



DC RANCH ASSOCIATION, INC.

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 AND 2021
AND FOR THE YEARS THEN ENDED



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DC RANCH ASSOCIATION, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of DC Ranch Association, Inc. (an Arizona Corporation), which comprise the balance sheet as of December 31, 2022, 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.

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, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DC Ranch Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about DC Ranch Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 DC Ranch Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DC Ranch Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The financial statements of DC Ranch Association, Inc. for the year ended December 31, 2021, were audited by other auditors whose report dated June 8, 2022, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 statement of revenues, expenses, and changes in fund balances, on pages 27 to 43, 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 subject 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.

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 22 to 26, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Butler Hansen, PLC

Gilbert, Arizona
May 1, 2023

DC RANCH ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2022</u>	<u>TOTAL 2021</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 1,056,967	\$ 2,125,721	\$ 69,168	\$ 3,251,856	\$ 9,579,110
Investments	-	7,956,390	-	7,956,390	1,475,000
Accounts Receivable, Net of Allowance of \$8,052 and \$8,187, 2022 and 2021, Respectively	317,658	-	-	317,658	14,488
Other Receivables	35,323	-	-	35,323	(839)
Related Party Receivable - Community Council	9,473	-	-	9,473	18,420
Related Party Receivable - Covenant Commission	240	-	-	240	-
Accrued Interest Receivable	-	30,548	-	30,548	7,539
Prepaid Expenses	73,438	-	-	73,438	119,040
Arcadia at Silverleaf Neighborhood Tree Deposit	-	172,250	-	172,250	-
Security Deposits	2,206	-	-	2,206	-
Inventory - Transponders	15,671	-	-	15,671	10,110
Property and Equipment, Net	-	-	96,708	96,708	161,004
Operating Lease Right-of-Use Assets	148,167	-	-	148,167	68,459
Interfund Balance	13,610	(13,610)	-	-	-
Interfund Balance - Arcadia at Silverleaf Neighborhood Assessment	(351,250)	351,250	-	-	-
TOTAL ASSETS	\$ 1,321,503	\$ 10,622,549	\$ 165,876	\$ 12,109,928	\$ 11,452,331
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts Payable	\$ 257,043	\$ 130,265	\$ -	\$ 387,308	\$ 335,732
Accrued Expenses	119,459	-	-	119,459	106,125
Related Party Payable - Community Council	147,688	-	-	147,688	221,988
Prepaid Assessments	291,988	-	-	291,988	274,737
Operating Lease Right-of-Use Asset Liability	148,167	-	-	148,167	68,459
Note Payable	-	-	-	-	27,695
TOTAL LIABILITIES	964,345	130,265	-	1,094,610	1,034,736
FUND BALANCES					
Operating Fund	357,158	-	-	357,158	824,796
Reserve Fund	-	10,492,284	-	10,492,284	9,592,799
Capital Fund	-	-	165,876	165,876	-
TOTAL FUND BALANCES	357,158	10,492,284	165,876	11,015,318	10,417,595
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,321,503	\$ 10,622,549	\$ 165,876	\$ 12,109,928	\$ 11,452,331

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, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2022</u>	<u>TOTAL 2021</u>
REVENUES					
ASSESSMENTS					
Master Assessments	\$ 3,316,045	\$ -	\$ -	\$ 3,316,045	\$ 3,074,692
Neighborhood Assessments	4,598,800	-	-	4,598,800	4,340,915
Builder and Developer Assessments	77,911	-	-	77,911	78,054
Arcadia at Silverleaf Neighborhood Assessment	-	351,250	-	351,250	-
Master Clubhouse Cost Share Revenue	197,383	-	-	197,383	183,359
Neighborhood Clubhouse Cost Share Revenue	293,233	-	-	293,233	288,475
TOTAL ASSESSMENTS	<u>8,483,372</u>	<u>351,250</u>	<u>-</u>	<u>8,834,622</u>	<u>7,965,495</u>
NON-ASSESSMENT REVENUE					
Disclosure Fee	95,157	-	-	95,157	193,800
Covenant Commission Cost-Sharing Revenue	5,940	-	-	5,940	25,895
Council Cost-Sharing Revenue	360,333	-	-	360,333	342,337
Working Capital Fees	-	-	-	-	6,919
Fines, Fees, and Violation Fees	100,460	-	-	100,460	114,657
Gate Transponders	208,066	-	-	208,066	207,801
Maintenance Fees	52,626	-	-	52,626	52,626
Security Monitoring Unmanned Gates	43,920	-	-	43,920	43,920
Sub-Association Management Fees	2,900	-	-	2,900	12,245
Cell Tower Land Operating Lease Revenue	76,629	-	-	76,629	74,482
Interest	2,997	116,644	-	119,641	35,967
Other Income	14,697	-	-	14,697	90,286
TOTAL NON-ASSESSMENT REVENUE	<u>963,725</u>	<u>116,644</u>	<u>-</u>	<u>1,080,369</u>	<u>1,200,935</u>
TOTAL REVENUES	<u>9,447,097</u>	<u>467,894</u>	<u>-</u>	<u>9,914,991</u>	<u>9,166,430</u>
EXPENSES					
ADMINISTRATIVE					
Personnel Expense	2,803,024	-	-	2,803,024	2,645,350
Administration	78,604	1	-	78,605	83,801
Cost-Sharing Management Fee Expense	432,700	-	-	432,700	451,897
Information Technology	215,308	-	-	215,308	233,342
Human Resources	58,391	-	-	58,391	40,646
TOTAL ADMINISTRATIVE	<u>3,588,027</u>	<u>1</u>	<u>-</u>	<u>3,588,028</u>	<u>3,455,036</u>
MAINTENANCE					
Landscape Services	549,529	-	-	549,529	471,534
Facilities Maintenance	227,781	-	-	227,781	200,317
Utilities	547,552	-	-	547,552	500,984
Fleet	219,512	-	-	219,512	205,089
TOTAL MAINTENANCE	<u>1,544,374</u>	<u>-</u>	<u>-</u>	<u>1,544,374</u>	<u>1,377,924</u>
COMMUNITY PROGRAMS					
Security	2,430,740	-	-	2,430,740	2,017,306
Community Standards	9,244	-	-	9,244	15,823
Community Relations	17,397	-	-	17,397	9,992
TOTAL COMMUNITY PROGRAMS	<u>2,457,381</u>	<u>-</u>	<u>-</u>	<u>2,457,381</u>	<u>2,043,121</u>
GENERAL EXPENSE					
Insurance and Taxes	208,754	-	-	208,754	191,182
Depreciation	-	-	64,296	64,296	61,195
TOTAL GENERAL EXPENSE	<u>208,754</u>	<u>-</u>	<u>64,296</u>	<u>273,050</u>	<u>252,377</u>

(CONTINUED)

See accompanying notes to the financial statements.

DC RANCH ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2022</u>	<u>TOTAL 2021</u>
RESERVE EXPENDITURES					
Firewise Program	-	271,781	-	271,781	-
Furniture Replacement	-	281,707	-	281,707	32,759
Stucco/Paint Building Exterior	-	126,034	-	126,034	6,520
Landscape Improvement/Drainage	-	27,480	-	27,480	47,160
Arcadia at Silverleaf Tree Replacement Phase I	-	351,250	-	351,250	-
Asphalt Pavement and Seal Coating Repairs	-	2,000	-	2,000	251,849
Cameras	-	101,262	-	101,262	38,167
Other Reserve Expenses	-	287,089	-	287,089	301,552
TOTAL RESERVE EXPENDITURES	<u>-</u>	<u>1,448,603</u>	<u>-</u>	<u>1,448,603</u>	<u>678,007</u>
CAPITAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>5,832</u>	<u>5,832</u>	<u>-</u>
TOTAL EXPENSES	<u>7,798,536</u>	<u>1,448,604</u>	<u>70,128</u>	<u>9,317,268</u>	<u>7,806,465</u>
EXCESS REVENUES (EXPENSES)	1,648,561	(980,710)	(70,128)	597,723	1,359,965
FUND BALANCES, BEGINNING OF YEAR	824,796	9,592,799	-	10,417,595	9,057,630
TRANSFERS BETWEEN FUNDS					
Initial Contribution to Establish Capital Fund	-	(50,000)	50,000	-	-
Transfer of Fixed Assets to Establish Capital Fund	(161,004)	-	161,004	-	-
Allocation Correction of 2021 Depreciation	(61,195)	61,195	-	-	-
Contributions to Reserves	(1,869,000)	1,869,000	-	-	-
Contributions to Capital	(25,000)	-	25,000	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(2,116,199)</u>	<u>1,880,195</u>	<u>236,004</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 357,158</u>	<u>\$ 10,492,284</u>	<u>\$ 165,876</u>	<u>\$ 11,015,318</u>	<u>\$ 10,417,595</u>

See accompanying notes to the financial statements.

DC RANCH ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2022</u>	<u>TOTAL 2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Excess Revenues (Expenses)	\$ 1,648,561	\$ (980,710)	\$ (70,128)	\$ 597,723	\$ 1,359,965
Adjustments to Reconcile Excess Revenues (Expenses) to Cash Provided (Used) by Operating Activities					
Bad Debt Expense	2,483	-	-	2,483	(3,606)
Depreciation Expense	-	-	64,296	64,296	61,195
(Increase)/Decrease In					
Accounts Receivable	(302,133)	3,181	-	(298,952)	99,281
Other Receivables	(35,323)	-	-	(35,323)	-
Related Party Receivable - Community Council	8,947	-	-	8,947	-
Related Party Receivable - Covenant Commission	(240)	-	-	(240)	(6,554)
Accrued Interest Receivable	-	(30,548)	-	(30,548)	-
Prepaid Expenses	45,601	-	-	45,601	(45,646)
Arcadia at Silverleaf Neighborhood Tree Deposit	-	(172,250)	-	(172,250)	-
Security Deposits	(2,206)	-	-	(2,206)	-
Inventory - Transponders	(5,561)	-	-	(5,561)	37,446
Increase/(Decrease) In					
Accounts Payable	3,719	47,857	-	51,576	-
Accrued Expenses	13,334	-	-	13,334	73,049
Related Party Payable - Community Council	(74,300)	-	-	(74,300)	68,352
Prepaid Assessments	17,251	-	-	17,251	28,182
Net Cash Provided (Used) by Operating Activities	<u>1,320,133</u>	<u>(1,132,470)</u>	<u>(5,832)</u>	<u>181,831</u>	<u>1,671,664</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Purchase of Investments	-	(6,475,174)	-	(6,475,174)	(750,000)
Maturities of Investments	-	-	-	-	1,480,000
Reinvested Interest	-	(6,216)	-	(6,216)	-
Purchase of Equipment	-	-	-	-	(35,278)
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>(6,481,390)</u>	<u>-</u>	<u>(6,481,390)</u>	<u>694,722</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>					
Contributions to Reserve Fund	(1,869,000)	1,869,000	-	-	-
Contributions to Capital Fund	(25,000)	(50,000)	75,000	-	-
Change in Interfund Balance - Arcadia at Silverleaf Neighborhood Assessment	351,250	(351,250)	-	-	-
Change in Interfund Balance	47,051	(47,051)	-	-	-
Allocation Correction of 2021 Depreciation	(61,195)	61,195	-	-	-
Principal Payments on Debt	(27,695)	-	-	(27,695)	(522,512)
Net Cash Provided (Used) by Financing Activities	<u>(1,584,589)</u>	<u>1,481,894</u>	<u>75,000</u>	<u>(27,695)</u>	<u>(522,512)</u>
NET INCREASE (DECREASE) IN CASH	(264,456)	(6,131,966)	69,168	(6,327,254)	1,843,874
CASH BALANCE, BEGINNING OF YEAR	1,321,423	8,257,687	-	9,579,110	7,735,236
CASH BALANCE, END OF YEAR	<u>\$ 1,056,967</u>	<u>\$ 2,125,721</u>	<u>\$ 69,168</u>	<u>\$ 3,251,856</u>	<u>\$ 9,579,110</u>
<u>SUPPLEMENTARY INFORMATION</u>					
Income Taxes Paid	\$ -	\$ -	\$ -	\$ -	\$ 1,500
Interest Paid	\$ -	\$ -	\$ -	\$ -	\$ 5,292

See accompanying notes to the financial statements.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

NOTE 1 - NATURE OF THE ORGANIZATION

DC Ranch Association, Inc. (the “Association” or “Ranch”), 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, 2022, the Association consisted of 2,729 lots paying assessments. At December 31, 2022, homeowners owned 2,670 lots and builders and the developer owned 59 lots, and the Country Clubs were paying equivalent assessments for 159 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 Fund

The Reserve Fund is used to account for the use and accumulation of funds for future major repairs and replacements. From 2015 through 2021, the Reserve Fund was separated into two categories for tax purposes: maintenance/repairs and capital improvements. When Ranch Association was awarded tax exempt status under 501(c)4 in 2019, the categories were consolidated beginning January 1, 2020, for greater efficiency and ease of understanding in financial reporting.

Capital Fund

The establishment of a Capital Fund was approved by the Board of Directors in January 2020 to accumulate funds for the new assets, amenities, or major upgrades to existing capital assets.

Assessments Receivable

Accounts receivable at December 31, 2022, 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.

Prepaid Assessments and Revenue Recognition

Payments received by the Association prior to the assessment due date are properly classified as Prepaid Assessments. These payments are recognized as revenue when the corresponding assessment is billed by the Association. Revenue from assessments, allocated to either the operating or reserve fund, is recognized as the performance obligation to maintain the community and to provide ongoing services is considered completed, generally on a monthly basis.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments (none of which are held for trading purposes), approximate the carrying values of such amounts. At December 31, 2022, and 2021, all financial instruments are classified as Level I (inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets) within the fair value hierarchy.

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 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.

Revenue Recognition

Revenue is recognized when obligations under the terms of a contract with property owners or other DC Ranch entities are satisfied. Generally, this satisfaction of performance obligations and transfer of controls occurs, and revenues are recognized, as services are provided to property owners. The amounts charged, and the amount of consideration the Association receives in exchange for its services provided, are established, and approved by the Board of Directors. The Association recognizes revenue through the following steps: identifying the contract with the member; identifying the performance obligations in the contract; determining the transaction prices; allocating the transaction price to the performance obligation; and recognizing revenue when or as each performance obligation is satisfied.

Interest Income

Interest income is generally allocated to each fund based on actual earnings from depository accounts maintained separately for each fund.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Association invests in Certificates of Deposit, U.S. Treasury obligations, and U.S. Government Sponsored Entity bonds 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.

Inventory

Inventory, which consists of gate transponders, is valued at the lower of cost or net realizable value, with cost determined using the first-in, first-out (FIFO) basis.

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.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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, 2021, from which the summarized information was derived. While the summarized information in the current year financial statements from 2021 is not in conformance with GAAP, the December 31, 2021 financial statements were prepared in conformance with GAAP.

Date of Management's Review

Subsequent events have been evaluated through May 1, 2023, 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Assessments Receivable	\$ 15,811	\$ 22,675
Arcadia Tree Assessment Receivable	301,290	-
Other Accounts Receivables	<u>8,609</u>	<u>-</u>
Total Gross Receivables	325,710	22,675
Less: Allowance for Doubtful Accounts	<u>(8,052)</u>	<u>(8,187)</u>
Total Net Receivables	<u>\$ 317,658</u>	<u>\$ 14,488</u>

Bad debt expense for the years ended December 31, 2022 and 2021, totaled \$2,483 and (\$3,606), respectively. At December 31, 2022 and 2021, an allowance for doubtful accounts for accounts receivable was recorded in the amount of \$8,052 and \$8,187, respectively. Accounts receivable past due greater than 90 days at December 31, 2022 and 2021, totaled \$7,853 and \$6,099, respectively.

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NOTE 4 - INVESTMENTS

The Association invests in Certificates of Deposit, U.S. Treasury obligations, and U.S. Government Sponsored Entity bonds. At December 31, 2022, and 2021, it held \$7,956,390 and \$1,475,000, respectively, in held-to-maturity investments. For the investments held in the year ended December 31, 2022, the annual interest rates range from 0.375% to 3.25% for the U.S. Treasury obligations, from 1.5% to 2.375% for the U.S. Government Sponsored Entity Bonds, and from 0.9% to 3.3% for the Certificates of Deposit. The held-to-maturity debt securities are reported at their amortized cost basis.

At December 31, 2021, the Association held \$1,475,000, recognized at amortized cost, in held-to-maturity investments, which consisted of seven Certificates of Deposit with annual interest rates ranging from .09% to 3.3%. The fair market value of the seven Certificates of Deposit on December 31, 2021, of \$1,493,070 was classified as Level I (inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets) within the fair value hierarchy. At December 31, 2021, the fair value of the seven Certificates of Deposit included gross unrealized holding gains of \$18,070.

At December 31, 2022, all financial instruments are classified as Level I (inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets) within the fair value hierarchy. Held to maturity investments consisted of the following at December 31, 2022 and 2021:

	2022	2021
U.S. Treasury Obligations	\$ 4,983,196	\$ -
U.S. Government Sponsored Entity Bonds	1,498,194	-
Certificates of Deposit	1,475,000	1,475,000
Total Investments	\$ 7,956,390	\$ 1,475,000

The amortized cost basis, gross unrealized gains, gross unrealized losses, and fair value of the investments at December 31, 2022, are as follows:

	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2022				
U.S. Treasury Obligations	\$ 4,983,196	\$ -	\$ (108,550)	\$ 4,874,646
U.S. Government Sponsored Entity Bonds	1,498,194	-	(124,230)	1,373,964
Certificates of Deposit	1,475,000	-	-	1,475,000
Total held-to-maturity securities	\$ 7,956,390	\$ -	\$ (232,780)	\$ 7,723,610

The amortized cost basis and fair value of held-to-maturity debt securities at December 31, 2022, by contractual maturity, are as follows:

	Amortized Cost	Fair Value
Due in one year or less	\$ 2,475,978	\$ 2,445,625
Due after one year through five years	\$ 5,480,412	5,277,985
Total held-to-maturity securities	\$ 7,956,390	\$ 7,723,610

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NOTE 4 – INVESTMENTS (CONTINUED)

The fair value, gross unrealized losses, and amortized cost basis for the U.S. Treasury obligations, U.S. Government Sponsored Entity Bonds, and Certificates of Deposit are as follows:

	<u>Less than 12 months</u>		<u>12 months or more</u>		<u>Total</u>	
	Gross		Gross		Gross	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2022						
U.S. Treasury Obligations	\$ 1,970,625	\$ (30,353)	\$ 2,904,021	\$ (78,197)	\$ 4,874,646	\$ (108,550)
U.S. Government Sponsored Entity Bonds	-	-	1,373,964	(124,230)	1,373,964	(124,230)
Certificates of Deposit	475,000	-	1,000,000	-	1,475,000	-
Total held-to-maturity securities	<u>\$ 2,445,625</u>	<u>\$ (30,353)</u>	<u>\$ 5,277,985</u>	<u>\$ (202,427)</u>	<u>\$ 7,723,610</u>	<u>\$ (232,780)</u>

In the years ended December 31, 2022, unrealized gross losses on the Association’s investments in U.S. Treasury obligations, U.S. Government Sponsored Entity Bonds, and Certificates of Deposit were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. Because the Association does not intend to sell the investments, and it is not more likely than not that the Association will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Association does not consider those investments to be other-than-temporarily impaired at December 31, 2022.

NOTE 5 – ASSESSMENT REVENUE RECOGNITION

Assessments and Related Fees – Under FASB ASC 606, the Association’s governing documents and operating budgets create a contract between the Association and its members. When the Association collects an assessment from members, it creates enforceable rights and obligations. The Association’s primary revenue source is generated through the levy of assessments, fines, dues, and fees of members. The use of operational assessments is for maintenance and management of common property and related member services and represents the output of the Association’s normal activities. The funding of operational assessments allows the Association to provide services to its members. The Association’s obligation to provide services to members generally represents a single performance obligation representing a series of distinct services that are substantially the same and have the same pattern of transfer of goods and services to the member that is satisfied over time as members simultaneously receive and consume the benefits provided.

The Association applies the inputs method based on resources consumed and labor hours incurred to measure its progress towards satisfactorily completing its performance obligations to transfer each distinct delivery of services to the members. Services provided are non-refundable and there are no return obligations. No significant remaining performance obligations exist as of December 31, 2021, and 2022. There is no variable pricing associated with services provided. Assessments received in advance of the budgeted and billed assessments and are recorded as a liability until the time period in which the services will be provided to the members.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding homeowners’ assessments. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are ninety days or more delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. There is no maximum annual assessment defined in the Association’s governing documents.

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NOTE 5 – ASSESSMENT REVENUE RECOGNITION (CONTINUED)

At December 31, 2022 and 2021, the Association had delinquent assessments of \$15,811 and \$22,675, respectively. It is the opinion of the Board of Directors that the Association will ultimately prevail against the majority of the homeowners with delinquent assessments.

The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The balances of assessments receivable as of the beginning and end of the year are \$22,675 and \$317,101, respectively.

Ranch Master Assessments

Association members are subject to monthly assessments for the Ranch Master, which are used to pay for the Ranch Master operating expenses, major repairs, and future replacements. The annual rates for 2022 and 2021 were \$1,241.40 and \$1,153.20, respectively, which were billed in monthly installments of \$103.45 and \$96.10, respectively.

Neighborhood Assessments

Certain neighborhoods are subject to an annual Neighborhood Assessment, which is paid in monthly installments. Neighborhood Assessments for one-time projects or programs are not included in this schedule of assessments. Below are the 2022 and 2021 Annual and Monthly Neighborhood Assessments:

	2022 and 2021 Annual and Monthly Neighborhood Assessments			
	2022		2021	
	Annual	Monthly	Annual	Monthly
Desert Haciendas	\$ 1,848.60	\$ 154.05	\$ 1,687.20	\$ 140.60
Terrace Homes - West	\$ 1,378.20	\$ 114.85	\$ 1,207.80	\$ 100.65
Park & Manor	\$ 1,234.80	\$ 102.90	\$ 1,201.20	\$ 100.10
Country Club	\$ 1,782.00	\$ 148.50	\$ 1,786.20	\$ 148.85
The Estates	\$ 875.40	\$ 72.95	\$ 864.60	\$ 72.05
Terrace Homes - East	\$ 1,419.00	\$ 118.25	\$ 1,353.00	\$ 112.75
Rosewood	\$ 1,693.80	\$ 141.15	\$ 1,627.20	\$ 135.60
Camelot	\$ 1,266.60	\$ 105.55	\$ 1,171.80	\$ 97.65
The Haciendas	\$ 1,179.00	\$ 98.25	\$ 1,003.20	\$ 83.60
Market Street Villas	\$ 5,582.40	\$ 465.20	\$ 5,220.60	\$ 435.05
Montelana	\$ 1,798.20	\$ 149.85	\$ 1,707.00	\$ 142.25
Windgate	\$ 2,837.40	\$ 236.45	\$ 2,652.60	\$ 221.05
Arcadia at Silverleaf	\$ 4,264.80	\$ 355.40	\$ 3,794.40	\$ 316.20
Horseshoe Canyon	\$ 1,912.20	\$ 159.35	\$ 1,845.00	\$ 153.75
Sterling Villas	\$ 1,612.20	\$ 134.35	\$ 1,501.20	\$ 125.10
Icon	\$ 120.00	\$ 10.00	\$ 120.00	\$ 10.00
Pioneer	\$ 916.80	\$ 76.40	\$ 880.80	\$ 73.40
Legacy at DC Ranch	\$ -	\$ -	\$ -	\$ -

Builder and Developer Assessments

Builders and developers are assessed monthly at a rate of 100% of the annualized master and neighborhood assessment rates. For the years ending December 31, 2022 and 2021, the Association billed assessments to builders and developers in the amount of \$77,911 and \$78,054, respectively.

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NOTE 6 - ARCADIA AT SILVERLEAF NEIGHBORHOOD TREE ASSESSMENT REVENUE

Each property within Arcadia at Silverleaf is governed by the *Amended and Restated Supplemental Declaration of Covenants, Conditions and Restrictions for DC Ranch Parcel T7, Supplement to the Covenant, and Airport Notification*, recorded in the Official Records of the Maricopa County Recorder's Office at Instrument No. 2005-0413369 ("Arcadia Supplemental Declaration"). The Supplemental Declaration expressly provides that the Street Tree expense are common expenses shared proportionately by all Neighborhood owners as a "Neighborhood Assessment."

The Arcadia Street Tree Replacement Program is an initiative based on the expert opinions of four independent, certified arborists that recommended the removal of the Neighborhood Sissoo trees to prevent damage to City's utility assets, Association property, and residential property. The City of Scottsdale approved the replacement of the destructive Sissoo trees with the Chinese Evergreen Elm. Based on the expert opinions and approval of the City of Scottsdale Development Review Board, the Association is planning to replace approximately 675 streetscape trees, which will be performed in various Phases as the Association works with the homeowners individually. In settlement of a civil lawsuit brought against the Association by an Arcadia at Silverleaf resident, the Association is working individually with the homeowners to remove and replace the destructive trees.

The costs incurred by the Arcadia at Silverleaf Reserve Fund for Phase I of the effort in the year ended December 31, 2022, was \$351,250. This expense was allocated to each of the 123 members through a neighborhood assessment of \$2,855.69. As each phase is completed, related expenses will be charged to the Arcadia at Silverleaf members as a neighborhood assessment. For the year ended December 31, 2022, the Association paid a \$172,250 deposit (prepaid expense) as part of Phase II of The Arcadia Street Tree Replacement Program, which has not yet been billed as an Arcadia at Silverleaf Neighborhood Assessment.

The Arcadia at Silverleaf Neighborhood Tree Assessment is billed at the completion of each Phase and provides funds for the removal and replacement of streetscape trees and related irrigation costs. The Neighborhood Tree Assessment revenue allocated to the reserve funds is recognized as the related performance obligation is satisfied for transaction amounts expected to be collected. The Association's performance obligation related to the Neighborhood Tree Assessment is met when the expenses are incurred for each Phase of the project.

On December 31, 2022, a \$351,250 Interfund Balance – Arcadia at Silverleaf Neighborhood Assessment was recorded to recognize that the related assessment is being collected by the Operating Fund and will be transferred to the Arcadia at Silverleaf Neighborhood Reserve Fund to cover the Phase I expenses.

NOTE 7 - CONCENTRATION OF CREDIT RISK

The Association's primary source of revenue is member assessments, which are earned on assessable lots or parcels located within a small geographic area. Member assessments and related receivables are subject to significant concentration of credit risk, given that they are primarily from a small geographical area, which can be impacted by similar economic conditions. Member assessments may be secured by liens upon a member's property or legal judgements. The Association monitors the collectability of these receivables and pursues collection as needed. Should the Association's collection efforts be unsuccessful, the Association could incur losses up to the full amount due. Management routinely assesses the collectability of these receivables and provides for an allowance for doubtful accounts.

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NOTE 7 - CONCENTRATION OF CREDIT RISK (CONTINUED)

The Association places cash deposits and investments with financial institutions that have Federal Deposit Insurance Corporation (FDIC) coverage. 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), or other types of insurance programs.

NOTE 8 - CORPORATE INCOME TAX

During 2018, the Association applied for tax exempt status under Internal Revenue Code Section 501(a). The tax exempt status was approved on June 4, 2019, with a retroactive date of August 9, 2018. The Association is classified as an exempt "social welfare" organization under Internal Revenue Code Section 501(c)(4) of the Internal Revenue Code.

For the years ended December 31, 2022 and 2021, federal and state income tax liabilities have not been accrued for unrelated trade or business earned income because they are not expected to have a material impact on the financial statements based on historical liabilities.

NOTE 9 - 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, 2022.

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, 2022.

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 2020, or by Arizona state tax authorities for years before 2019.

NOTE 10 - 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, 2022 and 2021, the Association recorded accrued vacation of \$55,554 and \$46,983, 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. Sick time is not paid out when employment terminates.

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NOTE 11 - 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 \$29,579 and \$27,014 for the years ending December 31, 2022 and 2021, respectively.

NOTE 12 - COST-SHARING AGREEMENT MANAGEMENT FEE AND REVENUE RECOGNITION

DC Ranch Community Council (the "Council"), DC Ranch Association (the "Association") and The Covenant Commission are components of the "Property" known as DC Ranch. During the course of the year, through a cost sharing agreement, the related parties share various business expenses, such as office space and payroll. Under the current cost sharing agreement effective for the year ended December 31, 2022, the Ranch pays Council, and the Covenant pays the Ranch a monthly net reimbursement fee approved by the Executive Directors of the Council and Ranch and President of the Covenant. 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.

Ranch is delegated the responsibility for collections. As a result, the Ranch acted as an agent between the Council and homeowners and builders paying assessments. The funds collected by the Ranch are subsequently transferred to the Council each month.

Although the three DC Ranch Community entities bill each other on a net basis for convenience purposes, the gross allocations for revenues and expenses are being reported in the financial statements. For the year ended December 31, 2022, the gross shared-cost revenue and expenses are as follows:

	Shared-Cost Revenue				Shared-Cost Expense			Net
	From Council	From Ranch	From Covenant	Total	Incurred by Council	Incurred by Ranch	Total	
Council	\$ -	\$ 432,700	\$ 229,391	\$ 662,091	\$ -	\$ (360,333)	\$ (360,333)	\$ 301,758
Ranch	360,333	-	5,940	366,273	(432,700)	-	(432,700)	(66,427)
Covenant	-	-	-	-	(229,391)	(5,940)	(235,331)	(235,331)
Total	\$ 360,333	\$ 432,700	\$ 235,331	\$1,028,364	\$ (662,091)	\$ (366,273)	\$ (1,028,364)	\$ -

For the year ended December 31, 2021, the gross shared-cost revenue and expenses are as follows:

	Shared-Cost Revenue				Shared-Cost Expense			Net
	From Council	From Ranch	From Covenant	Total	From Council	From Ranch	Total	
Council	\$ -	\$ 451,897	\$ 137,305	\$ 589,202	\$ -	\$ (342,337)	\$ (342,337)	\$ 246,865
Ranch	342,337	-	25,895	368,232	(451,897)	-	(451,897)	(83,665)
Covenant	-	-	-	-	(137,305)	(25,895)	(163,200)	(163,200)
Total	\$ 342,337	\$ 451,897	\$ 163,200	\$ 957,434	\$ (589,202)	\$ (368,232)	\$ (957,434)	\$ -

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NOTE 12 - COST-SHARING AGREEMENT MANAGEMENT FEE AND REVENUE RECOGNITION
(CONTINUED)

For the years ended December 31, 2022, and 2021, the gross and net shared-cost revenue and expenses for the Ranch are as follows:

	2022	2021
Revenue from Council	\$ 360,333	\$ 342,337
Less Expense to Council	(432,700)	(451,897)
Net Billed Ranch/Council	(72,367)	(109,560)
Revenue from Covenant	5,940	25,895
Total Net Revenue (Expense)	\$ (66,427)	\$ (83,665)

The largest shared expense relates to the payroll and benefits of employees shared between the Council and the Ranch. The Council and the Ranch use their own payroll providers to pay their employees, then allocate the costs based on the cost sharing agreement. For the years ended December 31, 2022 and 2021, the Ranch allocated approximately \$238,698 and \$216,245, respectively, of payroll costs to the Council and \$5,806 and \$25,052, respectively to the Covenant. For the years ended December 31, 2022 and 2021, the Council allocated approximately \$296,528 and \$286,818, respectively, of payroll costs to the Ranch.

The Ranch recognizes revenue it earns through the cost-sharing agreements from other DC Ranch entities to be compensated for the operating expenses it incurs to maintain and preserve the community. The three entities bill each other monthly on a net basis based on the annual budget, which is reconciled to actual expense after year end. The cost-sharing revenue is recognized as the related performance obligation is satisfied for transaction amounts expected to be collected. The Ranch performance obligation related to cost-sharing revenue, billed on a periodic basis, is satisfied over time on a daily pro-rata basis using the input method. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from the Council and Covenant. Under the cost-sharing agreement no additional fees above the actual costs are billed to the other organizations. Therefore, there are no excess cost-sharing revenues at year end.

NOTE 13 - MASTER AND NEIGHBORHOOD CLUBHOUSE COST SHARE REVENUE RECOGNITION

The Association collects assessments from The Country Club at DC Ranch and The Silverleaf Club for the lots that were acquired by these entities for the purpose of building and maintaining Country Club facilities. The Country Club at DC Ranch pays equivalent master and neighborhood assessments for 83 lots under the Declaration of Easements and Covenant to Share Costs for The Country Club at DC Ranch and DC Ranch Association, Inc., effective April 1, 2000. The Silverleaf Club pays equivalent master and neighborhood assessments for 76 lots under the Declaration of Easements and Covenant to Share Costs for The Silverleaf Club and DC Ranch Association, Inc., effective November 22, 2004.

The use of the clubhouse cost share revenue is for maintenance and management of shared common property and related member services and represents the output of the Association's normal activities. The funding of the shared costs revenue allows the Association to provide services to its members. The Association's obligation to provide services to members generally represents a single performance obligation representing a series of distinct services that are substantially the same and have the same pattern of transfer of goods and services to the member that is satisfied over time as members simultaneously receive and consume the benefits provided.

The Association applies the inputs method based on resources consumed and labor hours incurred to measure its progress towards satisfactorily completing its performance obligations to transfer each distinct delivery of services to the members. Services provided are non-refundable and there are no return obligations.

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**NOTE 13 - MASTER AND NEIGHBORHOOD CLUBHOUSE COST SHARE REVENUE RECOGNITION
(CONTINUED)**

These in-lieu of assessments for shared costs are as follows for the years ended December 31, 2022 and 2021:

Clubhouse Cost Share Revenue for Year Ended December 31, 2022					
			Horseshoe		
			Country Club	Canyon	
	# Lots	Master	Neighborhood	Neighborhood	Total
The Country Club at DC Ranch	83	\$ 103,036	\$ 147,906	\$ -	\$ 250,942
The Silverleaf Club	76	94,347	-	145,327	239,674
Total		\$ 197,383	\$ 147,906	\$ 145,327	\$ 490,616

Clubhouse Cost Share Revenue for Year Ended December 31, 2021					
			Horseshoe		
			Country Club	Canyon	
	# Lots	Master	Neighborhood	Neighborhood	Total
The Country Club at DC Ranch	83	\$ 95,716	\$ 148,255	\$ -	\$ 243,971
The Silverleaf Club	76	87,643	-	140,220	227,863
Total		\$ 183,359	\$ 148,255	\$ 140,220	\$ 471,834

NOTE 14 - PROPERTY AND EQUIPMENT - CAPITAL FUND

Depreciable Property and Equipment in use as of December 31, 2022 and 2021, consisted of the following:

	2022	2021
Equipment	\$ 127,613	\$ 127,613
Vehicles	228,449	228,449
Total Property and Equipment Cost	356,062	356,062
Less: Accumulated Depreciation	(259,354)	(195,058)
Net Property and Equipment	\$ 96,708	\$ 161,004

Property and Equipment was transferred to the Capital Fund from the Operating Fund in the year ended December 31, 2022. Depreciation expense for the years ended December 31, 2022 and 2021, was \$64,296 and \$61,195, respectively.

NOTE 15 - CELL TOWER LAND OPERATING LEASE REVENUE

The Association has entered into two, non-cancellable, ten-year land lease agreements with unrelated third parties who have the purpose of building and maintaining distributed antenna systems (i.e., "cell towers"), which are renewable under the specific terms of those agreements.

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NOTE 15 - CELL TOWER LAND OPERATING LEASE REVENUE (CONTINUED)

Tower Asset Group, LLC, and Verizon Land Lease - Under the terms of the lease agreement with Tower Asset Group, LLC, the tenant agreed to pay the Association 50% of the initial \$2,400 lease it obtains from Verizon for the land on which cell towers are operated. The \$1,200 monthly revenue, effective October 1, 2012, increases at an annual rate of 2.5% over the prior year's rate throughout the initial term and any subsequent terms. 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 initial ten year lease was renewed on October 1, 2022, for five years, ending on September 30, 2027.

Crown Castle Solutions Corp. Land Lease - Under the terms of the lease agreement with Crown Castle Solutions Corp., formerly New Path Networks, LLC, the tenant agrees to pay the Association an annual rate of \$3,183 per each of the 13 nodes for the first lease year, effective April 28, 2010, increasing at a 3% annual rate per lease year for the initial term of 10 years and any subsequent terms for land on which cell towers are operated. This lease agreement has provisions for up to two consecutive five-year extensions, provided that tenant exercises the option to extend and is current on lease obligations. The current lease, renewed on May 1, 2020, is in year 3 of the first 5-year renewal and will expire April 30, 2025.

For the years ended December 31, 2022 and 2021, the Association recorded \$76,629 and \$74,482, respectively, of operating lease revenue. Approximate future minimum lease payments to be received under operating leases as of December 31, 2022 are:

Year Ending December 31,	Tower Asset Group	Crown Castle	Total
2023	\$ 18,548	\$ 59,587	\$ 78,135
2024	19,012	61,374	80,386
2025	19,487	20,863	40,350
2026	19,975	-	19,975
2027	15,260	-	15,260
Total Cash Flow	<u>\$ 92,282</u>	<u>\$ 141,824</u>	<u>\$ 234,106</u>

NOTE 16 – NOTE PAYABLE OBLIGATION SATISFIED

On November 8, 2019, the Association signed a 36 month note payable for vehicles. The principal amount of the loan secured by the vehicles was \$90,637, with a 0% interest and required monthly installments of \$2,518 to be paid through November 2022. The outstanding principal balances at December 31, 2022 and 2021, were \$0 and \$27,695, respectively. In the years ended December 31, 2022 and 2021, the Association paid approximately \$27,695 and \$30,212, respectively, for the note payable obligation.

NOTE 17 - OPERATING LEASE OBLIGATIONS

The Association leases various equipment, vehicles and office space under operating lease agreements that expire at various dates through 2025. The Association assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less or those that are considered immaterial are not recorded on the balance sheet. Future lease expense for reporting purposes does not include variable costs not tied to an index, such as office lease taxes, insurance, and CAM costs. The leases have remaining lease terms of 1 to 3 years.

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NOTE 17 - OPERATING LEASE OBLIGATIONS (CONTINUED)

In the years ended December 31, 2022 and 2021, the Association recorded the office lease and fleet leases as a Right-to-Use Asset and Operating Lease Liability in the amount of \$148,167 and \$68,459, respectively. The Association leased office space effective May 1, 2022, for a two year term with monthly base payments of \$2,154.25 in for the first lease year and \$2,205.54 for the second lease year. The Association leases vehicles for specified lease terms at current market rates for the maintenance and landscape staff under a Master Walkaway Lease Agreement, effective May 4, 2015. In the year ended December 31, 2022, the monthly base lease rates ranged from \$331.66 to \$450.28 for the 21 leased vehicles, depending on the type of vehicle and when the vehicle was leased.

Total expense under operating leases was approximately \$154,950 and \$161,267 for the years ending December 31, 2022 and 2021, respectively. The average remaining lease terms for the operating leases at December 31, 2022 and 2021, are 15 months and 14 months, respectively.

The operating leases in the calculation below have remaining lease terms of one to three years:

	<u>2022</u>	<u>2021</u>
Operating Leases		
Operating Lease Right-of-Use Assets	<u>\$ 148,167</u>	<u>\$ 68,459</u>
Operating Lease Liabilities - Current	\$ 91,815	\$ 53,670
Operating Lease Liabilities - Long-Term	<u>56,352</u>	<u>14,789</u>
Total Operating Lease Liabilities	<u>\$ 148,167</u>	<u>\$ 68,459</u>

The minimum future lease payments under the operating leases at December 31, 2022, are as follows:

2023	\$ 91,815
2024	50,949
2025	<u>5,403</u>
Total Obligations	<u>\$ 148,167</u>

NOTE 18 - 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, 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 administrative office space is leased by the DC Ranch Community Council and sub-leased to the DC Ranch Association and The Covenant Commission. The cost sharing agreement states that each party shall share the costs based on a predetermined percentage.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
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(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

NOTE 18 - RELATED PARTY TRANSACTIONS (CONTINUED)

As described in Note 12 – Cost-Sharing Agreement Management Fee and Revenue Recognition, the largest shared expense relates to the payroll and benefits of employees shared between the Council and the Association (Ranch). The Council and the Association (Ranch) 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, 2022 and 2021, the Ranch allocated approximately \$238,698 and \$216,245, respectively, of payroll costs to the Council and \$5,806 and \$25,052, respectively to the Covenant. For the years ended December 31, 2022 and 2021, the Council allocated approximately \$296,528 and \$286,818, respectively, of payroll costs to the Ranch.

The Association has delegated 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.

Related party payables and receivables consisted of the following at December 31, 2022 and 2021:

	2022	2021
Due from Community Council	\$ 9,473	\$ 18,420
Due from Covenant Commission	240	-
Related Party Receivable	\$ 9,713	\$ 18,420
Due to Community Council	\$ 147,688	\$ 221,988
Due to Covenant Commission	-	-
Related Party Payable	\$ 147,688	\$ 221,988

NOTE 19 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association’s governing documents require funds to be accumulated for future major repairs and replacements. At December 31, 2022 and 2021, funds accumulated for this purpose totaled \$10,492,284 and \$9,592,799, 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, with input from experts within the industry, 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. The study is updated annually.

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.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

NOTE 20 - 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.

NOTE 21 - CONTINGENCY LOSSES - LITIGATION

There is a current lawsuit filed against the Association by a resident of the Arcadia of Silverleaf (“Arcadia”) neighborhood regarding the Association’s Tree Replacement program. In this lawsuit, the Plaintiff is attempting to control the maintenance and replacement of Sissoo trees in the Arcadia Neighborhood that he does not own, are not located on his private Lot, and for which he has no authority. The Association’s Tree Replacement Program replaces the destructive Sissoo trees that were planted too close together in the neighborhood by the developer of the community that were likely selected to make a quick landscape-oriented aesthetic impact. According to the Association’s arborist experts, the space is insufficient for the invasive, serpentine root system of this type of tree, and over time, they have grown to maturity, posing imminent and unavoidable damage.

The Governing Documents of the community burden the Association with maintenance of the trees, including those located on private homeowner Lots. Reasonable maintenance dictates the Sissoo trees be replaced by a less invasive species to avoid danger, including fire suppression systems in the community. Given the advice the Association has received from multiple arborist experts, it must take preventative action now to protect the Arcadia Neighborhood. The contractual Governing Documents give the Association the requisite maintenance obligation and authority to execute its Tree Replacement Program and doing so is clearly in the best interests of the Association and all Owners in the community. The Association completed Phase I of the tree removal and replacement during the year ended December 31, 2022, and plans to continue with the phased approach with owners that agree to move forward with the project. There are a total of 675 streetscape trees at issue in this neighborhood.

Although the legal obligations for this lawsuit are covered by the Association’s insurance, it can be anticipated that the entire Master Insurance policy will increase due to this claim, which affects all residents of the community.

NOTE 22 - SUBSEQUENT EVENT

Arcadia at Silverleaf Neighborhood Tree Replacement Program Assessments - The Arcadia at Silverleaf Neighborhood will continue to incur Neighborhood Assessments for the Tree Replacement Program until the project is complete. A description of the project is in Note 6 – Arcadia at Silverleaf Neighborhood Tree Assessment and Note 21 – Contingency Losses – Litigation. In the year ended December 31, 2022, the 123 Arcadia at Silverleaf memberships were assessed \$351,250. As the Association completes each Phase, the Arcadia at Silverleaf memberships will continue to be assessed until the project is completed.



DC RANCH ASSOCIATION, INC.

SUPPLEMENTARY
INFORMATION



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DC RANCH ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
DECEMBER 31, 2022

The Association's paid staff, with input from experts within the industry, performed full reserve studies to estimate the remaining useful lives and the replacement costs of the components of property and improvements. The studies are updated annually. The studies for the Master and benefitted parcels were completed on January 1, 2023. 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 3.0% and investment earnings rate of 1.5%. 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 Fund Balance December 31, 2022
Master Association				
Cameras and Digital Signs	1 to 23	\$ 153,251	\$ 168,664	\$ -
Furniture	1 to 3	31,000	33,534	-
Irrigation Controllers	5 to 6	91,500	106,518	-
Landscape Projects	0 to 1	76,000	76,060	-
Parks and Playgrounds	10	17,250	18,315	-
Signage	5	30,000	34,848	-
Signs	1 to 5	261,445	275,656	-
Streets - Roadways	6	20,000	23,938	-
Technology	0 to 6	159,500	171,063	-
Vehicles	1 to 3	257,039	268,157	-
Walls	0	113,880	113,880	-
Unallocated		-	-	595,262
Total Master Association		1,210,865	1,290,633	595,262
Desert Haciendas				
Gate Equipment	0 to 11	91,965	110,273	-
Irrigation Controllers	6 to 7	5,300	6,442	-
Landscape Projects	0 to 5	109,209	112,751	-
Mailbox	0	20,000	20,000	-
Parks and Playgrounds	0 to 9	72,500	81,632	-
Sidewalk	0	4,728	4,728	-
Signs	1 to 5	29,251	31,932	-
Streets - Roadways	0 to 24	972,164	1,283,675	-
Walls	0	58,895	58,895	-
Unallocated		-	-	438,867
Total Desert Haciendas		1,364,012	1,710,328	438,867
Terrace Homes - West				
Gate Equipment	0 to 11	87,725	103,232	-
Irrigation Controllers	6	2,600	3,112	-
Landscape Projects	0 to 10	44,093	47,165	-
Mailbox	0	30,000	30,000	-
Parks and Playgrounds	0 to 15	78,635	83,676	-
Sidewalk	0	4,050	4,050	-
Signs	1 to 4	26,100	28,580	-
Streets - Roadways	0 to 23	429,597	798,478	-
Walls	9	56,081	73,440	-
Unallocated		-	-	204,777
Total Terrace Homes - West		758,881	1,171,733	204,777

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS (CONTINUED)
DECEMBER 31, 2022

Component	Remaining Life (Years)	Estimated Current Replacement Cost	Estimated Future Replacement Cost	Reserve Fund Balance December 31, 2022
Park & Manor				
Gate Equipment	0 to 15	79,325	96,886	-
Irrigation Controllers	6	8,800	10,533	-
Landscape Projects	0 to 2	66,180	67,538	-
Mailbox	1	30,000	30,912	-
Parks and Playgrounds	0 to 5	146,225	156,936	-
Sidewalk	0	8,775	8,775	-
Signs	1 to 5	42,298	46,231	-
Streets - Roadways	0 to 25	1,049,162	1,125,327	-
Walls	9	57,472	75,261	-
Unallocated		-	-	539,738
Total Park & Manor		1,488,237	1,618,399	539,738
Country Club				
Gate Equipment	0 to 14	255,381	302,297	-
Guard Houses	1 to 12	150,836	185,151	-
Irrigation Controllers	6 to 7	40,500	48,876	-
Landscape Projects	0 to 11	212,467	218,092	-
Mailbox Clusters	2	150,000	159,263	-
Parks and Playgrounds	9	12,210	15,989	-
Sidewalk	0	8,868	8,868	-
Signs	0 to 6	118,497	128,528	-
Streets - Roadways	1 to 28	3,787,204	5,651,616	-
Walls	0 to 7	82,800	88,667	-
Unallocated		-	-	1,643,779
Total Country Club		4,818,763	6,807,347	1,643,779
The Estates				
Gate Equipment	0 to 11	81,250	97,056	-
Irrigation Controllers	6	2,600	3,112	-
Landscape Projects	0 to 2	62,420	62,850	-
Mailbox	0	20,000	20,000	-
Parks and Playgrounds	0 to 9	102,396	106,503	-
Sidewalk	0	2,028	2,028	-
Signs	1 to 5	149,069	163,174	-
Streets - Roadways	0 to 24	698,072	1,124,490	-
Walls	2	58,900	62,577	-
Unallocated		-	-	265,994
Total The Estates		1,176,735	1,641,790	265,994
Terrace Homes - East				
Gate Equipment	0 to 11	83,565	97,447	-
Irrigation Controllers	6	2,600	3,112	-
Landscape Projects	0 to 2	57,421	58,223	-
Mailbox	0	20,000	20,000	-
Parks and Playgrounds	1 to 15	118,565	132,839	-
Sidewalk	0	4,050	4,050	-
Signs	1 to 5	22,500	24,638	-
Streets - Roadways	0 to 23	527,131	982,299	-
Walls	9	54,437	71,286	-
Unallocated		-	-	284,529
Total Terrace Homes - East		890,269	1,393,894	284,529

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See independent auditor's report.

DC RANCH ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS (CONTINUED)
DECEMBER 31, 2022

Component	Remaining Life (Years)	Estimated Current Replacement Cost	Estimated Future Replacement Cost	Reserve Fund Balance December 31, 2022
Rosewood				
Gate Equipment	0 to 15	78,525	94,476	-
Irrigation Controllers	6	5,100	6,104	-
Landscape Projects	0 to 1	45,042	46,168	-
Mailbox	1	10,000	10,304	-
Parks and Playgrounds	9	5,575	7,300	-
Signs	0 to 6	7,207	8,002	-
Streets - Roadways	4 to 28	214,014	371,945	-
Walls	0	23,356	23,356	-
Unallocated		-	-	115,971
Total Rosewood		388,819	567,655	115,971
Camelot				
Gate Equipment	0 to 7	250,907	278,003	-
Irrigation Controllers	6	21,500	25,734	-
Landscape Projects	0 to 12	84,637	93,478	-
Mailbox	0	50,000	50,000	-
Parks and Playgrounds	2 to 5	3,904	4,330	-
Signs	0 to 6	34,408	36,808	-
Streets - Roadways	2 to 26	1,395,242	2,277,915	-
Walls	6	206,276	246,901	-
Unallocated		-	-	633,497
Total Camelot		2,046,874	3,013,169	633,497
The Haciendas				
Gate Equipment	0 to 15	78,525	96,011	-
Irrigation Controllers	6	8,000	9,575	-
Landscape Projects	0 to 5	152,470	160,172	-
Mailbox	1	20,000	20,608	-
Parks and Playgrounds	5	5,575	6,476	-
Sidewalk	0	1,800	1,800	-
Signs	0 to 6	25,650	27,615	-
Streets - Roadways	2 to 28	773,383	1,296,643	-
Walls	2	100,550	106,759	-
Unallocated		-	-	386,648
Total The Haciendas		1,165,953	1,725,659	386,648
Market Street Villas				
Awnings	1 to 10	68,445	78,365	-
Building Component Replacement	1 to 5	57,150	64,875	-
Exterior Painting	1 to 3	364,500	378,257	-
Gate Equipment	0 to 8	65,892	68,459	-
Landscape Projects	0 to 9	108,261	115,067	-
Mailbox	1	20,000	20,600	-
Parks and Playgrounds	9	3,724	4,858	-
Roofing	2 to 18	1,340,270	1,718,336	-
Signs	0 to 2	17,550	18,081	-
Streets - Roadways	1 to 18	507,653	827,013	-
Walls and Fencing	35	-	-	-
Unallocated		-	-	1,053,124
Total Market Street Villas		2,553,445	3,293,911	1,053,124

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS (CONTINUED)
DECEMBER 31, 2022

Component	Remaining Life (Years)	Estimated Current Replacement Cost	Estimated Future Replacement Cost	Reserve Fund Balance December 31, 2022
Montelena				
Gate Equipment	0 to 6	79,725	86,730	-
Irrigation Controllers	6	5,000	5,984	-
Landscape Projects	0 to 1	64,920	64,980	-
Mailbox	1	10,000	10,304	-
Signs	0 to 5	10,320	11,088	-
Streets - Roadways	4 to 28	345,049	620,958	-
Walls	0 to 6	36,906	41,341	-
Unallocated		-	-	229,441
Total Montelena		<u>551,920</u>	<u>841,385</u>	<u>229,441</u>
Windgate				
Gate Equipment	0 to 12	119,181	144,190	-
Guard Houses	0 to 11	118,418	139,139	-
Irrigation Controllers	6 to 7	15,800	19,010	-
Landscape Projects	0 to 2	101,992	102,918	-
Light Poles	0	11,834	11,834	-
Parks and Playgrounds	0 to 29	304,006	385,233	-
Sidewalk	1	75,000	77,281	-
Signs	0 to 5	253,416	273,485	-
Streets - Roadways	0 to 27	6,727,926	12,306,831	-
Walls	6	6,000	7,181	-
Unallocated		-	-	2,062,247
Total Windgate		<u>7,733,573</u>	<u>13,467,102</u>	<u>2,062,247</u>
Arcadia at Silverleaf				
Gate Equipment	0 to 14	160,231	193,963	-
Guard Houses	0 to 6	67,963	73,709	-
Irrigation Controllers	6 to 7	10,000	12,012	-
Landscape Projects	0 to 3	123,862	126,775	-
Light Poles	1	11,834	12,189	-
Parks and Playgrounds	0 to 20	128,975	170,131	-
Sidewalk	0	20,388	20,388	-
Signs	0 to 6	69,117	76,065	-
Streets - Roadways	1 to 23	1,639,246	2,186,647	-
Walls	0 to 9	79,855	92,606	-
Unallocated		-	-	635,371
Total Arcadia at Silverleaf		<u>2,311,471</u>	<u>2,964,485</u>	<u>635,371</u>
Horseshoe Canyon				
Gate Equipment	0 to 11	67,316	80,105	-
Guard Houses	0 to 11	88,077	100,649	-
Irrigation Controllers	6	6,600	7,899	-
Landscape Projects	0 to 2	51,100	51,347	-
Light Poles	0	11,834	11,834	-
Parks and Playgrounds	0 to 6	71,278	76,081	-
Sidewalk	0	4,200	4,200	-
Signs	0 to 5	147,151	159,934	-
Streets - Roadways	0 to 26	3,903,700	6,788,600	-
Walls	1 to 10	164,300	211,306	-
Unallocated		-	-	1,046,999
Total Horseshoe Canyon		<u>4,515,556</u>	<u>7,491,955</u>	<u>1,046,999</u>

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS (CONTINUED)
DECEMBER 31, 2022

<u>Component</u>	<u>Remaining Life (Years)</u>	<u>Estimated Current Replacement Cost</u>	<u>Estimated Future Replacement Cost</u>	<u>Reserve Fund Balance December 31, 2022</u>
Sterling Estates				
Irrigation Controllers	6	2,600	3,112	-
Landscape Projects	0 to 10	67,904	78,642	-
Parks and Playgrounds	2	48,600	51,601	-
Walls	0	34,000	34,000	-
Unallocated		-	-	58,097
Total Sterling Estates		<u>153,104</u>	<u>167,355</u>	<u>58,097</u>
Pioneer				
Irrigation Controllers	6	5,000	5,970	-
Landscape Projects	0 to 11	56,913	60,339	-
Mailbox	2	6,000	6,365	-
Signs	0 to 6	9,450	10,155	-
Streets - Roadways	1 to 25	351,585	565,805	-
Walls	0	42,000	42,000	-
Unallocated		-	-	297,943
Total Pioneer		<u>470,948</u>	<u>690,634</u>	<u>297,943</u>
Total		<u>\$ 33,599,425</u>	<u>\$ 49,857,434</u>	<u>\$ 10,492,284</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, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

RANCH MASTER ASSOCIATION

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2022</u>	<u>TOTAL 2021</u>
REVENUES					
ASSESSMENTS					
Master Assessments	\$ 3,316,045	\$ -	\$ -	\$ 3,316,045	\$ 3,074,692
Builder and Developer Assessments	68,587	-	-	68,587	61,216
Master Clubhouse Cost Share Revenue	197,383	-	-	197,383	183,359
TOTAL ASSESSMENTS	3,582,015	-	-	3,582,015	3,319,267
OTHER REVENUE					
Covenant Commission Cost-Sharing Revenue	5,940	-	-	5,940	25,895
Council Cost-Sharing Revenue	360,333	-	-	360,333	342,337
Disclosure Fees and Working Capital Fees	95,157	-	-	95,157	200,719
Gate Transponders	208,066	-	-	208,066	207,801
Fines, Fees, Violations, Permits	66,656	-	-	66,656	65,119
Cell Tower Land Operating Lease Revenue	76,629	-	-	76,629	74,482
Modification Submittal Fee	78,020	-	-	78,020	74,600
Sub-Association Management Fees	2,900	-	-	2,900	12,245
Miscellaneous Income	9,898	-	-	9,898	3,622
Other Reserve Income	-	-	-	-	86,177
Interest	2,997	6,026	-	9,023	5,341
TOTAL OTHER REVENUE	906,596	6,026	-	912,622	1,098,338
TOTAL REVENUES	4,488,611	6,026	-	4,494,637	4,417,605
EXPENSES					
Personnel	2,103,206	-	-	2,103,206	2,027,588
Cost-Sharing Management Fee Expense	432,700	-	-	432,700	451,897
Administrative	66,672	1	-	66,673	49,025
Landscape Services	209,953	-	-	209,953	179,229
Facilities Maintenance	78,078	-	-	78,078	62,997
Security	1,122,437	-	-	1,122,437	812,080
Information Technology	151,205	-	-	151,205	158,093
Community Relations	17,397	-	-	17,397	9,992
Community Standards	9,244	-	-	9,244	15,823
Fleet	219,512	-	-	219,512	205,089
Human Resources	58,391	-	-	58,391	40,646
Utilities	68,412	-	-	68,412	74,346
Insurance and Taxes	126,144	-	-	126,144	116,463
Depreciation	-	-	64,296	64,296	61,195
Reserve Expenditures	-	63,386	-	63,386	51,958
Capital Expenditures	-	-	5,832	5,832	-
TOTAL EXPENSES	4,663,351	63,387	70,128	4,796,866	4,316,421
EXCESS REVENUES (EXPENSES)	(174,740)	(57,361)	(70,128)	(302,229)	101,184
FUND BALANCES, BEGINNING OF YEAR	(66,208)	468,688	-	402,480	564,739
TRANSFERS BETWEEN FUNDS					
Initial Contribution to Establish Capital Fund	-	(50,000)	50,000	-	-
Transfer of Fixed Assets to Establish Capital Fund	(161,004)	-	161,004	-	-
Allocation Correction of 2021 Depreciation	(61,195)	61,195	-	-	-
Contributions to General Reserves	(172,740)	172,740	-	-	(263,443)
Contributions to Capital Reserves	(25,000)	-	25,000	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(419,939)	183,935	236,004	-	(263,443)
FUND BALANCES, END OF YEAR	\$ (660,887)	\$ 595,262	\$ 165,876	\$ 100,251	\$ 402,480

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

DESERT HACIENDAS

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2022</u>	<u>TOTAL 2021</u>
REVENUES					
Neighborhood Assessments	\$ 160,828	\$ -	\$ -	\$ 160,828	\$ 146,786
Park Maintenance Fee (Allocation)	2,847	-	-	2,847	6,048
Interest Income	-	4,882	-	4,882	1,267
TOTAL REVENUES	<u>163,675</u>	<u>4,882</u>	<u>-</u>	<u>168,557</u>	<u>154,101</u>
EXPENSES					
Personnel	24,293	-	-	24,293	21,472
Landscape Services	16,066	-	-	16,066	22,194
Facilities Maintenance	2,137	-	-	2,137	5,007
Utilities	17,100	-	-	17,100	15,398
Security	9,468	-	-	9,468	9,126
Information Technology	3,271	-	-	3,271	3,226
Reserve Expenditures	-	31,877	-	31,877	1,038
TOTAL EXPENSES	<u>72,335</u>	<u>31,877</u>	<u>-</u>	<u>104,212</u>	<u>77,461</u>
EXCESS REVENUES (EXPENSES)	91,340	(26,995)	-	64,345	76,640
BEGINNING FUND BALANCES	50,486	398,002	-	448,488	371,848
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(67,860)	67,860	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(67,860)</u>	<u>67,860</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 73,966</u>	<u>\$ 438,867</u>	<u>\$ -</u>	<u>\$ 512,833</u>	<u>\$ 448,488</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, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

TERRACE HOMES - WEST

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2022</u>	<u>TOTAL 2021</u>
REVENUES					
Neighborhood Assessments	\$ 101,987	\$ -	\$ -	\$ 101,987	\$ 89,377
Park Maintenance Fee (Allocation)	1,976	-	-	1,976	4,200
Interest Income	-	2,308	-	2,308	653
TOTAL REVENUES	103,963	2,308	-	106,271	94,230
EXPENSES					
Personnel	22,406	-	-	22,406	18,163
Administrative	-	-	-	-	144
Landscape Services	8,697	-	-	8,697	8,331
Facilities Maintenance	2,837	-	-	2,837	2,111
Utilities	9,935	-	-	9,935	8,494
Security	9,468	-	-	9,468	9,486
Information Technology	3,389	-	-	3,389	3,240
Reserve Expenditures	-	48,778	-	48,778	1,457
TOTAL EXPENSES	56,732	48,778	-	105,510	51,426
EXCESS REVENUES (EXPENSES)	47,231	(46,470)	-	761	42,804
BEGINNING FUND BALANCES	38,522	210,051	-	248,573	205,769
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(41,196)	41,196	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(41,196)	41,196	-	-	-
ENDING FUND BALANCES	\$ 44,557	\$ 204,777	\$ -	\$ 249,334	\$ 248,573

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

PARK & MANOR HOMES

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2022	TOTAL 2021
REVENUES					
Neighborhood Assessments	\$ 203,742	\$ -	\$ -	\$ 203,742	\$ 198,198
Park Maintenance Fee (Allocation)	3,770	-	-	3,770	8,004
Interest Income	-	6,044	-	6,044	1,718
TOTAL REVENUES	<u>207,512</u>	<u>6,044</u>	<u>-</u>	<u>213,556</u>	<u>207,920</u>
EXPENSES					
Personnel	47,647	-	-	47,647	43,520
Administrative	-	-	-	-	3,730
Landscape Services	12,065	-	-	12,065	12,527
Facilities Maintenance	4,873	-	-	4,873	7,702
Utilities	21,468	-	-	21,468	18,780
Security	9,468	-	-	9,468	9,126
Information Technology	3,372	-	-	3,372	3,237
Reserve Expenditures	-	51,862	-	51,862	38,784
TOTAL EXPENSES	<u>98,893</u>	<u>51,862</u>	<u>-</u>	<u>150,755</u>	<u>137,406</u>
EXCESS REVENUES (EXPENSES)	108,619	(45,818)	-	62,801	70,514
BEGINNING FUND BALANCES	61,243	494,380	-	555,623	485,109
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(91,176)	91,176	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(91,176)</u>	<u>91,176</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 78,686</u>	<u>\$ 539,738</u>	<u>\$ -</u>	<u>\$ 618,424</u>	<u>\$ 555,623</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, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

COUNTRY CLUB

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2022	TOTAL 2021
REVENUES					
Neighborhood Assessments	\$ 860,706	\$ -	\$ -	\$ 860,706	\$ 863,853
Builder and Developer Assessment	3,564	-	-	3,564	3,572
Neighborhood Clubhouse Cost Share	147,906	-	-	147,906	148,255
Security Monitoring Unmanned Gates	17,568	-	-	17,568	17,568
Interest Income	-	18,223	-	18,223	4,462
TOTAL REVENUES	1,029,744	18,223	-	1,047,967	1,037,710
EXPENSES					
Personnel	131,883	-	-	131,883	106,561
Administrative	-	-	-	-	180
Landscape Services	26,851	-	-	26,851	36,149
Facilities Maintenance	30,955	-	-	30,955	22,813
Utilities	72,793	-	-	72,793	70,350
Security	477,316	-	-	477,316	438,002
Insurance	1,347	-	-	1,347	1,268
Information Technology	8,831	-	-	8,831	15,387
Reserve Expenditures	-	101,876	-	101,876	44,162
TOTAL EXPENSES	749,976	101,876	-	851,852	734,872
EXCESS REVENUES (EXPENSES)	279,768	(83,653)	-	196,115	302,838
BEGINNING FUND BALANCES	116,077	1,424,456	-	1,540,533	1,237,695
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(302,976)	302,976	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(302,976)	302,976	-	-	-
ENDING FUND BALANCES	\$ 92,869	\$ 1,643,779	\$ -	\$ 1,736,648	\$ 1,540,533

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

THE ESTATES

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2022</u>	<u>TOTAL 2021</u>
REVENUES					
Neighborhood Assessments	\$ 97,169	\$ -	\$ -	\$ 97,169	\$ 95,971
Park Maintenance Fee (Allocation)	2,302	-	-	2,302	4,440
Interest Income	-	2,960	-	2,960	791
TOTAL REVENUES	<u>99,471</u>	<u>2,960</u>	<u>-</u>	<u>102,431</u>	<u>101,202</u>
EXPENSES					
Personnel	30,297	-	-	30,297	26,525
Landscape Services	6,384	-	-	6,384	7,310
Facilities Maintenance	3,085	-	-	3,085	6,263
Utilities	12,332	-	-	12,332	10,981
Security	9,643	-	-	9,643	9,126
Information Technology	3,181	-	-	3,181	3,216
Reserve Expenditures	-	5,979	-	5,979	1,584
TOTAL EXPENSES	<u>64,922</u>	<u>5,979</u>	<u>-</u>	<u>70,901</u>	<u>65,005</u>
EXCESS REVENUES (EXPENSES)	34,549	(3,019)	-	31,530	36,197
BEGINNING FUND BALANCES	55,087	234,717	-	289,804	253,607
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(34,296)	34,296	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(34,296)</u>	<u>34,296</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 55,340</u>	<u>\$ 265,994</u>	<u>\$ -</u>	<u>\$ 321,334</u>	<u>\$ 289,804</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, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

TERRACE HOMES - EAST

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2022</u>	<u>TOTAL 2021</u>
REVENUES					
Neighborhood Assessments	\$ 109,263	\$ -	\$ -	\$ 109,263	\$ 104,181
Park Maintenance Fee (Allocation)	2,314	-	-	2,314	4,908
Interest Income	-	3,201	-	3,201	961
TOTAL REVENUES	111,577	3,201	-	114,778	110,050
EXPENSES					
Personnel	28,308	-	-	28,308	20,239
Landscape Services	6,274	-	-	6,274	6,393
Facilities Maintenance	2,624	-	-	2,624	4,855
Utilities	14,765	-	-	14,765	10,391
Security	9,628	-	-	9,628	9,126
Information Technology	3,633	-	-	3,633	3,732
Reserve Expenditures	-	40,138	-	40,138	10,939
TOTAL EXPENSES	65,232	40,138	-	105,370	65,675
EXCESS REVENUES (EXPENSES)	46,345	(36,937)	-	9,408	44,375
BEGINNING FUND BALANCES	28,524	279,838	-	308,362	263,987
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(41,628)	41,628	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(41,628)	41,628	-	-	-
ENDING FUND BALANCES	\$ 33,241	\$ 284,529	\$ -	\$ 317,770	\$ 308,362

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

ROSEWOOD

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2022</u>	<u>TOTAL 2021</u>
REVENUES					
Neighborhood Assessments	\$ 57,589	\$ -	\$ -	\$ 57,589	\$ 55,325
Interest Income	-	1,276	-	1,276	294
TOTAL REVENUES	<u>57,589</u>	<u>1,276</u>	<u>-</u>	<u>58,865</u>	<u>55,619</u>
EXPENSES					
Personnel	7,642	-	-	7,642	5,434
Landscape Services	3,448	-	-	3,448	3,447
Facilities Maintenance	1,230	-	-	1,230	774
Utilities	4,655	-	-	4,655	3,981
Security	9,442	-	-	9,442	9,100
Information Technology	3,503	-	-	3,503	3,722
Reserve Expenditures	-	5,986	-	5,986	6,925
TOTAL EXPENSES	<u>29,920</u>	<u>5,986</u>	<u>-</u>	<u>35,906</u>	<u>33,383</u>
EXCESS REVENUES (EXPENSES)	27,669	(4,710)	-	22,959	22,236
BEGINNING FUND BALANCES	14,535	93,753	-	108,288	86,052
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(26,928)	26,928	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(26,928)</u>	<u>26,928</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 15,276</u>	<u>\$ 115,971</u>	<u>\$ -</u>	<u>\$ 131,247</u>	<u>\$ 108,288</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, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

CAMELOT

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2022</u>	<u>TOTAL 2021</u>
REVENUES					
Neighborhood Assessments	\$ 210,256	\$ -	\$ -	\$ 210,256	\$ 194,519
Interest Income	-	7,191	-	7,191	2,299
TOTAL REVENUES	210,256	7,191	-	217,447	196,818
EXPENSES					
Personnel	35,431	-	-	35,431	17,448
Landscape Services	18,840	-	-	18,840	15,442
Facilities Maintenance	4,751	-	-	4,751	3,121
Utilities	34,674	-	-	34,674	32,245
Security	28,353	-	-	28,353	27,294
Information Technology	10,644	-	-	10,644	9,632
Reserve Expenditures	-	150,197	-	150,197	480
TOTAL EXPENSES	132,693	150,197	-	282,890	105,662
EXCESS REVENUES (EXPENSES)	77,563	(143,006)	-	(65,443)	91,156
BEGINNING FUND BALANCES	39,795	686,863	-	726,658	635,502
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(89,640)	89,640	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(89,640)	89,640	-	-	-
ENDING FUND BALANCES	\$ 27,718	\$ 633,497	\$ -	\$ 661,215	\$ 726,658

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

THE HACIENDAS

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2022	TOTAL 2021
REVENUES					
Neighborhood Assessments	\$ 104,931	\$ -	\$ -	\$ 104,931	\$ 89,285
Interest Income	-	4,352	-	4,352	1,476
TOTAL REVENUES	104,931	4,352	-	109,283	90,761
EXPENSES					
Personnel	20,971	-	-	20,971	18,428
Landscape Services	16,676	-	-	16,676	8,206
Facilities Maintenance	2,005	-	-	2,005	3,393
Utilities	19,295	-	-	19,295	15,574
Security	9,468	-	-	9,468	9,126
Information Technology	3,294	-	-	3,294	3,216
Reserve Expenditures	-	13,149	-	13,149	19,766
TOTAL EXPENSES	71,709	13,149	-	84,858	77,709
EXCESS REVENUES (EXPENSES)	33,222	(8,797)	-	24,425	13,052
BEGINNING FUND BALANCES	10,782	365,541	-	376,323	363,271
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(29,904)	29,904	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(29,904)	29,904	-	-	-
ENDING FUND BALANCES	\$ 14,100	\$ 386,648	\$ -	\$ 400,748	\$ 376,323

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

MARKET STREET VILLAS

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2022</u>	<u>TOTAL 2021</u>
REVENUES					
Neighborhood Assessments	\$ 502,416	\$ -	\$ -	\$ 502,416	\$ 469,854
Interest Income	-	11,586	-	11,586	2,639
TOTAL REVENUES	502,416	11,586	-	514,002	472,493
EXPENSES					
Personnel	68,911	-	-	68,911	49,093
Administrative	-	-	-	-	71
Landscape Services	44,000	-	-	44,000	33,203
Facilities Maintenance	7,203	-	-	7,203	4,281
Utilities	33,329	-	-	33,329	29,362
Security	9,468	-	-	9,468	9,820
Insurance	79,277	-	-	79,277	71,548
Information Technology	3,317	-	-	3,317	3,277
Reserve Expenditures	-	35,736	-	35,736	105,993
TOTAL EXPENSES	245,505	35,736	-	281,241	306,648
EXCESS REVENUES (EXPENSES)	256,911	(24,150)	-	232,761	165,845
BEGINNING FUND BALANCES	62,560	823,474	-	886,034	720,189
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(253,800)	253,800	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(253,800)	253,800	-	-	-
ENDING FUND BALANCES	\$ 65,671	\$ 1,053,124	\$ -	\$ 1,118,795	\$ 886,034

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

MONTELENA

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2022</u>	<u>TOTAL 2021</u>
REVENUES					
Neighborhood Assessments	\$ 82,717	\$ -	\$ -	\$ 82,717	\$ 78,522
Interest Income	-	2,565	-	2,565	770
TOTAL REVENUES	82,717	2,565	-	85,282	79,292
EXPENSES					
Personnel	16,346	-	-	16,346	12,175
Landscape Services	12,695	-	-	12,695	12,345
Facilities Maintenance	1,747	-	-	1,747	3,291
Utilities	9,304	-	-	9,304	8,414
Security	11,289	-	-	11,289	9,100
Information Technology	3,439	-	-	3,439	3,207
Reserve Expenditures	-	2,026	-	2,026	14,479
TOTAL EXPENSES	54,820	2,026	-	56,846	63,011
EXCESS REVENUES (EXPENSES)	27,897	539	-	28,436	16,281
BEGINNING FUND BALANCES	23,258	203,786	-	227,044	210,763
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(25,116)	25,116	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(25,116)	25,116	-	-	-
ENDING FUND BALANCES	\$ 26,039	\$ 229,441	\$ -	\$ 255,480	\$ 227,044

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

WINDGATE

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2022	TOTAL 2021
REVENUES					
Neighborhood Assessments	\$ 1,080,695	\$ -	\$ -	\$ 1,080,695	\$ 1,006,533
Builder and Developer Assessments	-	-	-	-	5,968
Security Monitoring Unmanned Gates	8,784	-	-	8,784	8,784
Resident Reimbursement	-	-	-	-	450
Interest Income	-	23,115	-	23,115	7,053
TOTAL REVENUES	1,089,479	23,115	-	1,112,594	1,028,788
EXPENSES					
Personnel	130,539	-	-	130,539	146,586
Administrative	432	-	-	432	520
Landscape Services	98,992	-	-	98,992	78,049
Facilities Maintenance	37,507	-	-	37,507	32,294
Utilities	131,756	-	-	131,756	118,065
Security	282,028	-	-	282,028	258,253
Insurance	662	-	-	662	634
Information Technology	3,682	-	-	3,682	5,414
Reserve Expenditures	-	227,839	-	227,839	182,001
TOTAL EXPENSES	685,598	227,839	-	913,437	821,816
EXCESS REVENUES (EXPENSES)	403,881	(204,724)	-	199,157	206,972
BEGINNING FUND BALANCES	147,265	1,919,271	-	2,066,536	1,859,564
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(347,700)	347,700	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(347,700)	347,700	-	-	-
ENDING FUND BALANCES	\$ 203,446	\$ 2,062,247	\$ -	\$ 2,265,693	\$ 2,066,536

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

ARCADIA AT SILVERLEAF

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2022</u>	<u>TOTAL 2021</u>
REVENUES					
Neighborhood Assessments	\$ 524,570	\$ -	\$ -	\$ 524,570	\$ 466,711
Security Monitoring Unmanned Gates	8,784	-	-	8,784	8,784
Arcadia at Silverleaf Neighborhood Assessment	-	351,250	-	351,250	-
Interest Income	-	7,130	-	7,130	1,947
TOTAL REVENUES	<u>533,354</u>	<u>358,380</u>	<u>-</u>	<u>891,734</u>	<u>477,442</u>
EXPENSES					
Personnel	52,114	-	-	52,114	64,451
Administrative	11,500	-	-	11,500	30,131
Landscape Services	45,984	-	-	45,984	20,792
Facilities Maintenance	8,276	-	-	8,276	4,899
Utilities	42,968	-	-	42,968	38,475
Security	196,268	-	-	196,268	181,524
Insurance	662	-	-	662	634
Information Technology	7,206	-	-	7,206	10,223
Reserve Expenditures	-	475,336	-	475,336	142,995
TOTAL EXPENSES	<u>364,978</u>	<u>475,336</u>	<u>-</u>	<u>840,314</u>	<u>494,124</u>
EXCESS REVENUES (EXPENSES)	168,376	(116,956)	-	51,420	(16,682)
BEGINNING FUND BALANCES	21,509	594,395	-	615,904	632,586
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(157,932)	157,932	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(157,932)</u>	<u>157,932</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 31,953</u>	<u>\$ 635,371</u>	<u>\$ -</u>	<u>\$ 667,324</u>	<u>\$ 615,904</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, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

HORSESHOE CANYON

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2022	TOTAL 2021
REVENUES					
Neighborhood Assessments	\$ 428,333	\$ -	\$ -	\$ 428,333	\$ 420,383
Builder and Developer Assessments	-	-	-	-	1,538
Clubhouse Cost Share	145,327	-	-	145,327	140,220
Security Monitoring Unmanned Gates	8,784	-	-	8,784	8,784
ICON Shared Cost Revenue	2,880	-	-	2,880	-
ICON Builder Shared Cost Revenue	5,760	-	-	5,760	-
Interest Income	-	11,796	-	11,796	3,601
TOTAL REVENUES	591,084	11,796	-	602,880	574,526
EXPENSES					
Personnel	56,603	-	-	56,603	46,785
Landscape Services	14,308	-	-	14,308	21,573
Facilities Maintenance	38,373	-	-	38,373	33,970
Utilities	47,651	-	-	47,651	40,573
Security	236,996	-	-	236,996	217,015
Insurance	662	-	-	662	634
Information Technology	3,341	-	-	3,341	4,520
Reserve Expenditures	-	187,805	-	187,805	48,026
TOTAL EXPENSES	397,934	187,805	-	585,739	413,096
EXCESS REVENUES (EXPENSES)	193,150	(176,009)	-	17,141	161,430
BEGINNING FUND BALANCES	199,858	1,063,720	-	1,263,578	1,102,148
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(159,288)	159,288	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(159,288)	159,288	-	-	-
ENDING FUND BALANCES	\$ 233,720	\$ 1,046,999	\$ -	\$ 1,280,719	\$ 1,263,578

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, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

STERLING VILLAS

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2022</u>	<u>TOTAL 2021</u>
REVENUES					
Neighborhood Assessments	\$ 25,795	\$ -	\$ -	\$ 25,795	\$ 24,019
Interest Income	-	652	-	652	208
TOTAL REVENUES	<u>25,795</u>	<u>652</u>	<u>-</u>	<u>26,447</u>	<u>24,227</u>
EXPENSES					
Personnel	11,447	-	-	11,447	11,545
Landscape Services	4,600	-	-	4,600	2,784
Facilities Maintenance	1,069	-	-	1,069	1,766
Utilities	3,925	-	-	3,925	2,989
Reserve Expenditures	-	1,455	-	1,455	5,055
TOTAL EXPENSES	<u>21,041</u>	<u>1,455</u>	<u>-</u>	<u>22,496</u>	<u>24,139</u>
EXCESS REVENUES (EXPENSES)	4,754	(803)	-	3,951	88
BEGINNING FUND BALANCES	12,229	52,660	-	64,889	64,801
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(6,240)	6,240	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(6,240)</u>	<u>6,240</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 10,743</u>	<u>\$ 58,097</u>	<u>\$ -</u>	<u>\$ 68,840</u>	<u>\$ 64,889</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, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2021)

PIONEER

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2022	TOTAL 2021
REVENUES					
Neighborhood Assessments	\$ 44,923	\$ -	\$ -	\$ 44,923	\$ 43,159
Interest Income	-	3,337	-	3,337	486
TOTAL REVENUES	<u>44,923</u>	<u>3,337</u>	<u>-</u>	<u>48,260</u>	<u>43,645</u>
EXPENSES					
Personnel	14,980	-	-	14,980	9,340
Landscape Services	3,696	-	-	3,696	3,559
Facilities Maintenance	1,031	-	-	1,031	780
Utilities	3,190	-	-	3,190	2,566
Reserve Expenditures	-	5,178	-	5,178	2,365
TOTAL EXPENSES	<u>22,897</u>	<u>5,178</u>	<u>-</u>	<u>28,075</u>	<u>18,610</u>
EXCESS REVENUES (EXPENSES)	22,026	(1,841)	-	20,185	25,035
BEGINNING FUND BALANCES	9,274	279,204	-	288,478	263,443
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(20,580)	20,580	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(20,580)</u>	<u>20,580</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 10,720</u>	<u>\$ 297,943</u>	<u>\$ -</u>	<u>\$ 308,663</u>	<u>\$ 288,478</u>

See independent auditor's report.