclosure Fee	146,855	-	146,855	117,200
Interest and Investment Income	2,304	131,431	133,735	96,802
Builder and Developer Assessments	78,333	-	78,333	111,468
Cell Tower Income	68,399	-	68,399	66,484
CFD Reimbursement	52,626	-	52,626	52,626
Security Monitoring Unmanned Gates	42,540	-	42,540	42,539
Modification Submittal Fee	23,900	-	23,900	19,200
Covenant Expense Reimbursement	18,502	-	18,502	15,602
Violation Fines	15,700	-	15,700	5,550
Open House Signs	10,408	-	10,408	11,405
Delinquency Fee	6,321	-	6,321	7,761
Initial Working Capital Fee	3,866	-	3,866	1,500
Miscellaneous Income	1,289	-	1,289	1,282
Realized Gain/(Loss) on Investments	-	17	17	600
Realized Gain/(Loss) on Asset Disposals	-	-	-	28,421
TOTAL REVENUES	7,764,663	131,448	7,896,111	7,683,359
EXPENSES				
Security	1,993,235	-	1,993,235	1,940,602
Landscape Services	1,522,156	-	1,522,156	1,449,790
Administration	917,510	-	917,510	740,695
Facilities Maintenance	818,174	-	818,174	833,041
Reserve Expenditures - Repair	-	611,647	611,647	103,889
Utilities	552,112	-	552,112	572,658
Reserve Expenditures - Capital	-	199,604	199,604	269,058
Fleet	172,722	-	172,722	154,310
Information Technology	154,215	-	154,215	128,418
Insurance	136,715	-	136,715	129,741
Taxes and Interest	36,979	-	36,979	27,727
Human Resources	29,021	-	29,021	88,544
Depreciation	22,696	-	22,696	43,478
Community Standards	17,340	-	17,340	19,923
Community Relations	16,856	-	16,856	10,546
TOTAL EXPENSES	6,389,731	811,251	7,200,982	6,512,420
EXCESS REVENUES (EXPENSES)	1,374,932	(679,803)	695,129	1,170,939
BEGINNING FUND BALANCES	280,893	7,185,979	7,466,872	6,295,933
Contributions to Repair Reserves	(463,727)	463,727	-	-
Contributions to Capital Reserves	(845,893)	845,893	-	-
TRANSFERS BETWEEN FUNDS	(1,309,620)	1,309,620	-	-
ENDING FUND BALANCES	\$ 346,205	\$ 7,815,796	\$ 8,162,001	\$ 7,466,872

See accompanying notes to the financial statements.

DC RANCH ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

	<u>OPERATING FUND</u>	<u>RESERVE FUNDS</u>	<u>TOTAL 2018</u>	<u>TOTAL 2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Excess Revenues (Expenses)	\$ 1,374,932	\$ (679,803)	\$ 695,129	\$ 1,170,939
Adjustments to Reconcile Excess Revenues (Expenses) to Cash Provided (Used) by Operating Activities				
Bad Debt Expense	(6,442)	-	(6,442)	8,539
Depreciation Expense	22,696	-	22,696	43,478
Realized (Gain)/Loss on Asset Disposals	-	-	-	(28,421)
Realized (Gain)/Loss on Investments	-	(17)	(17)	(600)
Reduction of Intangible Asset Gain (Increase)/Decrease In	8,038	-	8,038	2,828
Accounts Receivable	12,142	-	12,142	(19,468)
Builder/Developer Receivables	5,418	-	5,418	7,517
Other Receivables	(222)	-	(222)	10,407
Related Party Receivable	(1,532)	-	(1,532)	(807)
Accrued Interest Receivable	-	(5,738)	(5,738)	(4,463)
Prepaid Expenses	15,122	-	15,122	(38,186)
Increase/(Decrease) In				
Accounts Payable	29,166	84,240	113,406	13,999
Accrued Expenses	247	-	247	15,687
Related Party Payable	40,482	-	40,482	(49,108)
Insurance Claim Payable	(1,127)	-	(1,127)	(4,437)
Groundscape Restoration Projects	16,460	-	16,460	-
Insurance Payable	2,334	-	2,334	-
Construction Deposits Payable	-	-	-	(5,000)
Accrued Payroll	8,709	-	8,709	(2,111)
Vacation Accrual	(3,605)	-	(3,605)	17,121
Prepaid Assessments	43,312	-	43,312	(52,256)
Income Tax Payable	35,634	-	35,634	-
Unearned Lease Income	127	-	127	4,241
Net Cash Provided (Used) by Operating Activities	<u>1,601,891</u>	<u>(601,318)</u>	<u>1,000,573</u>	<u>1,089,899</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of Investments	-	(1,278,344)	(1,278,344)	(3,107,820)
Maturities of Investments	-	1,525,000	1,525,000	2,275,000
Purchase of Equipment	(4,996)	-	(4,996)	(38,168)
Net Cash Provided (Used) by Investing Activities	<u>(4,996)</u>	<u>246,656</u>	<u>241,660</u>	<u>(870,988)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Contributions to Repair Reserves	(463,727)	463,727	-	-
Contributions to Capital Reserves	(845,893)	845,893	-	-
Change in Interfund Balance	1,800	(1,800)	-	-
Sale of Fixed Assets	-	-	-	6,500
Principal Payments on Lease Obligations	-	-	-	(16,930)
Principal Payments on Debt	(3,438)	-	(3,438)	(5,156)
Net Cash Provided (Used) by Financing Activities	<u>(1,311,258)</u>	<u>1,307,820</u>	<u>(3,438)</u>	<u>(15,586)</u>
NET INCREASE (DECREASE) IN CASH	285,637	953,158	1,238,795	203,325
CASH BALANCE, BEGINNING OF YEAR	<u>612,816</u>	<u>932,267</u>	<u>1,545,083</u>	<u>1,341,758</u>
CASH BALANCE, END OF YEAR	<u>\$ 898,453</u>	<u>\$ 1,885,425</u>	<u>\$ 2,783,878</u>	<u>\$ 1,545,083</u>
<u>SUPPLEMENTARY INFORMATION</u>				
Income Taxes Paid	\$ -	\$ -	\$ -	\$ 26,741
Interest Paid	\$ -	\$ -	\$ -	\$ 915

See accompanying notes to the financial statements.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

NOTE 1 - NATURE OF THE ORGANIZATION

DC Ranch Association, Inc. (the "Association"), a non-stock homeowners association, was incorporated on September 6, 1996, under the general non-profit laws of the State of Arizona. The Association was established to provide management, maintenance and preservation of the common areas and other property owned by the Association or property placed under its jurisdiction. As of December 31, 2018, the Association consisted of 2,631 completed residences, with a projection of 2,721 residences when completed. At December 31, 2018, builders and the developer owned 18 lots. The Association is located in Scottsdale, Arizona. The Association is managed by a paid staff, with the Board of Directors providing oversight and policy governance. The Board of Directors also approves and implements an annual financial budget from which the Association operates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

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

Operating Fund

The Operating Fund is used to account for financial resources available for the general operations of the Association.

Reserve Funds

The Reserve Funds are used to account for the use and accumulation of funds for future major repairs and replacements and capital improvements. In January 2015, two separate funds were established, one for future major repairs, and one for major replacements and capital improvements.

Assessments Receivable

Accounts receivable at December 31, 2018 represents assessments due and other fees associated with collections, violations and property maintenance. Accounts not paid within 30 days of the due date are deemed delinquent, at which time late fees will be applied. Collections will be pursued for accounts not paid within 60 days of the due date, in accordance with established collections policy. The Association's assessments are secured by the real property assessed and every reasonable effort is applied in attempting to collect receivables.

Assessments Collected in Advance

Payments received by the Association prior to the assessment due date are not recognized as revenue until the corresponding assessment is billed by the Association, in accordance with GAAP.

Fair Value of Financial Instruments

Unless otherwise indicated, Investments are measured at fair value as of period-end in the financial statements.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For statement of cash flows purposes, the Association considers cash in operating bank accounts, money market accounts, cash on hand, and certificates of deposit, purchased with original maturity dates of three months, or less, as cash and cash equivalents. Certificates of deposit and financial instruments, with original maturities, at date of purchase, of more than three months, are classified as certificates of deposit.

Use 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, 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. Accordingly, actual results could differ from those estimates. Estimates for the allowance for receivables are based on the Allowance Method.

Property and Equipment

In accordance with American Institute of Certified Public Accountants guidelines, the Association capitalizes all common real property to which it has title or other evidence of ownership and either:

(1) can dispose of the property, at the discretion of the Board of Directors, for cash or claims to cash and it can retain the proceeds,

- or -

(2) the property is used to generate significant cash flows from the members on the basis of usage.

The Association also capitalizes personal property acquired with a purchase price of \$5,000 or more and a life expectancy of three years or more. Purchased personal property and equipment is recorded at cost and depreciated using the straight-line depreciation method over the useful life of the property.

Investments

The Association's policy is to invest in certificates of deposit and debt securities, with a reasonable effort to preserve capital, maximize return, and minimize loss. The Association's Board of Directors has resolved that all investments are intended to be held until maturity. In accordance with FASB ASC 220, *Comprehensive Income*, any unrealized gains or losses in the fair market value of debt securities, subsequent to their purchase, are not recognized, unless a gain or loss is realized via the sale of any debt security prior to its maturity. In the event that the Board of Directors was to change the designation of these investments to other-than-held-to-maturity, any unrealized gains or losses would have to be recognized.

Common Property

Certain land areas were contributed by the developer, upon completion of the project, at no cost to the Association; therefore, they are not reflected in the financial statements. The contributed areas consist of parks, streets, gates, gate houses, walls and fences, landscape and landscape rights-of-way, which can never be sold or subdivided.

Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by fund balance class. Prior period summarized financial information has been presented for comparison with current period amounts. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2017, from which the summarized information was derived. While the summarized information in the current year financial statements from 2017 is not in conformance with GAAP, the December 31, 2017 financial statements were prepared in conformance with GAAP.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Date of Management's Review

Subsequent events have been evaluated through May 1, 2019, which is the date the financial statements were available to be issued.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Assessments Receivable	\$ 36,536	\$ 54,323
Builder/Developer Receivables	1,860	7,278
Fees Receivable	<u>13,081</u>	<u>8,069</u>
Total Gross Receivables	51,477	69,670
Less: Allowance for Doubtful Accounts	<u>(13,779)</u>	<u>(20,854)</u>
Total Net Receivables	<u>\$ 37,698</u>	<u>\$ 48,816</u>

Bad debt expense for the years ended December 31, 2018 and 2017, totaled (\$6,442) and \$8,539, respectively. At December 31, 2018 and 2017, an allowance for doubtful accounts for accounts receivable was recorded in the amount of \$13,779 and \$20,854, respectively. Accounts receivable past due greater than 90 days at December 31, 2018 and 2017, totaled \$20,305 and \$30,637, respectively.

NOTE 4 - ASSESSMENTS

Master Assessments

Association members are subject to monthly assessments, which are used to pay for operating expenses, major repairs and future replacements. The actual billed monthly assessment rates in 2018 and 2017 were \$72.20 and \$71.90, respectively.

Neighborhood Assessments

Certain neighborhoods in the Association are subject to a monthly Neighborhood Assessment, in which the amount varies by neighborhood. The actual billed monthly assessment rates ranged from \$73.05 to \$365.09 during 2018. During 2017, the Neighborhood Assessment rates ranged from \$69.90 to \$337.15.

Builder and Developer Assessments

Builders and developers are assessed monthly at a rate of 100% annualized assessment rates. For the years ending December 31, 2018 and 2017, the Association billed assessments to builders and developers in the amount of \$78,333 and \$111,468, respectively.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

NOTE 5 - CONCENTRATION OF CREDIT RISK

The Association's annual assessment revenue is subject to a significant concentration of credit risk, given that the revenue is received primarily within a small geographic area. The financial instruments that potentially subject the Association to credit risk consist principally of assessments receivable, the majority of which contain provisions for recovery by placing liens on real property and through legal judgments. In the event that the owners do not comply with the terms of the Covenants, Conditions and Restrictions and collection efforts by the Association are unsuccessful, the Association could incur a loss equal to the amount due.

The Association places cash deposits and investments with financial institutions that have Federal Deposit Insurance Corporation (FDIC) coverage. The Association also maintains investment accounts in a brokerage account, which are covered up to \$500,000, limited to \$250,000 for cash, by the Securities Investor Protection Corporation (SIPC). At various times, deposits with these financial institutions, designated as cash and cash equivalents and investments, may exceed insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC), or other types of insurance programs.

NOTE 6 - CORPORATE INCOME TAX

The Association has applied for tax-exempt status from federal income taxes under Section 501(c)(4) of the Internal Revenue Code (IRC). The Association will file Federal Form 990 – Return of Organization Exempt From Income Tax and the applicable state form for the year ended December 31, 2018. If applicable, a provision will be made in the financial statements for income taxes on unrelated trade or business income earned.

It is not certain whether or not the Internal Revenue Service (IRS) will grant the exemption. Should the IRS deny the exemption the Association would file the regular corporate Form 1120 as was filed for the 2016 tax year.

NOTE 7 - UNCERTAIN TAX POSITIONS

The Association accounts for uncertain tax positions, if any, in accordance with FASB Accounting Standards Codification Section 740. In accordance with these professional standards, the Association recognizes tax positions only to the extent that Management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes that it has no uncertain tax position for the year ending December 31, 2018.

The Association believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Association's financial condition, net income or cash flows. Accordingly, the Association has not recorded any reserves, or related accruals for interest and penalties for uncertain tax provisions at December 31, 2018.

The Association is subject to routine audits by taxing jurisdictions; however, there are no audits currently in progress for any tax period. The Association believes it is no longer subject to income tax examinations by U.S. federal tax authorities for years before 2015, or by Arizona state tax authorities for years before 2014.

For 2016, the Association filed the Form 1120 and had a federal and state income tax liability of \$23,747 and \$6,043, respectively. A tax expense for potential federal and state income taxes due in the amount of \$35,634 and \$26,741 has been recorded in the December 31, 2018 and 2017 financial statements, respectively, to reflect the potential income tax liability should the IRS deny the exemption application. No penalties or interest have been recorded.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

NOTE 8 - PROPERTY AND EQUIPMENT

Depreciation expense for the years ended December 31, 2018 and 2017, was \$22,696 and \$43,478, respectively. Depreciable Property and Equipment in use as of December 31, 2018 and 2017, consisted of the following:

	2018	2017
Equipment, furniture, and fixtures	\$ 265,684	\$ 260,688
Less: Accumulated Depreciation	(213,208)	(190,512)
Net Property and Equipment	\$ 52,476	\$ 70,176

NOTE 9 - LEASE INCOME

The Association has entered into two, non-cancellable, ten-year lease agreements with unrelated third parties for the purpose of building and maintaining distributed antenna systems (i.e., “cell towers”).

Under the terms of the lease agreement with Tower Asset Group, LLC, the tenant agrees to pay the Association \$1,200 monthly, increasing at an annual rate of 2.5% over the prior year’s rate. This lease agreement has provisions for up to four consecutive five-year extensions, provided that the tenant exercises the option to extend and is current on lease obligations to the Association. The current lease is in year 8 of 10, and will expire in March 2020.

Under the terms of the lease agreement with Crown Castle Solutions Corp., formerly New Path Networks, LLC, the tenant agrees to pay the Association \$3,183 monthly, increasing at an annual rate of 3% over the prior year’s rate. This lease agreement has provisions for up to two consecutive five-year extensions, provided that the tenant exercises the option to extend and is current on lease obligations to the Association. The current lease is in year 6 of 10, and will expire in October 2022.

Approximate future minimum lease payments to be received under non-cancelable leases as of December 31, 2018 are:

Years Ending December 31,	
2019	\$ 70,357
2020	30,680
2021	17,617
2022	14,980
Total Remaining	\$ 133,634

For the year ended December 31, 2018, the Association recorded \$68,399 in lease income.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

NOTE 10 - NOTES PAYABLE

On August 22, 2013, the Association signed a 60 month note payable. The principal amount of the loan was \$25,783. As stated in the loan documents, the note payable has a 0% interest rate, due in monthly installments of \$430 through September 2018, and secured by property and equipment. The outstanding principal balance at December 31, 2018 was \$0, as the note was paid in full in August 2018.

NOTE 11 - OPERATING LEASE OBLIGATIONS

The Association leases various equipment, vehicles and office space under operating lease agreements that expire at various dates through 2022. Office space leased with related parties is included in lease (See Note 14). The minimum future lease payments under the operating leases at December 31, 2018 are as follows:

	Payable to Unrelated Parties	Payable to Related Parties	Total
2019	\$ 103,910	\$ 33,388	\$ 137,298
2020	53,808	-	53,808
2021	5,039	-	5,039
2022	<u>2,079</u>	<u>-</u>	<u>2,079</u>
Total Obligations	<u>\$ 164,836</u>	<u>\$ 33,388</u>	<u>\$ 198,224</u>

Total expense under operating leases was approximately \$162,000 and \$152,000 for the years ending December 31, 2018 and 2017, respectively.

NOTE 12 - INVESTMENTS

Held to maturity investments consisted of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Certificates of Deposit	\$ 3,048,750	\$ 3,673,750
Government Bonds	<u>3,001,719</u>	<u>2,623,358</u>
Total Investments	<u>\$ 6,050,469</u>	<u>\$ 6,297,108</u>

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

NOTE 12 – INVESTMENTS (CONTINUED)

Maturities of held to maturity investments consisted of the following at December 31, 2018:

Less than one year	\$ 1,229,565
One to five years	<u>4,820,904</u>
Total Investments	<u>\$ 6,050,469</u>

The fair value of the certificates of deposit and government bonds are as follows:

	<u>Gross Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
Certificates of Deposit	\$ 3,048,750	\$ -	\$ (56,846)	\$ 2,991,904
Government Bonds	<u>3,001,719</u>	<u>171</u>	<u>(35,567)</u>	<u>2,966,323</u>
	<u>\$ 6,050,469</u>	<u>\$ 171</u>	<u>\$ (92,413)</u>	<u>\$ 5,958,227</u>

The fair value of the investments are based on quoted prices in active markets for identical assets.

NOTE 13 - RELATED PARTY TRANSACTIONS

DC Ranch Association (the “Association”), DC Ranch Community Council (the “Council”) and The Covenant Commission comprise the principle components of the “Property” known as DC Ranch. During the course of the year, through a cost sharing agreement approved by the Board of Directors, the related parties share various business expenses, such as office space and payroll. Under the current cost sharing agreement, the Council pays the Association and the Covenant Commission pays the Association a monthly expense reimbursement fee approved by the Directors. These fees are reflected under “Council Expense Net Reimbursement” and “Covenant Expense Reimbursement”, respectively, on the accompanying Statement of Revenues, Expenses and Changes in Fund Balances. The actual costs for each entity are reviewed at year end and the expense reimbursement fees are adjusted based on the actual expenses incurred during the year.

The office space is leased by the Council and sub-leased to the Association and The Covenant Commission. The cost sharing agreement states that the monthly lease payment shall be shared equally.

The largest shared expense relates to the payroll and benefits of employees shared between the Council and the Association. The Council and the Association use their own payroll providers to pay their employees, then allocate the costs appropriately based on the cost share agreement. For the years ended December 31, 2018 and 2017, the Association allocated approximately \$520,000 and \$500,000, respectively, of payroll costs to the Council, and the Council allocated approximately \$221,000 and \$233,000, respectively, of payroll costs to the Association.

The Association also assumes the collection responsibility of the Council’s assessments. As a result, the Association acted as an agent between the Council, the homeowners and builders paying assessments. The funds collected by the Association are subsequently transferred to the Council each month.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

NOTE 13 - RELATED PARTY TRANSACTIONS (CONTINUED)

Related party payables and receivables consisted of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Due from Covenant Commission	<u>\$ 2,362</u>	<u>\$ 830</u>
Related Party Receivable	<u>\$ 2,362</u>	<u>\$ 830</u>
Due to Community Council	<u>\$ 102,741</u>	<u>\$ 62,259</u>
Related Party Payable	<u>\$ 102,741</u>	<u>\$ 62,259</u>

NOTE 14 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. At December 31, 2018 and 2017, funds accumulated for this purpose totaled \$7,815,796 and \$7,185,979, respectively. The funds are held in separate accounts and are generally not available for operating purposes.

In 2013, the Association engaged Great Boards LLC, an independent firm, to conduct a study to estimate the remaining useful lives and replacement costs of the common property components. In subsequent years, the Association's paid staff perform annual studies to update reserve information, including but not limited to, replacement/repair items, replacement costs, useful lives and anticipated date of replacement/repairs. In 2018, this study was performed in July and the reserve study was updated accordingly.

Funds are being accumulated in the reserve fund based on estimated future replacement costs for repairs and replacements of common property components. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the reserve fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed the Association may increase regular assessments, levy special assessments or delay major repairs and replacements until funds are available. The maximum annual assessment increase may exceed 20%, only if approved by a majority of Association members.

NOTE 15 - RETIREMENT PLANS

The Association's regular, full-time employees have the opportunity to participate in a 401(k) retirement plan after 90 days of employment. Participating employees may elect to contribute, on a tax deferred basis, a portion of their compensation. The Association matches 50% on the first 6% of employee contributions. The Association made matching contributions to the plan of approximately \$25,000 and \$20,000 for the years ending December 31, 2018 and 2017, respectively.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

NOTE 16 - COMPENSATED BALANCES

Regular, full-time employees of the Association are entitled to certain employee benefits after 60 days of continuous employment.

Vacation time is accrued per pay period and based on the length of service of the employee. Vacation time can be carried over to a new calendar year, ranging from 80-160 hours, based on length of service. Any unused, accrued vacation time is paid out to employees at the time of termination. For the years ending December 31, 2018 and 2017, the Association had recorded accrued vacation of \$56,340 and \$59,945, respectively.

Full time employees begin accruing paid sick time after 60 days of employment. Sick time is accrued at a rate of 1.54 hours per week worked (10 days per year). Part time, temporary and seasonal employees begin accruing paid sick time after 60 days of employment. Sick time is accrued at a rate of 0.0334 hours per hour worked per pay cycle up to a maximum of 40 hours per year.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

The Association enters into various contracts for services. Generally, the contracts are for terms of one year or less and can be canceled by either party with 30 to 90 day notifications.



DC RANCH ASSOCIATION, INC.

SUPPLEMENTARY
INFORMATION



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DC RANCH ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
DECEMBER 31, 2018

The Association's paid staff performed full reserve studies to estimate the remaining useful lives and the replacement costs of the components of property and improvements. The studies for the Master and benefitted parcels were completed in July 2018. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the studies. Estimated current replacement costs have not been revised since that date, but do take into account an inflation rate of 2%. The following table is based on these studies and presents significant information about the components of common property.

Component	Current Remaining Life (Years)	Estimated Current Replacement Cost	Estimated Future Replacement Cost	Reserve Funds Balance December 31, 2018
Master Association				
Cameras and Digital Signs	1 to 27	\$ 53,571	\$ 60,123	\$ -
Furniture	0 to 2	31,000	32,019	-
Landscape Projects	0 to 2	144,400	145,419	-
Mailbox	0	6,000	6,000	-
Maxicom Irrigation	0 to 19	333,217	409,462	-
Parks and Playgrounds	6	17,250	19,447	-
Signage	19	30,000	43,855	-
Streets - Roadways	0 to 29	985,000	985,000	-
Technology	0 to 4	27,240	28,435	-
Vehicles	0 to 4	90,000	93,613	-
Walls	0 to 29	155,880	203,869	-
Unallocated		-	-	565,321
Total Master Association		<u>1,873,558</u>	<u>2,027,242</u>	<u>565,321</u>
Desert Haciendas				
Gate Equipment	0 to 15	47,025	53,439	-
Landscape Projects	0 to 9	31,200	35,141	-
Mailbox	11	12,000	14,950	-
Maxicom Irrigation	1 to 6	22,430	23,060	-
Parks and Playgrounds	2 to 9	68,348	75,823	-
Sidewalk	0	4,728	4,728	-
Streets - Roadways	4 to 28	1,454,300	1,454,300	-
Walls	1 to 9	58,896	65,755	-
Unallocated		-	-	243,994
Total Desert Haciendas		<u>1,698,927</u>	<u>1,727,196</u>	<u>243,994</u>
Terrace Homes - West				
Gate Equipment	0 to 15	47,025	53,439	-
Landscape Projects	0 to 4	16,700	16,950	-
Mailbox	11	12,000	14,950	-
Maxicom Irrigation	0 to 1	12,694	12,917	-
Parks and Playgrounds	2 to 19	78,240	90,350	-
Sidewalk	0	4,050	4,050	-
Streets - Roadways	4 to 28	1,126,500	1,127,288	-
Walls	1 to 9	56,082	60,527	-
Unallocated		-	-	132,458
Total Terrace Homes - West		<u>1,353,291</u>	<u>1,380,471</u>	<u>132,458</u>
Park & Manor				
Gate Equipment	1 to 19	47,025	55,418	-
Landscape Projects	0	27,200	27,200	-
Mailbox	6	18,000	20,293	-
Maxicom Irrigation	1 to 6	23,739	24,395	-
Parks and Playgrounds	0 to 9	117,076	132,209	-

See independent auditor's report.

(CONTINUED)

DC RANCH ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS (CONTINUED)
DECEMBER 31, 2018

Component	Remaining Life (Years)	Estimated Current Replacement Cost	Estimated Future Replacement Cost	Reserve Funds Balance December 31, 2018
Park & Manor (Continued)				
Sidewalk	0	8,775	8,775	-
Streets - Roadways	4 to 28	1,837,800	1,839,767	-
Walls	1 to 28	57,473	73,347	-
Unallocated		-	-	333,070
Total Park & Manor		<u>2,137,088</u>	<u>2,181,404</u>	<u>333,070</u>
Country Club				
Gate Equipment	0 to 11	187,159	203,313	-
Guard Houses	0 to 16	95,236	118,708	-
Landscape Projects	0	17,200	17,200	-
Maxicom Irrigation	0 to 13	340,731	415,311	-
Parks and Playgrounds	1	10,108	10,312	-
Sidewalk	0	8,868	8,868	-
Streets - Roadways	0 to 31	10,277,500	10,278,146	-
Walls	5 to 11	62,800	73,038	-
Unallocated		-	-	1,476,672
Total Country Club		<u>10,999,602</u>	<u>11,124,896</u>	<u>1,476,672</u>
The Estates				
Gate Equipment	0 to 15	49,025	55,480	-
Landscape Projects	0	10,200	10,200	-
Mailbox	12	14,000	17,794	-
Maxicom Irrigation	1 to 6	12,694	13,128	-
Parks and Playgrounds	0 to 13	81,576	90,835	-
Sidewalk	0	2,028	2,028	-
Streets - Roadways	4 to 27	1,953,800	1,954,393	-
Walls	6 to 28	50,747	68,683	-
Unallocated		-	-	169,489
Total The Estates		<u>2,174,070</u>	<u>2,212,541</u>	<u>169,489</u>
Terrace Homes - East				
Gate Equipment	0 to 15	47,025	53,439	-
Landscape Projects	0	22,200	22,200	-
Mailbox	11	12,000	14,950	-
Maxicom Irrigation	0 to 1	24,410	24,827	-
Parks and Playgrounds	2 to 19	83,240	93,353	-
Sidewalk	0	4,050	4,050	-
Streets - Roadways	4 to 28	1,182,800	1,184,376	-
Walls	1 to 28	54,438	70,520	-
Unallocated		-	-	196,476
Total Terrace Homes - East		<u>1,430,163</u>	<u>1,467,715</u>	<u>196,476</u>
Rosewood				
Gate Equipment	1 to 19	47,025	55,418	-
Landscape Projects	0 to 1	10,200	10,281	-
Mailbox	6	6,000	6,764	-
Maxicom Irrigation	0 to 2	16,713	17,327	-
Parks and Playgrounds	1	2,128	2,171	-
Streets - Roadways	2 to 26	451,400	451,400	-
Walls	1 to 16	28,971	33,271	-
Unallocated		-	-	41,426
Total Rosewood		<u>562,437</u>	<u>576,632</u>	<u>41,426</u>

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS (CONTINUED)
DECEMBER 31, 2018

Component	Remaining Life (Years)	Estimated Current Replacement Cost	Estimated Future Replacement Cost	Reserve Funds Balance December 31, 2018
Camelot				
Gate Equipment	0 to 23	141,075	160,717	-
Landscape Projects	0	25,200	25,200	-
Mailbox	6	12,000	13,529	-
Maxicom Irrigation	0 to 10	68,466	79,466	-
Parks and Playgrounds	0	2,660	2,660	-
Streets - Roadways	0 to 30	2,817,200	2,817,200	-
Walls	0	206,276	206,276	-
Unallocated		-	-	624,463
Total Camelot		<u>3,272,877</u>	<u>3,305,048</u>	<u>624,463</u>
The Haciendas				
Gate Equipment	1 to 19	47,025	55,418	-
Landscape Projects	0 to 4	63,200	67,361	-
Mailbox	6	12,000	13,529	-
Maxicom Irrigation	0 to 2	34,799	35,294	-
Parks and Playgrounds	2	3,192	3,322	-
Sidewalk	0	1,800	1,800	-
Streets - Roadways	2 to 23	291,800	292,819	-
Walls	6 to 28	100,550	131,980	-
Unallocated		-	-	341,414
Total The Haciendas		<u>554,366</u>	<u>601,523</u>	<u>341,414</u>
Market Street Villas				
Building Component Replacement	0 to 7	50,400	54,184	-
Exterior Painting (including Walls)	0 to 7	333,000	356,858	-
Gate Equipment	0 to 31	42,190	54,328	-
Landscape Projects	0	31,200	31,200	-
Mailbox	4	12,000	12,999	-
Maxicom Irrigation	9 to 10	40,500	48,915	-
Parks and Playgrounds	1	3,724	3,799	-
Roofing	0 to 22	2,510,000	3,065,992	-
Streets - Roadways	0 to 29	1,228,900	1,228,900	-
Unallocated		-	-	469,404
Total Market Street Villas		<u>4,251,914</u>	<u>4,857,175</u>	<u>469,404</u>
Montelena				
Gate Equipment	0 to 10	47,025	51,501	-
Landscape Projects	0 to 4	21,200	22,032	-
Mailbox	6	6,000	6,764	-
Maxicom Irrigation	0 to 13	15,737	19,916	-
Streets - Roadways	2 to 20	153,700	153,700	-
Walls	0 to 3	48,369	49,259	-
Unallocated		-	-	169,451
Total Montelena		<u>292,031</u>	<u>303,172</u>	<u>169,451</u>
The Parks at Silverleaf				
Gate Equipment	0 to 14	83,907	93,623	-
Guard Houses	0 to 14	57,988	63,760	-
Landscape Projects	0	64,200	64,200	-
Light Poles	0	11,834	11,834	-
Maxicom Irrigation	0 to 16	255,891	277,711	-
Parks and Playgrounds	0 to 11	180,236	199,484	-
Sidewalk	0	7,020	7,020	-

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS (CONTINUED)
DECEMBER 31, 2018

Component	Remaining Life (Years)	Estimated Current Replacement Cost	Estimated Future Replacement Cost	Reserve Funds Balance December 31, 2018
The Parks at Silverleaf (Continued)				
Streets - Roadways	0 to 47	16,716,100	16,716,100	-
Walls	14	3,200	4,234	-
Unallocated		-	-	1,551,498
Total The Parks at Silverleaf		<u>17,380,376</u>	<u>17,437,966</u>	<u>1,551,498</u>
Arcadia at Silverleaf				
Gate Equipment	0 to 17	142,665	168,154	-
Guard Houses	0 to 7	63,236	66,309	-
Landscape Projects	0 to 5	56,200	57,943	-
Light Poles	0	11,834	11,834	-
Maxicom Irrigation	3 to 8	53,505	57,686	-
Parks and Playgrounds	3 to 24	151,554	212,787	-
Sidewalk	0	20,388	20,388	-
Streets - Roadways	2 to 29	795,800	795,800	-
Walls	5 to 9	26,930	30,720	-
Unallocated		-	-	483,802
Total Arcadia at Silverleaf		<u>1,322,112</u>	<u>1,421,621</u>	<u>483,802</u>
Horseshoe Canyon/Canyon Villas				
Gate Equipment	0 to 7	38,996	40,099	-
Guard Houses	0 to 15	72,607	85,655	-
Landscape Projects	0 to 1	30,200	30,503	-
Light Poles	0	11,834	11,834	-
Maxicom Irrigation	0 to 14	77,297	86,483	-
Parks and Playgrounds	0 to 14	59,460	62,060	-
Sidewalk	0	4,200	4,200	-
Streets - Roadways	0 to 45	6,221,500	6,221,809	-
Walls	5 to 21	155,800	183,565	-
Unallocated		-	-	959,346
Total Horseshoe Canyon/Canyon Villas		<u>6,671,894</u>	<u>6,726,208</u>	<u>959,346</u>
Sterling Estates				
Landscape Projects	0 to 2	22,700	22,761	-
Maxicom Irrigation	4 to 9	16,682	19,202	-
Parks and Playgrounds	6	15,000	16,911	-
Walls	4 to 24	36,500	44,586	-
Unallocated		-	-	57,512
Total Sterling Estates		<u>90,882</u>	<u>103,460</u>	<u>57,512</u>
Total		<u>\$ 56,065,588</u>	<u>\$ 57,454,270</u>	<u>\$ 7,815,796</u>

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

MASTER ASSOCIATION

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
REVENUES				
Master Assessments	\$ 2,270,224	\$ -	\$ 2,270,224	\$ 2,254,336
Council Expense Net Reimbursement	274,569	-	274,569	249,447
Gate Transponders	209,491	-	209,491	231,211
Disclosure Fee	146,855	-	146,855	117,200
Clubhouse Cost Share	137,758	-	137,758	137,185
Interest and Investment Income	2,304	131,431	133,735	96,802
Cell Tower Income	68,399	-	68,399	66,484
CFD Reimbursement	52,626	-	52,626	52,626
Modification Submittal Fee	23,900	-	23,900	19,200
Builder and Developer Assessments	21,732	-	21,732	30,486
Covenant Expense Reimbursement	18,502	-	18,502	15,602
Violation Fines	15,700	-	15,700	5,550
Open House Signs	10,408	-	10,408	11,405
Delinquency Fee	6,321	-	6,321	7,761
Initial Working Capital Fee	3,866	-	3,866	1,500
Miscellaneous Income	1,289	-	1,289	1,282
Realized Gain/(Loss) on Investments	-	17	17	600
Realized Gain/(Loss) on Asset Disposals	-	-	-	28,421
TOTAL REVENUES	3,263,944	131,448	3,395,392	3,327,098
EXPENSES				
ADMINISTRATION				
Administrative Payroll	716,112	-	716,112	542,223
Administrative Payroll Taxes	66,842	-	66,842	71,550
Administrative Benefits	64,515	-	64,515	44,840
Legal/Professional Fees	22,028	-	22,028	26,472
Audit/Tax Return	20,750	-	20,750	15,250
Bank Charges	7,904	-	7,904	8,165
Office Supplies	5,849	-	5,849	6,824
Dues and Subscriptions	5,733	-	5,733	1,577
Printing and Stationery	4,985	-	4,985	4,997
Meeting	3,836	-	3,836	2,522
Board of Director's Meeting	2,981	-	2,981	1,603
Office Equipment Purchase	1,743	-	1,743	3,276
Permits/License/Taxes	529	-	529	819
Postage	117	-	117	247
First Aid and Safety Supplies	28	-	28	-
Office Equipment Repair	-	-	-	55
Bad Debt	(6,442)	-	(6,442)	7,680
TOTAL ADMINISTRATION	917,510	-	917,510	738,100
UTILITIES				
Water - Irrigation	88,324	-	88,324	90,033
Electric	32,210	-	32,210	34,960
TOTAL UTILITIES	120,534	-	120,534	124,993

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

MASTER ASSOCIATION

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
LANDSCAPE SERVICES				
Landscape Payroll	298,824	-	298,824	279,032
Landscape Benefits	65,209	-	65,209	47,233
Contract Service - Waste Services	61,241	-	61,241	38,199
Landscape Payroll Taxes	37,493	-	37,493	48,608
Landscape Equipment Purchase	21,223	-	21,223	19,397
Landscape Uniform	20,592	-	20,592	19,366
Landscape - Office Rent	15,710	-	15,710	14,931
Landscape Supplies - Irrigation Part	11,168	-	11,168	2,459
Landscape Equipment Repair	8,370	-	8,370	10,136
Landscape - Water Management	5,800	-	5,800	-
Contract Services - General	4,808	-	4,808	3,242
Landscape First Aid and Safety Supplies	3,120	-	3,120	3,900
Contract Services - Turf	2,541	-	2,541	2,663
Landscape Supplies - Living Materials	1,187	-	1,187	5,259
Landscape Supplies - Inert Material	1,178	-	1,178	529
Special Projects	1,136	-	1,136	12,741
Landscape-Turf Renovation	907	-	907	-
Landscape Supplies - Fertilizer	803	-	803	740
Landscape - Irrigation	179	-	179	8,720
TOTAL LANDSCAPE SERVICES	561,489	-	561,489	517,155
FACILITIES MAINTENANCE				
Facilities Payroll	323,302	-	323,302	338,806
Facilities Benefits	73,445	-	73,445	61,344
Facilities Payroll Taxes	42,665	-	42,665	66,430
Parts and Supplies	16,703	-	16,703	16,127
Facilities - Office Rent	15,549	-	15,549	14,931
Facilities Uniform	13,080	-	13,080	8,308
Signage	10,189	-	10,189	1,474
Facilities Storm Cleanup	8,171	-	8,171	-
Facilities Equipment Purchase	3,825	-	3,825	1,059
Contracted Services - General	2,087	-	2,087	2,947
Facilities Lighting	1,258	-	1,258	6,821
Facilities Equipment Repair	972	-	972	699
Contract Services - Street Sweeping	924	-	924	912
Facilities First Aid and Safety Supplies	866	-	866	1,931
Wall/Fence/Sign Repair	-	-	-	1,655
TOTAL FACILITIES MAINTENANCE	513,036	-	513,036	523,444
TAXES AND INTEREST				
Corporate Taxes	36,234	-	36,234	26,741
Property Taxes	745	-	745	71
Interest	-	-	-	915
TOTAL TAXES AND INTEREST	36,979	-	36,979	27,727
DEPRECIATION				
	22,696	-	22,696	43,478

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

MASTER ASSOCIATION

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
SECURITY				
Patrol Service	440,847	-	440,847	412,143
Gate Personnel	108,350	-	108,350	104,042
Security Management Staff	89,828	-	89,828	80,846
Gate Transponders	49,613	-	49,613	47,364
Patrol Vehicles	48,548	-	48,548	55,916
Traffic Signage	4,531	-	4,531	-
Cameras	2,904	-	2,904	3,683
Access System	2,103	-	2,103	1,896
Gate Repairs	466	-	466	-
TOTAL SECURITY	747,190	-	747,190	705,890
INSURANCE				
Master Policy	28,051	-	28,051	36,287
Auto Insurance	27,147	-	27,147	25,551
Directors and Officers	21,075	-	21,075	8,097
TOTAL INSURANCE	76,273	-	76,273	69,935
INFORMATION TECHNOLOGY				
Telephone, Internet and Satellite	29,184	-	29,184	32,773
Security Telephone and Computer	23,070	-	23,070	9,833
Landscape - Telephone and Communications	13,416	-	13,416	10,416
Information Technology	11,782	-	11,782	4,121
Facilities - Telephone and Communications	5,660	-	5,660	5,504
Landscape - Computers and Accessories	3,021	-	3,021	1,316
Software Purchases/Maintenance	1,889	-	1,889	4,183
Facilities - Computers and Accessories	1,390	-	1,390	729
Office Security Monitoring	814	-	814	539
TOTAL INFORMATION TECHNOLOGY	90,226	-	90,226	69,414
COMMUNITY RELATIONS				
Community Relations and Recognition	9,378	-	9,378	4,480
Neighborhood Voting Member	3,938	-	3,938	4,437
Open House Sign	3,540	-	3,540	1,629
TOTAL COMMUNITY RELATIONS	16,856	-	16,856	10,546
COMMUNITY STANDARDS				
Special Projects	17,340	-	17,340	19,923
TOTAL COMMUNITY STANDARDS	17,340	-	17,340	19,923
FLEET				
Facilities-Equipment Rental/Lease	54,618	-	54,618	49,351
Landscape Equipment Rental/Lease	54,129	-	54,129	52,686
Landscape Vehicle	41,234	-	41,234	35,678
Vehicle	21,688	-	21,688	16,595
Community Standards Vehicle	1,053	-	1,053	-
TOTAL FLEET	172,722	-	172,722	154,310

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

MASTER ASSOCIATION

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
HUMAN RESOURCES				
Administration - Professional Development	11,349	-	11,349	9,715
Employee Relations/Recognition	9,311	-	9,311	21,184
Landscape - Professional Development	3,624	-	3,624	3,194
Administration - Uniforms	2,578	-	2,578	982
Travel and Related	1,682	-	1,682	5,170
Human Resource Costs	477	-	477	48,299
TOTAL HUMAN RESOURCES	29,021	-	29,021	88,544
RESERVE EXPENDITURES - REPAIR				
Walls and Fence Repairs	-	24,630	24,630	-
Wells Fargo Bank Fees	-	5,637	5,637	4,528
Asphalt Pavement and Seal Coating Repairs	-	4,723	4,723	1,674
Concrete Sidewalks	-	1,312	1,312	-
Reserve Study	-	259	259	-
Street - Miscellaneous	-	121	121	-
Irrigation Systems and Controllers	-	-	-	1,424
TOTAL RESERVE EXPENDITURES - REPAIR	-	36,682	36,682	7,626
RESERVE EXPENDITURES - CAPITAL				
Irrigation Systems and Controllers	-	52,123	52,123	43,201
Technology	-	19,170	19,170	-
Wells Fargo Bank Fees	-	10,950	10,950	10,441
Signage	-	-	-	7,111
Lighting	-	-	-	4,017
TOTAL RESERVE EXPENDITURES - CAPITAL	-	82,243	82,243	64,770
TOTAL EXPENSES	3,321,872	118,925	3,440,797	3,165,855
EXCESS REVENUES (EXPENSES)	(57,928)	12,523	(45,405)	161,243
BEGINNING FUND BALANCES	47,756	552,798	600,554	439,311
ENDING FUND BALANCES	\$ (10,172)	\$ 565,321	\$ 555,149	\$ 600,554

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

DESERT HACIENDAS

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
REVENUES				
Neighborhood Assessments	\$ 144,646	\$ -	\$ 144,646	\$ 140,053
TOTAL REVENUES	144,646	-	144,646	140,053
EXPENSES				
INFORMATION TECHNOLOGY				
Telephone, Internet and Satellite	2,982	-	2,982	2,951
TOTAL INFORMATION TECHNOLOGY	2,982	-	2,982	2,951
LANDSCAPE SERVICES				
Landscape Payroll	27,307	-	27,307	26,523
Landscape Benefits	8,023	-	8,023	5,471
Contract Services - Turf	3,877	-	3,877	4,295
Landscape Payroll Taxes	3,345	-	3,345	5,542
Landscape Turf Renovation and Root Mitigation	3,174	-	3,174	7,440
Landscape Supplies - Irrigation Part	513	-	513	913
Landscape Supplies - Living Materials	447	-	447	2,257
Contract Services - General	429	-	429	286
Landscape Supplies - Fertilizer	396	-	396	643
Landscape Supplies - Inert Material	-	-	-	47
TOTAL LANDSCAPE SERVICES	47,511	-	47,511	53,417
FACILITIES MAINTENANCE				
Facilities Payroll	5,459	-	5,459	5,564
Contract Services - Street Sweeping	1,452	-	1,452	1,440
Signage	1,398	-	1,398	838
Facilities Benefits	1,304	-	1,304	956
Facilities Payroll Taxes	691	-	691	1,099
Contract Services - General	510	-	510	265
Parts and Supplies	320	-	320	579
TOTAL FACILITIES MAINTENANCE	11,134	-	11,134	10,741
UTILITIES				
Water - Irrigation	9,815	-	9,815	12,202
Electric	4,123	-	4,123	3,952
TOTAL UTILITIES	13,938	-	13,938	16,154
SECURITY				
Contract Gate Maintenance/Repair	4,331	-	4,331	6,261
Unmanned Gate Monitoring Fee	3,545	-	3,545	3,545
Access System	1,173	-	1,173	1,173
TOTAL SECURITY	9,049	-	9,049	10,979

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

DESERT HACIENDAS

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
RESERVE EXPENDITURES - REPAIR				
Walls and Fence Repairs	-	18,840	18,840	-
Playground Repairs	-	3,657	3,657	-
Concrete Sidewalks	-	1,312	1,312	-
Reserve Study	-	259	259	-
Shade Structures/Awnings	-	-	-	295
TOTAL RESERVE EXPENDITURES - REPAIR	-	24,068	24,068	295
RESERVE EXPENDITURES - CAPITAL				
Landscape Plants/Trees/Turf	-	1,591	1,591	-
Gate Operator Replacement	-	-	-	6,055
TOTAL RESERVE EXPENDITURES - CAPITAL	-	1,591	1,591	6,055
TOTAL EXPENSES	84,614	25,659	110,273	100,592
EXCESS REVENUES (EXPENSES)	60,032	(25,659)	34,373	39,461
BEGINNING FUND BALANCES	11,514	222,673	234,187	194,726
Contributions to Capital Reserves	(46,980)	46,980	-	-
TRANSFERS BETWEEN FUNDS	(46,980)	46,980	-	-
ENDING FUND BALANCES	\$ 24,566	\$ 243,994	\$ 268,560	\$ 234,187

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

TERRACE HOMES - WEST

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
REVENUES				
Neighborhood Assessments	\$ 86,846	\$ -	\$ 86,846	\$ 77,300
TOTAL REVENUES	86,846	-	86,846	77,300
EXPENSES				
INFORMATION TECHNOLOGY				
Telephone, Internet and Satellite	2,479	-	2,479	2,469
TOTAL INFORMATION TECHNOLOGY	2,479	-	2,479	2,469
LANDSCAPE SERVICES				
Landscape Payroll	21,552	-	21,552	20,931
Landscape Benefits	6,268	-	6,268	4,311
Contract Services - Turf	2,947	-	2,947	3,264
Landscape - Turf Renovation	2,928	-	2,928	2,304
Landscape Payroll Taxes	2,621	-	2,621	4,397
Landscape Supplies - Living Materials	596	-	596	1,290
Landscape Supplies - Irrigation Part	390	-	390	732
Landscape Supplies - Fertilizer	356	-	356	489
Contract Services - General	135	-	135	860
Landscape Supplies - Inert Material	-	-	-	36
TOTAL LANDSCAPE SERVICES	37,793	-	37,793	38,614
FACILITIES MAINTENANCE				
Facilities Payroll	5,563	-	5,563	5,564
Signage	1,398	-	1,398	838
Facilities Benefits	1,304	-	1,304	956
Contract Services - Street Sweeping	1,032	-	1,032	1,020
Contract Services - General	615	-	615	761
Facilities Payroll Taxes	604	-	604	1,044
Parts and Supplies	320	-	320	943
TOTAL FACILITIES MAINTENANCE	10,836	-	10,836	11,126
UTILITIES				
Water - Irrigation	8,115	-	8,115	7,350
Electric	1,438	-	1,438	1,449
Gas	389	-	389	412
TOTAL UTILITIES	9,942	-	9,942	9,211
SECURITY				
Contract Gate Maintenance/Repair	4,331	-	4,331	6,261
Unmanned Gate Monitoring Fee	3,545	-	3,545	3,545
Access System	1,173	-	1,173	1,173
TOTAL SECURITY	9,049	-	9,049	10,979

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

TERRACE HOMES - WEST

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
RESERVE EXPENDITURES - REPAIR				
Playground Repairs	-	2,077	2,077	-
Concrete Sidewalks	-	1,312	1,312	895
Reserve Study	-	259	259	-
TOTAL RESERVE EXPENDITURES - REPAIR	-	3,648	3,648	895
RESERVE EXPENDITURES - CAPITAL				
Gate Operator Replacement	-	-	-	6,055
TOTAL RESERVE EXPENDITURES - CAPITAL	-	-	-	6,055
TOTAL EXPENSES	70,099	3,648	73,747	79,349
EXCESS REVENUES (EXPENSES)	16,747	(3,648)	13,099	(2,049)
BEGINNING FUND BALANCES	16,555	126,026	142,581	144,630
Contributions to Repair Reserves	(10,080)	10,080	-	-
TRANSFERS BETWEEN FUNDS	(10,080)	10,080	-	-
ENDING FUND BALANCES	\$ 23,222	\$ 132,458	\$ 155,680	\$ 142,581

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

PARK & MANOR HOMES

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
REVENUES				
Neighborhood Assessments	\$ 192,060	\$ -	\$ 192,060	\$ 172,458
TOTAL REVENUES	192,060	-	192,060	172,458
EXPENSES				
INFORMATION TECHNOLOGY				
Telephone, Internet and Satellite	2,537	-	2,537	2,509
TOTAL INFORMATION TECHNOLOGY	2,537	-	2,537	2,509
LANDSCAPE SERVICES				
Landscape Payroll	39,151	-	39,151	38,014
Landscape Benefits	11,408	-	11,408	7,848
Landscape - Turf Renovation	6,731	-	6,731	-
Contract Services - Turf	6,148	-	6,148	6,600
Landscape Payroll Taxes	4,791	-	4,791	7,951
Landscape Supplies - Living Materials	1,115	-	1,115	3,325
Landscape Supplies - Irrigation Part	789	-	789	1,480
Landscape Supplies - Fertilizer	621	-	621	988
Contract Services - General	427	-	427	842
Landscape Supplies - Inert Material	233	-	233	73
TOTAL LANDSCAPE SERVICES	71,414	-	71,414	67,121
FACILITIES MAINTENANCE				
Facilities Payroll	5,459	-	5,459	5,564
Signage	4,571	-	4,571	2,419
Contract Services - Street Sweeping	1,976	-	1,976	1,800
Contract Services - General	1,650	-	1,650	1,890
Facilities Benefits	1,304	-	1,304	956
Facilities Payroll Taxes	691	-	691	1,099
Parts and Supplies	320	-	320	559
TOTAL FACILITIES MAINTENANCE	15,971	-	15,971	14,287
UTILITIES				
Water - Irrigation	16,980	-	16,980	18,171
Electric	2,967	-	2,967	3,114
TOTAL UTILITIES	19,947	-	19,947	21,285
SECURITY				
Contract Gate Maintenance/Repair	4,331	-	4,331	6,411
Unmanned Gate Monitoring Fee	3,545	-	3,545	3,545
Access System	1,173	-	1,173	1,173
TOTAL SECURITY	9,049	-	9,049	11,129

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

PARK & MANOR HOMES

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
RESERVE EXPENDITURES - REPAIR				
Walls and Fence Repairs	-	13,502	13,502	-
Playground Repairs	-	6,443	6,443	-
Asphalt Pavement and Seal Coating Repairs	-	5,917	5,917	-
Concrete Sidewalks	-	1,312	1,312	-
Reserve Study	-	259	259	-
Street - Miscellaneous	-	50	50	-
Shade Structures/Awnings	-	-	-	295
TOTAL RESERVE EXPENDITURES - REPAIR	-	27,483	27,483	295
RESERVE EXPENDITURES - CAPITAL				
Landscape Plants/Trees/Turf	-	1,591	1,591	-
Gate Operator Replacement	-	-	-	6,055
TOTAL RESERVE EXPENDITURES - CAPITAL	-	1,591	1,591	6,055
TOTAL EXPENSES	118,918	29,074	147,992	122,681
EXCESS REVENUES (EXPENSES)	73,142	(29,074)	44,068	49,777
BEGINNING FUND BALANCES	17,399	295,784	313,183	263,406
Contributions to Repair Reserves	(29,110)	29,110	-	-
Contributions to Capital Reserves	(37,250)	37,250	-	-
TRANSFERS BETWEEN FUNDS	(66,360)	66,360	-	-
ENDING FUND BALANCES	\$ 24,181	\$ 333,070	\$ 357,251	\$ 313,183

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

COUNTRY CLUB

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
REVENUES				
Neighborhood Assessments	\$ 834,914	\$ -	\$ 834,914	\$ 804,864
Clubhouse Cost Share	143,474	-	143,474	138,295
Security Monitoring - Unmanned Gates	14,184	-	14,184	14,179
Builder and Developer Assessments	3,457	-	3,457	3,332
TOTAL REVENUES	996,029	-	996,029	960,670
EXPENSES				
INFORMATION TECHNOLOGY				
Telephone, Internet and Satellite	11,998	-	11,998	8,668
TOTAL INFORMATION TECHNOLOGY	11,998	-	11,998	8,668
LANDSCAPE SERVICES				
Landscape Payroll	61,828	-	61,828	60,027
Landscape Benefits	17,926	-	17,926	12,324
Contract Services - Turf	13,790	-	13,790	13,992
Landscape Payroll Taxes	7,593	-	7,593	12,529
Landscape Supplies - Living Materials	3,070	-	3,070	4,519
Landscape Supplies - Irrigation Part	1,672	-	1,672	3,162
Landscape Supplies - Fertilizer	1,362	-	1,362	2,095
Contract Services - General	1,229	-	1,229	1,612
Landscape Special Projects	816	-	816	-
Telephone and Communications	663	-	663	522
Landscape Supplies - Inert Material	-	-	-	154
TOTAL LANDSCAPE SERVICES	109,949	-	109,949	110,936
FACILITIES MAINTENANCE				
Facilities Payroll	16,809	-	16,809	17,124
Contract Services - Street Sweeping	16,644	-	16,644	16,482
Facilities Benefits	4,057	-	4,057	2,831
Facilities Payroll Taxes	1,943	-	1,943	3,243
Parts and Supplies	946	-	946	851
Contract Services - General	833	-	833	1,220
HVAC	765	-	765	775
Facilities Lighting	643	-	643	331
Gatehouse Repair	578	-	578	278
Signage	180	-	180	5,380
Plumbing Repair	6	-	6	-
Wall/Fence Repair	-	-	-	677
Pest Control	-	-	-	250
TOTAL FACILITIES MAINTENANCE	43,404	-	43,404	49,442
UTILITIES				
Water - Irrigation	60,219	-	60,219	58,001
Electric	19,404	-	19,404	18,619
TOTAL UTILITIES	79,623	-	79,623	76,620

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

COUNTRY CLUB

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
INSURANCE				
Flood	1,657	-	1,657	1,612
TOTAL INSURANCE	1,657	-	1,657	1,612
SECURITY				
Gate Personnel	424,850	-	424,850	392,227
Contract Gate Maintenance/Repair	17,324	-	17,324	18,766
Access System	3,495	-	3,495	3,495
Gatehouse Supplies	2,212	-	2,212	2,834
Traffic Signage	2,122	-	2,122	-
Security Telephone and Computer	1,244	-	1,244	6,528
Gatehouse First Aid and Safety Supplies	319	-	319	-
Gate Repairs	268	-	268	-
TOTAL SECURITY	451,834	-	451,834	423,850
RESERVE EXPENDITURES - REPAIR				
Asphalt Pavement and Seal Coating Repairs	-	30,917	30,917	696
Concrete Sidewalks	-	5,248	5,248	-
Reserve Study	-	3,631	3,631	-
Roofing	-	285	285	-
Street - Miscellaneous	-	171	171	-
TOTAL RESERVE EXPENDITURES - REPAIR	-	40,252	40,252	696
RESERVE EXPENDITURES - CAPITAL				
Landscape Plants/Trees/Turf	-	3,633	3,633	-
Cameras	-	2,499	2,499	-
Irrigation Systems and Controllers	-	2,209	2,209	24,432
Gate Operator Replacement	-	-	-	7,802
Signage	-	-	-	3,376
TOTAL RESERVE EXPENDITURES - CAPITAL	-	8,341	8,341	35,610
TOTAL EXPENSES	698,465	48,593	747,058	707,434
EXCESS REVENUES (EXPENSES)	297,564	(48,593)	248,971	253,236
BEGINNING FUND BALANCES	34,954	1,222,445	1,257,399	1,004,163
Contributions to Capital Reserves	(302,820)	302,820	-	-
TRANSFERS BETWEEN FUNDS	(302,820)	302,820	-	-
ENDING FUND BALANCES	\$ 29,698	\$ 1,476,672	\$ 1,506,370	\$ 1,257,399

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

THE ESTATES

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
REVENUES				
Neighborhood Assessments	\$ 97,303	\$ -	\$ 97,303	\$ 93,107
TOTAL REVENUES	97,303	-	97,303	93,107
EXPENSES				
INFORMATION TECHNOLOGY				
Telephone, Internet and Satellite	2,558	-	2,558	2,556
TOTAL INFORMATION TECHNOLOGY	2,558	-	2,558	2,556
LANDSCAPE SERVICES				
Landscape Payroll	24,368	-	24,368	23,637
Landscape Benefits	7,145	-	7,145	4,863
Landscape - Turf Renovation	4,917	-	4,917	-
Contract Services - Turf	3,605	-	3,605	3,993
Landscape Payroll Taxes	2,983	-	2,983	4,939
Landscape Supplies - Irrigation Part	477	-	477	845
Landscape Supplies - Living Materials	447	-	447	2,006
Landscape Supplies - Fertilizer	375	-	375	598
Contract Services - General	78	-	78	299
Landscape Supplies - Inert Material	-	-	-	44
TOTAL LANDSCAPE SERVICES	44,395	-	44,395	41,224
FACILITIES MAINTENANCE				
Facilities Payroll	5,459	-	5,459	5,564
Contract Services - Street Sweeping	1,512	-	1,512	1,500
Signage	1,398	-	1,398	1,557
Facilities Benefits	1,304	-	1,304	956
Facilities Payroll Taxes	604	-	604	1,044
Parts and Supplies	346	-	346	1,064
Contract Services - General	335	-	335	250
TOTAL FACILITIES MAINTENANCE	10,958	-	10,958	11,935
UTILITIES				
Water - Irrigation	8,407	-	8,407	9,198
Electric	1,657	-	1,657	1,590
TOTAL UTILITIES	10,064	-	10,064	10,788
SECURITY				
Contract Gate Maintenance/Repair	4,331	-	4,331	6,411
Unmanned Gate Monitoring Fee	3,545	-	3,545	3,545
Access System	1,173	-	1,173	1,173
TOTAL SECURITY	9,049	-	9,049	11,129

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

THE ESTATES

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
RESERVE EXPENDITURES - REPAIR				
Walls and Fence Repairs	-	19,392	19,392	-
Playground Repairs	-	8,499	8,499	-
Gate Operator Repairs	-	6,043	6,043	-
Concrete Sidewalks	-	1,312	1,312	-
Reserve Study	-	259	259	-
TOTAL RESERVE EXPENDITURES - REPAIR	-	35,505	35,505	-
RESERVE EXPENDITURES - CAPITAL				
Landscape Plants/Trees/Turf	-	11,178	11,178	-
Gate Operator Replacement	-	-	-	6,055
Playground Replacement	-	(1,150)	(1,150)	-
TOTAL RESERVE EXPENDITURES - CAPITAL	-	10,028	10,028	6,055
TOTAL EXPENSES	77,024	45,533	122,557	83,687
EXCESS REVENUES (EXPENSES)	20,279	(45,533)	(25,254)	9,420
BEGINNING FUND BALANCES	14,485	202,062	216,547	207,127
Contributions to Capital Reserves	(12,960)	12,960	-	-
TRANSFERS BETWEEN FUNDS	(12,960)	12,960	-	-
ENDING FUND BALANCES	\$ 21,804	\$ 169,489	\$ 191,293	\$ 216,547

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

TERRACE HOMES - EAST

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
REVENUES				
Neighborhood Assessments	\$ 116,008	\$ -	\$ 116,008	\$ 102,980
TOTAL REVENUES	116,008	-	116,008	102,980
EXPENSES				
INFORMATION TECHNOLOGY				
Telephone, Internet and Satellite	3,000	-	3,000	2,985
TOTAL INFORMATION TECHNOLOGY	3,000	-	3,000	2,985
LANDSCAPE SERVICES				
Landscape Payroll	22,337	-	22,337	21,654
Landscape Benefits	6,518	-	6,518	4,476
Landscape - Turf Renovation	3,615	-	3,615	2,880
Landscape Payroll Taxes	2,712	-	2,712	4,518
Contract Services - Turf	2,599	-	2,599	2,879
Landscape Supplies - Living Materials	447	-	447	2,434
Landscape Supplies - Irrigation Part	344	-	344	646
Landscape Supplies - Fertilizer	297	-	297	431
Contract Services - General	90	-	90	162
Landscape Supplies - Inert Material	-	-	-	32
TOTAL LANDSCAPE SERVICES	38,959	-	38,959	40,112
FACILITIES MAINTENANCE				
Facilities Payroll	6,435	-	6,435	6,437
Facilities Benefits	1,594	-	1,594	1,115
Signage	1,398	-	1,398	898
Contract Services - Street Sweeping	1,152	-	1,152	1,140
Parts and Supplies	784	-	784	559
Facilities Payroll Taxes	735	-	735	1,209
Contract Services - General	633	-	633	885
Wall Fence/Sign - Repair	629	-	629	-
TOTAL FACILITIES MAINTENANCE	13,360	-	13,360	12,243
UTILITIES				
Water - Irrigation	8,442	-	8,442	9,558
Electric	1,195	-	1,195	1,158
Gas	425	-	425	408
TOTAL UTILITIES	10,062	-	10,062	11,124
SECURITY				
Contract Gate Maintenance/Repair	4,331	-	4,331	6,261
Unmanned Gate Monitoring Fee	3,545	-	3,545	3,545
Access System	1,173	-	1,173	1,173
TOTAL SECURITY	9,049	-	9,049	10,979

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

TERRACE HOMES - EAST

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
RESERVE EXPENDITURES - REPAIR				
Walls and Fence Repairs	-	9,900	9,900	-
Playground Repairs	-	2,263	2,263	-
Concrete Sidewalks	-	1,312	1,312	-
Irrigation Systems Controllers	-	1,151	1,151	-
Reserve Study	-	259	259	-
Shade Structures/Awnings	-	-	-	295
TOTAL RESERVE EXPENDITURES - REPAIR	-	14,885	14,885	295
RESERVE EXPENDITURES - CAPITAL				
Landscape Plants/Trees/Turf	-	3,183	3,183	-
Gate Operator Replacement	-	-	-	6,055
TOTAL RESERVE EXPENDITURES - CAPITAL	-	3,183	3,183	6,055
TOTAL EXPENSES	74,430	18,068	92,498	83,793
EXCESS REVENUES (EXPENSES)	41,578	(18,068)	23,510	19,187
BEGINNING FUND BALANCES	5,044	180,308	185,352	166,165
Contributions to Repair Reserves	(8,146)	8,146	-	-
Contributions to Capital Reserves	(26,090)	26,090	-	-
TRANSFERS BETWEEN FUNDS	(34,236)	34,236	-	-
ENDING FUND BALANCES	\$ 12,386	\$ 196,476	\$ 208,862	\$ 185,352

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

ROSEWOOD

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
REVENUES				
Neighborhood Assessments	\$ 48,838	\$ -	\$ 48,838	\$ 46,818
TOTAL REVENUES	48,838	-	48,838	46,818
EXPENSES				
INFORMATION TECHNOLOGY				
Telephone, Internet and Satellite	3,006	-	3,006	2,987
TOTAL INFORMATION TECHNOLOGY	3,006	-	3,006	2,987
LANDSCAPE SERVICES				
Landscape Payroll	5,074	-	5,074	4,873
Landscape Medical Insurance	1,442	-	1,442	995
Landscape Payroll - ERE	633	-	633	1,024
Contract Services - Turf	454	-	454	477
Landscape Supplies - Living Materials	240	-	240	55
Landscape Supplies - Fertilizer	65	-	65	71
Landscape Supplies - Irrigation Part	57	-	57	107
Contract Services - General	30	-	30	30
Telephone and Communications	-	-	-	57
Landscape Supplies - Inert Material	-	-	-	5
TOTAL LANDSCAPE SERVICES	7,995	-	7,995	7,694
FACILITIES MAINTENANCE				
Facilities Payroll	2,291	-	2,291	2,249
Signage	842	-	842	-
Contract Services - Street Sweeping	672	-	672	660
Facilities Medical Insurance	507	-	507	372
Facilities Payroll - ERE	260	-	260	440
Parts and Supplies	221	-	221	512
Contract Services - General	-	-	-	233
TOTAL FACILITIES MAINTENANCE	4,793	-	4,793	4,466
UTILITIES				
Water - Irrigation	2,132	-	2,132	2,083
Electric	1,492	-	1,492	1,375
TOTAL UTILITIES	3,624	-	3,624	3,458
SECURITY				
Contract Gate Maintenance/Repair	4,331	-	4,331	6,411
Unmanned Gate Monitoring Fee	3,545	-	3,545	3,545
Access System	1,173	-	1,173	1,173
TOTAL SECURITY	9,049	-	9,049	11,129

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

ROSEWOOD

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
RESERVE EXPENDITURES - REPAIR				
Concrete Sidewalks	-	1,312	1,312	-
Reserve Study	-	259	259	-
Irrigation Systems and Controllers	-	-	-	1,760
TOTAL RESERVE EXPENDITURES - REPAIR	-	1,571	1,571	1,760
RESERVE EXPENDITURES - CAPITAL				
Gate Operator Replacement	-	-	-	6,055
TOTAL RESERVE EXPENDITURES - CAPITAL	-	-	-	6,055
TOTAL EXPENSES	28,467	1,571	30,038	37,549
EXCESS REVENUES (EXPENSES)	20,371	(1,571)	18,800	9,269
BEGINNING FUND BALANCES	5,348	25,861	31,209	21,940
Contributions to Repair Reserves	(10,671)	10,671	-	-
Contributions to Capital Reserves	(6,465)	6,465	-	-
TRANSFERS BETWEEN FUNDS	(17,136)	17,136	-	-
ENDING FUND BALANCES	\$ 8,583	\$ 41,426	\$ 50,009	\$ 31,209

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

CAMELOT

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
REVENUES				
Neighborhood Assessments	\$ 209,060	\$ -	\$ 209,060	\$ 204,778
TOTAL REVENUES	209,060	-	209,060	204,778
EXPENSES				
ADMINISTRATION				
Bad Debt	-	-	-	136
TOTAL ADMINISTRATION	-	-	-	136
INFORMATION TECHNOLOGY				
Telephone, Internet and Satellite	7,938	-	7,938	7,792
TOTAL INFORMATION TECHNOLOGY	7,938	-	7,938	7,792
LANDSCAPE SERVICES				
Landscape Payroll	17,367	-	17,367	16,781
Contract Services - Turf	6,421	-	6,421	6,691
Landscape Benefits	5,014	-	5,014	3,482
Landscape Payroll Taxes	2,079	-	2,079	3,494
Landscape - Turf Renovation	2,025	-	2,025	-
Landscape Supplies - Living Materials	1,111	-	1,111	3,071
Landscape Supplies - Irrigation Part	800	-	800	1,501
Contract Services - General	790	-	790	183
Landscape Supplies - Fertilizer	660	-	660	1,002
Landscape Supplies - Inert Material	-	-	-	74
TOTAL LANDSCAPE SERVICES	36,267	-	36,267	36,279
FACILITIES MAINTENANCE				
Facilities Payroll	6,497	-	6,497	6,626
Contract Services - Street Sweeping	2,376	-	2,376	2,352
Facilities Benefits	1,594	-	1,594	1,115
Facilities Payroll Taxes	778	-	778	1,264
Parts and Supplies	535	-	535	323
Contract Services - General	502	-	502	180
Facilities Special Projects	-	-	-	2,000
Signage	-	-	-	189
TOTAL FACILITIES MAINTENANCE	12,282	-	12,282	14,049
UTILITIES				
Water - Irrigation	21,593	-	21,593	22,628
Electric	4,567	-	4,567	4,649
TOTAL UTILITIES	26,160	-	26,160	27,277
SECURITY				
Contract Gate Maintenance/Repair	12,993	-	12,993	18,517
Unmanned Gate Monitoring Fee	10,635	-	10,635	10,634
Access System	3,471	-	3,471	3,471
TOTAL SECURITY	27,099	-	27,099	32,622

See independent auditor's report.

(CONTINUED)

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

CAMELOT

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
RESERVE EXPENDITURES - REPAIR				
Walls and Fence Repairs	-	17,625	17,625	-
Concrete Sidewalks	-	1,312	1,312	-
Reserve Study	-	259	259	-
Irrigation Systems and Controllers	-	-	-	1,814
TOTAL RESERVE EXPENDITURES - REPAIR	-	19,196	19,196	1,814
RESERVE EXPENDITURES - CAPITAL				
Landscape Plants/Trees/Turf	-	1,591	1,591	-
Gate Operator Replacement	-	-	-	18,165
Irrigation Systems and Controllers	-	-	-	109
TOTAL RESERVE EXPENDITURES - CAPITAL	-	1,591	1,591	18,274
TOTAL EXPENSES	109,746	20,787	130,533	138,243
EXCESS REVENUES (EXPENSES)	99,314	(20,787)	78,527	66,535
BEGINNING FUND BALANCES	15,064	559,594	574,658	508,123
Contributions to Capital Reserves	(85,656)	85,656	-	-
TRANSFERS BETWEEN FUNDS	(85,656)	85,656	-	-
ENDING FUND BALANCES	<u>\$ 28,722</u>	<u>\$ 624,463</u>	<u>\$ 653,185</u>	<u>\$ 574,658</u>

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

THE HACIENDAS

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
REVENUES				
Neighborhood Assessments	\$ 85,066	\$ -	\$ 85,066	\$ 84,052
TOTAL REVENUES	85,066	-	85,066	84,052
EXPENSES				
INFORMATION TECHNOLOGY				
Telephone, Internet and Satellite	2,460	-	2,460	2,456
TOTAL INFORMATION TECHNOLOGY	2,460	-	2,460	2,456
LANDSCAPE SERVICES				
Landscape Payroll	11,613	-	11,613	11,188
Contract Services - Turf	4,002	-	4,002	4,170
Landscape Benefits	3,384	-	3,384	2,321
Landscape Payroll Taxes	1,401	-	1,401	2,349
Landscape Supplies - Living Materials	722	-	722	3,484
Landscape Supplies - Irrigation Part	498	-	498	935
Landscape Supplies - Fertilizer	387	-	387	624
Contract Services - General	-	-	-	85
Landscape Supplies - Inert Material	-	-	-	46
TOTAL LANDSCAPE SERVICES	22,007	-	22,007	25,202
FACILITIES MAINTENANCE				
Facilities Payroll	4,581	-	4,581	4,563
Contract Services - Street Sweeping	1,092	-	1,092	1,080
Facilities Benefits	1,087	-	1,087	796
Facilities Payroll Taxes	518	-	518	879
Contract Services - General	180	-	180	298
Parts and Supplies	175	-	175	340
Wall/Fence/Sign - Repair	-	-	-	710
TOTAL FACILITIES MAINTENANCE	7,633	-	7,633	8,666
UTILITIES				
Water - Irrigation	16,047	-	16,047	12,331
Electric	1,982	-	1,982	1,835
TOTAL UTILITIES	18,029	-	18,029	14,166
SECURITY				
Contract Gate Maintenance/Repair	4,331	-	4,331	6,411
Unmanned Gate Monitoring Fee	3,545	-	3,545	3,545
Access System	1,173	-	1,173	1,173
TOTAL SECURITY	9,049	-	9,049	11,129

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

THE HACIENDAS

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
RESERVE EXPENDITURES - REPAIR				
Concrete Sidewalks	-	1,312	1,312	-
Reserve Study	-	259	259	-
Stucco Painting	-	185	185	-
Irrigation Systems and Controllers	-	-	-	3,574
TOTAL RESERVE EXPENDITURES - REPAIR	-	1,756	1,756	3,574
RESERVE EXPENDITURES - CAPITAL				
Landscape Plants/Trees/Turf	-	1,591	1,591	-
Gate Operator Replacement	-	-	-	6,055
Irrigation Systems and Controllers	-	-	-	1,829
TOTAL RESERVE EXPENDITURES - CAPITAL	-	1,591	1,591	7,884
TOTAL EXPENSES	59,178	3,347	62,525	73,077
EXCESS REVENUES (EXPENSES)	25,888	(3,347)	22,541	10,975
BEGINNING FUND BALANCES	4,408	325,561	329,969	318,994
Contributions to Capital Reserves	(19,200)	19,200	-	-
TRANSFERS BETWEEN FUNDS	(19,200)	19,200	-	-
ENDING FUND BALANCES	\$ 11,096	\$ 341,414	\$ 352,510	\$ 329,969

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

MARKET STREET VILLAS

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
REVENUES				
Neighborhood Assessments	\$ 395,172	\$ -	\$ 395,172	\$ 363,448
Builder and Developer Assessments	-	-	-	674
TOTAL REVENUES	395,172	-	395,172	364,122
EXPENSES				
ADMINISTRATION				
Legal/Professional Fees	-	-	-	1,558
TOTAL ADMINISTRATION	-	-	-	1,558
INFORMATION TECHNOLOGY				
Telephone, Internet and Satellite	3,044	-	3,044	2,950
TOTAL INFORMATION TECHNOLOGY	3,044	-	3,044	2,950
LANDSCAPE SERVICES				
Landscape Payroll	31,030	-	31,030	30,133
Contract Services - Turf	9,185	-	9,185	9,569
Landscape Benefits	9,025	-	9,025	6,190
Contract Services - General	4,560	-	4,560	951
Landscape Payroll Taxes	3,796	-	3,796	6,324
Landscape Supplies - Living Materials	1,744	-	1,744	10,910
Landscape Supplies - Irrigation Part	1,225	-	1,225	2,432
Landscape Supplies - Fertilizer	924	-	924	1,433
Landscape Supplies - Inert Material	-	-	-	105
TOTAL LANDSCAPE SERVICES	61,489	-	61,489	68,047
FACILITIES MAINTENANCE				
Facilities Payroll	9,385	-	9,385	9,501
Building Maintenance - General	2,478	-	2,478	997
Facilities Benefits	2,319	-	2,319	1,646
Contract Services - Street Sweeping	1,164	-	1,164	1,152
Facilities Payroll Taxes	1,122	-	1,122	1,814
Parts and Supplies	789	-	789	643
Contract Services - General	225	-	225	995
Facilities Lighting	87	-	87	179
Termite Treatment	-	-	-	960
Facilities Special Projects	-	-	-	924
Wall/Fence Repair	-	-	-	369
TOTAL FACILITIES MAINTENANCE	17,569	-	17,569	19,180
UTILITIES				
Water - Irrigation	25,430	-	25,430	29,775
Electric	1,596	-	1,596	1,388
TOTAL UTILITIES	27,026	-	27,026	31,163

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

MARKET STREET VILLAS

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
SECURITY				
Contract Gate Maintenance/Repair	4,429	-	4,429	6,411
Unmanned Gate Monitoring Fee	3,545	-	3,545	3,545
Access System	1,075	-	1,075	1,173
TOTAL SECURITY	9,049	-	9,049	11,129
INSURANCE				
Flood	33,374	-	33,374	32,192
Master Policy	22,900	-	22,900	23,491
TOTAL INSURANCE	56,274	-	56,274	55,683
RESERVE EXPENDITURES - REPAIR				
Stucco Painting	-	77,572	77,572	-
Roofing	-	39,300	39,300	5,033
Asphalt Pavement and Seal Coating Repairs	-	32,407	32,407	-
Street - Miscellaneous	-	2,971	2,971	-
Reserve Study	-	2,587	2,587	-
Exterior Furniture	-	-	-	431
TOTAL RESERVE EXPENDITURES - REPAIR	-	154,837	154,837	5,464
RESERVE EXPENDITURES - CAPITAL				
Landscape Plants/Trees/Turf	-	2,228	2,228	-
Irrigation Systems and Controllers	-	1,026	1,026	-
Roofing	-	-	-	15,998
Gate Operator Replacement	-	-	-	6,055
TOTAL RESERVE EXPENDITURES - CAPITAL	-	3,254	3,254	22,053
TOTAL EXPENSES	174,451	158,091	332,542	217,227
EXCESS REVENUES (EXPENSES)	220,721	(158,091)	62,630	146,895
BEGINNING FUND BALANCES	(8,158)	449,295	441,137	294,242
Contributions to Capital Reserves	(178,200)	178,200	-	-
TRANSFERS BETWEEN FUNDS	(178,200)	178,200	-	-
ENDING FUND BALANCES	\$ 34,363	\$ 469,404	\$ 503,767	\$ 441,137

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

MONTELENA

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
REVENUES				
Neighborhood Assessments	\$ 77,749	\$ -	\$ 77,749	\$ 72,864
TOTAL REVENUES	77,749	-	77,749	72,864
EXPENSES				
ADMINISTRATION				
Bad Debt	-	-	-	723
TOTAL ADMINISTRATION	-	-	-	723
INFORMATION TECHNOLOGY				
Telephone, Internet and Satellite	2,462	-	2,462	2,461
TOTAL INFORMATION TECHNOLOGY	2,462	-	2,462	2,461
LANDSCAPE SERVICES				
Landscape Payroll	12,641	-	12,641	12,270
Contract Services - Turf	4,206	-	4,206	3,638
Landscape Benefits	3,761	-	3,761	2,542
Landscape Payroll Taxes	1,536	-	1,536	2,590
Contract Services - General	872	-	872	30
Landscape Supplies - Living Materials	837	-	837	420
Landscape Supplies - Irrigation Part	599	-	599	816
Landscape Supplies - Fertilizer	415	-	415	545
Landscape Supplies - Inert Material	-	-	-	40
TOTAL LANDSCAPE SERVICES	24,867	-	24,867	22,891
FACILITIES MAINTENANCE				
Facilities Payroll	2,401	-	2,401	2,374
Contract Services - Street Sweeping	924	-	924	912
Facilities Benefits	579	-	579	424
Parts and Supplies	353	-	353	348
Facilities Payroll Taxes	260	-	260	440
Contract Services - General	90	-	90	-
Wall/Fence Repair	-	-	-	818
TOTAL FACILITIES MAINTENANCE	4,607	-	4,607	5,316
UTILITIES				
Water - Irrigation	6,881	-	6,881	7,172
Electric	972	-	972	874
TOTAL UTILITIES	7,853	-	7,853	8,046
SECURITY				
Contract Gate Maintenance/Repair	4,331	-	4,331	6,411
Unmanned Gate Monitoring Fee	3,545	-	3,545	3,545
Access System	1,173	-	1,173	1,173
TOTAL SECURITY	9,049	-	9,049	11,129

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

MONTELENA

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
RESERVE EXPENDITURES - REPAIR				
Reserve Study	-	259	259	-
TOTAL RESERVE EXPENDITURES - REPAIR	-	259	259	-
RESERVE EXPENDITURES - CAPITAL				
Landscape Plants/Trees/Turf	-	1,591	1,591	-
Gate Operator Replacement	-	-	-	6,055
Irrigation Systems and Controllers	-	-	-	1,660
TOTAL RESERVE EXPENDITURES - CAPITAL	-	1,591	1,591	7,715
TOTAL EXPENSES	48,838	1,850	50,688	58,281
EXCESS REVENUES (EXPENSES)	28,911	(1,850)	27,061	14,583
BEGINNING FUND BALANCES	6,965	147,289	154,254	139,671
Contributions to Capital Reserves	(24,012)	24,012	-	-
TRANSFERS BETWEEN FUNDS	(24,012)	24,012	-	-
ENDING FUND BALANCES	\$ 11,864	\$ 169,451	\$ 181,315	\$ 154,254

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

THE PARKS AT SILVERLEAF

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
REVENUES				
Neighborhood Assessments	\$ 982,229	\$ -	\$ 982,229	\$ 951,997
Builder and Developer Assessments	22,963	-	22,963	40,455
Security Monitoring - Unmanned Gates	7,092	-	7,092	7,092
TOTAL REVENUES	1,012,284	-	1,012,284	999,544
EXPENSES				
INFORMATION TECHNOLOGY				
Telephone, Internet and Satellite	5,601	-	5,601	5,442
TOTAL INFORMATION TECHNOLOGY	5,601	-	5,601	5,442
LANDSCAPE SERVICES				
Landscape Payroll	150,907	-	150,907	147,060
Landscape Benefits	44,001	-	44,001	30,175
Landscape - Turf Renovation	35,325	-	35,325	9,447
Contract Services - Turf	27,998	-	27,998	30,275
Landscape Payroll Taxes	18,620	-	18,620	30,659
Landscape Supplies - Living Materials	7,041	-	7,041	8,427
Special Projects	5,100	-	5,100	-
Landscape Supplies - Irrigation Part	3,760	-	3,760	7,285
Landscape Supplies - Fertilizer	3,603	-	3,603	4,533
Contract Services - General	1,847	-	1,847	2,362
Landscape Supplies - Inert Material	1,141	-	1,141	1,259
TOTAL LANDSCAPE SERVICES	299,343	-	299,343	271,482
FACILITIES MAINTENANCE				
Facilities Payroll	20,515	-	20,515	20,755
Contract Services - Street Sweeping	16,488	-	16,488	16,320
Facilities Benefits	4,927	-	4,927	3,646
Water Feature Repairs	4,550	-	4,550	4,538
Contract Services - General	3,549	-	3,549	2,720
Special Projects	2,975	-	2,975	-
Facilities Payroll Taxes	2,418	-	2,418	3,957
Parts and Supplies	1,638	-	1,638	877
Facilities Lighting	1,164	-	1,164	380
HVAC	635	-	635	287
Signage	591	-	591	712
Gatehouse Repair	133	-	133	362
Wall/Fence Repair	-	-	-	781
Pest Control	-	-	-	250
TOTAL FACILITIES MAINTENANCE	59,583	-	59,583	55,585
UTILITIES				
Water - Irrigation	84,260	-	84,260	93,902
Electric	38,081	-	38,081	37,310
TOTAL UTILITIES	122,341	-	122,341	131,212

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

THE PARKS AT SILVERLEAF

	<u>OPERATING FUND</u>	<u>RESERVE FUNDS</u>	<u>TOTAL 2018</u>	<u>TOTAL 2017</u>
INSURANCE				
Flood	837	-	837	837
TOTAL INSURANCE	<u>837</u>	<u>-</u>	<u>837</u>	<u>837</u>
SECURITY				
Gate Personnel	231,082	-	231,082	221,663
Contract Gate Maintenance/Repair	6,497	-	6,497	9,510
Access System	1,748	-	1,748	1,748
Gatehouse Supplies	1,433	-	1,433	1,498
Security Telephone and Computer	517	-	517	3,058
Traffic Signage	400	-	400	-
Gate Repairs	134	-	134	-
Gatehouse First Aid and Safety Supplies	47	-	47	-
TOTAL SECURITY	<u>241,858</u>	<u>-</u>	<u>241,858</u>	<u>237,477</u>
RESERVE EXPENDITURES - REPAIR				
Asphalt Pavement and Seal Coating Repairs	-	98,839	98,839	73,309
Street - Miscellaneous	-	11,245	11,245	-
Water Features and Pond	-	7,745	7,745	-
Concrete Sidewalks	-	5,303	5,303	-
Reserve Study	-	4,409	4,409	-
Walls and Fence Repairs	-	-	-	1,203
Signage	-	-	-	710
TOTAL RESERVE EXPENDITURES - REPAIR	<u>-</u>	<u>127,541</u>	<u>127,541</u>	<u>75,222</u>
RESERVE EXPENDITURES - CAPITAL				
Irrigation Systems and Controllers	-	54,163	54,163	38,580
Landscape Plants/Trees/Turf	-	5,410	5,410	-
Concrete Partial Replacements	-	5,058	5,058	-
Cameras	-	2,499	2,499	-
Gate Operator Replacement	-	1,772	1,772	-
Signage	-	-	-	6,953
Playground Replacement	-	(1,850)	(1,850)	-
TOTAL RESERVE EXPENDITURES - CAPITAL	<u>-</u>	<u>67,052</u>	<u>67,052</u>	<u>45,533</u>
TOTAL EXPENSES	<u>729,563</u>	<u>194,593</u>	<u>924,156</u>	<u>822,790</u>
EXCESS REVENUES (EXPENSES)	282,721	(194,593)	88,128	176,754
BEGINNING FUND BALANCES	33,036	1,471,771	1,504,807	1,328,053
Contributions to Repair Reserves	(274,320)	274,320	-	-
TRANSFERS BETWEEN FUNDS	<u>(274,320)</u>	<u>274,320</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 41,437</u>	<u>\$ 1,551,498</u>	<u>\$ 1,592,935</u>	<u>\$ 1,504,807</u>

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

ARCADIA AT SILVERLEAF

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
REVENUES				
Neighborhood Assessments	\$ 432,247	\$ -	\$ 432,247	\$ 429,442
Security Monitoring - Unmanned Gates	10,632	-	10,632	10,634
TOTAL REVENUES	442,879	-	442,879	440,076
EXPENSES				
ADMINISTRATION				
Legal/Professional Fees	-	-	-	178
TOTAL ADMINISTRATION	-	-	-	178
INFORMATION TECHNOLOGY				
Telephone, Internet and Satellite	8,247	-	8,247	7,135
TOTAL INFORMATION TECHNOLOGY	8,247	-	8,247	7,135
LANDSCAPE SERVICES				
Landscape Payroll	38,926	-	38,926	37,834
Landscape - Turf Renovation	15,942	-	15,942	4,417
Landscape Benefits	11,344	-	11,344	7,792
Contract Services - Turf	7,947	-	7,947	8,550
Landscape Payroll Taxes	4,791	-	4,791	7,890
Landscape Supplies - Irrigation Part	1,055	-	1,055	1,917
Landscape Supplies - Living Materials	1,043	-	1,043	2,987
Contract Services - General	976	-	976	1,009
Landscape Supplies - Fertilizer	821	-	821	1,280
Landscape Supplies - Inert Material	-	-	-	94
TOTAL LANDSCAPE SERVICES	82,845	-	82,845	73,770
FACILITIES MAINTENANCE				
Facilities Payroll	14,737	-	14,737	15,000
Facilities Benefits	3,622	-	3,622	2,548
Contract Services - Street Sweeping	3,096	-	3,096	3,060
Contract Services - General	2,718	-	2,718	1,094
Facilities Payroll Taxes	1,728	-	1,728	2,858
Parts and Supplies	1,063	-	1,063	649
Gatehouse Repair	536	-	536	653
Facilities Lighting	415	-	415	292
HVAC	379	-	379	291
Signage	-	-	-	8,679
Pest Control	-	-	-	175
TOTAL FACILITIES MAINTENANCE	28,294	-	28,294	35,299
UTILITIES				
Water - Irrigation	25,754	-	25,754	24,406
Electric	10,516	-	10,516	9,671
TOTAL UTILITIES	36,270	-	36,270	34,077

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

ARCADIA AT SILVERLEAF

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
INSURANCE				
Flood	837	-	837	837
TOTAL INSURANCE	837	-	837	837
SECURITY				
Gate Personnel	190,061	-	190,061	182,793
Contract Gate Maintenance/Repair	11,910	-	11,910	17,807
Access System	2,920	-	2,920	2,920
Gatehouse Supplies	1,004	-	1,004	1,418
Security Telephone and Computer	517	-	517	3,748
Traffic Signage	400	-	400	-
Gate Repairs	234	-	234	-
Gatehouse First Aid and Safety Supplies	56	-	56	-
TOTAL SECURITY	207,102	-	207,102	208,686
RESERVE EXPENDITURES - REPAIR				
HVAC Units	-	1,117	1,117	-
Water Features and Pond	-	800	800	-
Reserve Study	-	259	259	-
Street - Miscellaneous	-	250	250	-
Lighting	-	-	-	1,755
Stucco/Paint Building Exterior	-	-	-	1,154
Shelter Renovation	-	-	-	672
TOTAL RESERVE EXPENDITURES - REPAIR	-	2,426	2,426	3,581
RESERVE EXPENDITURES - CAPITAL				
Cameras	-	2,499	2,499	-
Gate Operator Replacement	-	-	-	6,055
Walls and Fence Replacement	-	-	-	1,150
TOTAL RESERVE EXPENDITURES - CAPITAL	-	2,499	2,499	7,205
TOTAL EXPENSES	363,595	4,925	368,520	370,768
EXCESS REVENUES (EXPENSES)	79,284	(4,925)	74,359	69,308
BEGINNING FUND BALANCES	(1,044)	411,975	410,931	341,623
Contributions to Repair Reserves	(76,752)	76,752	-	-
TRANSFERS BETWEEN FUNDS	(76,752)	76,752	-	-
ENDING FUND BALANCES	\$ 1,488	\$ 483,802	\$ 485,290	\$ 410,931

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

HORSESHOE CANYON/CANYON VILLAS

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
REVENUES				
Neighborhood Assessments	\$ 389,322	\$ -	\$ 389,322	\$ 385,710
Country Club Cost Share	141,178	-	141,178	140,858
Builder and Developer Assessments	26,780	-	26,780	32,726
Security Monitoring - Unmanned Gates	10,632	-	10,632	10,634
TOTAL REVENUES	567,912	-	567,912	569,928
EXPENSES				
INFORMATION TECHNOLOGY				
Telephone, Internet and Satellite	5,677	-	5,677	5,643
TOTAL INFORMATION TECHNOLOGY	5,677	-	5,677	5,643
LANDSCAPE SERVICES				
Landscape Payroll	33,506	-	33,506	32,477
Contract Services - Turf	9,781	-	9,781	10,665
Landscape Benefits	9,716	-	9,716	6,687
Landscape - Turf Renovation	5,814	-	5,814	-
Landscape Payroll Taxes	4,113	-	4,113	6,807
Landscape Supplies - Irrigation Part	1,471	-	1,471	2,596
Landscape Supplies - Fertilizer	872	-	872	1,597
Landscape Supplies - Living Materials	596	-	596	3,369
Contract Services - General	566	-	566	287
Special Projects	-	-	-	383
Landscape Supplies - Inert Material	-	-	-	117
TOTAL LANDSCAPE SERVICES	66,435	-	66,435	64,985
FACILITIES MAINTENANCE				
Water Feature Repairs	28,001	-	28,001	23,286
Facilities Payroll	16,803	-	16,803	17,003
Contract Services - General	4,215	-	4,215	702
Facilities Benefits	4,057	-	4,057	2,920
Contract Services - Street Sweeping	2,532	-	2,532	2,508
Facilities Payroll Taxes	1,986	-	1,986	3,243
Signage	1,490	-	1,490	-
Facilities Lighting	870	-	870	478
Gatehouse Repair	835	-	835	2,942
HVAC	711	-	711	413
Parts and Supplies	482	-	482	994
Plumbing Repair	269	-	269	720
Pest Control	-	-	-	175
TOTAL FACILITIES MAINTENANCE	62,251	-	62,251	55,384

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

HORSESHOE CANYON/CANYON VILLAS

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
UTILITIES				
Water - Irrigation	34,400	-	34,400	38,990
Electric	8,799	-	8,799	9,908
TOTAL UTILITIES	43,199	-	43,199	48,898
INSURANCE				
Flood	837	-	837	837
TOTAL INSURANCE	837	-	837	837
SECURITY				
Gate Personnel	226,126	-	226,126	216,482
Contract Gate Maintenance/Repair	6,497	-	6,497	9,504
Access System	1,748	-	1,748	1,748
Gatehouse Supplies	1,144	-	1,144	1,574
Security Telephone and Computer	495	-	495	3,058
Traffic Signage	400	-	400	-
Gate Repairs	234	-	234	-
Gatehouse First Aid and Safety Supplies	67	-	67	-
TOTAL SECURITY	236,711	-	236,711	232,366
RESERVE EXPENDITURES - REPAIR				
Asphalt Pavement and Seal Coating Repairs	-	96,854	96,854	1,842
Water Features and Pond	-	12,331	12,331	530
Reserve Study	-	3,112	3,112	-
Concrete Sidewalks	-	2,624	2,624	-
Street - Miscellaneous	-	1,766	1,766	-
TOTAL RESERVE EXPENDITURES - REPAIR	-	116,687	116,687	2,372
RESERVE EXPENDITURES - CAPITAL				
Landscape Plants/Trees/Turf	-	5,464	5,464	-
Water Features and Pond	-	4,803	4,803	-
Cameras	-	2,499	2,499	-
Concrete Partial Replacements	-	1,204	1,204	-
Irrigation Systems and Controllers	-	-	-	16,260
HVAC Units	-	-	-	4,290
Shade Structures/Awnings	-	-	-	3,134
TOTAL RESERVE EXPENDITURES - CAPITAL	-	13,970	13,970	23,684
TOTAL EXPENSES	415,110	130,657	545,767	434,169

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

HORSESHOE CANYON/CANYON VILLAS

	<u>OPERATING FUND</u>	<u>RESERVE FUNDS</u>	<u>TOTAL 2018</u>	<u>TOTAL 2017</u>
EXCESS REVENUES (EXPENSES)	152,802	(130,657)	22,145	135,759
BEGINNING FUND BALANCES	67,273	939,355	1,006,628	870,869
Contributions to Repair Reserves	(54,648)	54,648	-	-
Contributions to Capital Reserves	(96,000)	96,000	-	-
TRANSFERS BETWEEN FUNDS	<u>(150,648)</u>	<u>150,648</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 69,427</u>	<u>\$ 959,346</u>	<u>\$ 1,028,773</u>	<u>\$ 1,006,628</u>

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

STERLING ESTATES

	OPERATING FUND	RESERVE FUNDS	TOTAL 2018	TOTAL 2017
REVENUES				
Neighborhood Assessments	\$ 25,466	\$ -	\$ 25,466	\$ 23,716
Builder and Developer Assessments	3,401	-	3,401	3,795
TOTAL REVENUES	28,867	-	28,867	27,511
EXPENSES				
LANDSCAPE SERVICES				
Landscape Payroll	5,536	-	5,536	5,413
Landscape Benefits	1,630	-	1,630	1,105
Landscape Supplies - Living Materials	1,554	-	1,554	1,618
Landscape Payroll Taxes	678	-	678	1,144
Special Projects	-	-	-	1,581
TOTAL LANDSCAPE SERVICES	9,398	-	9,398	10,861
FACILITIES MAINTENANCE				
Facilities Payroll	1,093	-	1,093	1,122
Signage	469	-	469	-
Facilities Benefits	290	-	290	213
Wall/Fence/Sign-Repair	251	-	251	-
Parts and Supplies	231	-	231	323
Facilities Payroll Taxes	129	-	129	220
TOTAL FACILITIES MAINTENANCE	2,463	-	2,463	1,878
UTILITIES				
Electric	3,500	-	3,500	4,186
TOTAL UTILITIES	3,500	-	3,500	4,186
RESERVE EXPENDITURES - REPAIR				
Asphalt Pavement and Seal Coating Repairs	-	4,592	4,592	-
Reserve Study	-	259	259	-
TOTAL RESERVE EXPENDITURES - REPAIR	-	4,851	4,851	-
RESERVE EXPENDITURES - CAPITAL				
Landscape Improvement/Drainage	-	1,079	1,079	-
TOTAL RESERVE EXPENDITURES - CAPITAL	-	1,079	1,079	-
TOTAL EXPENSES	15,361	5,930	21,291	16,925

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2017)

STERLING ESTATES

	<u>OPERATING FUND</u>	<u>RESERVE FUNDS</u>	<u>TOTAL 2018</u>	<u>TOTAL 2017</u>
EXCESS REVENUES (EXPENSES)	13,506	(5,930)	7,576	10,586
BEGINNING FUND BALANCES	10,294	53,182	63,476	52,890
Contributions to Capital Reserves	(10,260)	10,260	-	-
TRANSFERS BETWEEN FUNDS	(10,260)	10,260	-	-
ENDING FUND BALANCES	<u>\$ 13,540</u>	<u>\$ 57,512</u>	<u>\$ 71,052</u>	<u>\$ 63,476</u>

See independent auditor's report.