



DC RANCH ASSOCIATION, INC.

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023 AND 2022
AND FOR THE YEARS THEN ENDED



www.ButlerHansen.com

DC RANCH ASSOCIATION, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT.....	1 - 2
FINANCIAL STATEMENTS	
Balance Sheet.....	3
Statement of Revenues, Expenses and Changes in Fund Balances.....	4 - 5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7 - 22
SUPPLEMENTARY INFORMATION	
Required Supplementary Information on Future Major Repairs and Replacements.....	23 - 27
Supplementary Schedules of Revenues, Expenses and Changes in Fund Balances.....	28 - 44

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, 2023, 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, 2023, 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

We have previously audited the DC Ranch Association, Inc.'s December 31, 2022, financial statements, and we expressed an unqualified opinion on those statements in our report dated May 1, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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 28 to 44, 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 23 to 27, 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
April 25, 2024

DC RANCH ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2023</u>	<u>TOTAL 2022</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 1,602,151	\$ 3,916,134	\$ 65,668	\$ 5,583,953	\$ 3,251,856
Investments	-	7,749,630	-	7,749,630	7,956,390
Accounts Receivable, Net of Allowance of \$43,498 and \$8,052, 2023 and 2022, Respectively	89,553	-	-	89,553	317,658
Other Receivables	51,548	-	-	51,548	35,323
Related Party Receivable - Community Council	-	-	-	-	9,473
Related Party Receivable - Covenant Commission	237	-	-	237	240
Accrued Interest Receivable	-	45,756	-	45,756	30,548
Prepaid Expenses	79,982	-	-	79,982	73,438
Arcadia at Silverleaf Neighborhood Tree Deposit	-	-	-	-	172,250
Security Deposits	2,206	-	-	2,206	2,206
Inventory - Transponders	23,821	-	-	23,821	15,671
Property and Equipment, Net	-	-	42,433	42,433	96,708
Operating Lease Right-of-Use Assets	208,791	-	-	208,791	148,167
Interfund Balance	(49,487)	49,487	-	-	-
Interfund Balance - Arcadia at Silverleaf Neighborhood Assessment	(91,627)	91,627	-	-	-
TOTAL ASSETS	<u>\$ 1,917,175</u>	<u>\$ 11,852,634</u>	<u>\$ 108,101</u>	<u>\$ 13,877,910</u>	<u>\$ 12,109,928</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts Payable	\$ 306,553	\$ 164,188	\$ -	\$ 470,741	\$ 387,308
Accrued Expenses	163,638	-	-	163,638	119,459
Related Party Payable - Community Council	225,360	-	-	225,360	147,688
Prepaid Assessments	274,964	-	-	274,964	291,988
Operating Lease Right-of-Use Asset Liability	208,791	-	-	208,791	148,167
TOTAL LIABILITIES	<u>1,179,306</u>	<u>164,188</u>	<u>-</u>	<u>1,343,494</u>	<u>1,094,610</u>
FUND BALANCES					
Operating Fund	737,869	-	-	737,869	357,158
Reserve Fund	-	11,688,446	-	11,688,446	10,492,284
Capital Fund	-	-	108,101	108,101	165,876
TOTAL FUND BALANCES	<u>737,869</u>	<u>11,688,446</u>	<u>108,101</u>	<u>12,534,416</u>	<u>11,015,318</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,917,175</u>	<u>\$ 11,852,634</u>	<u>\$ 108,101</u>	<u>\$ 13,877,910</u>	<u>\$ 12,109,928</u>

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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2023</u>	<u>TOTAL 2022</u>
REVENUES					
ASSESSMENTS					
Master Assessments	\$ 3,976,164	\$ -	\$ -	\$ 3,976,164	\$ 3,316,045
Builder and Developer Assessments	97,611	-	-	97,611	77,911
Neighborhood Assessments	5,039,511	-	-	5,039,511	4,598,800
Arcadia at Silverleaf Neighborhood Assessment	-	455,950	-	455,950	351,250
Clubhouse Cost Share - Master Operating	236,783	-	-	236,783	197,383
Clubhouse Cost Share - Country Club	165,485	-	-	165,485	147,906
Clubhouse Cost Share - Horseshoe	156,317	-	-	156,317	145,327
TOTAL ASSESSMENTS	<u>9,671,871</u>	<u>455,950</u>	<u>-</u>	<u>10,127,821</u>	<u>8,834,622</u>
NON-ASSESSMENT REVENUE					
Disclosure Fee (Lot Sales Fees)	87,300	-	-	87,300	95,157
Covenant Commission Cost-Sharing Revenue	4,557	-	-	4,557	5,940
Council Cost-Sharing Revenue	377,942	-	-	377,942	360,333
Fines, Fees, and Violation Fees	113,507	-	-	113,507	100,460
Gate Transponders	224,587	-	-	224,587	208,066
Maintenance Fees	52,626	-	-	52,626	52,626
Security Monitoring Unmanned Gates	43,920	-	-	43,920	43,920
Sub-Association Management Fees	-	-	-	-	2,900
Cell Tower Land Operating Lease Revenue	78,838	-	-	78,838	76,629
Interest	45,197	316,498	-	361,695	119,641
Other Income	14,876	-	-	14,876	14,697
TOTAL NON-ASSESSMENT REVENUE	<u>1,043,350</u>	<u>316,498</u>	<u>-</u>	<u>1,359,848</u>	<u>1,080,369</u>
TOTAL REVENUES	<u>10,715,221</u>	<u>772,448</u>	<u>-</u>	<u>11,487,669</u>	<u>9,914,991</u>
EXPENSES					
ADMINISTRATIVE					
Personnel Expense	3,075,978	-	-	3,075,978	2,803,024
Administration	143,409	-	-	143,409	78,605
Cost-Sharing Management Fee Expense	525,015	-	-	525,015	432,700
Information Technology	174,268	-	-	174,268	215,308
Human Resources	35,896	-	-	35,896	58,391
TOTAL ADMINISTRATIVE	<u>3,954,566</u>	<u>-</u>	<u>-</u>	<u>3,954,566</u>	<u>3,588,028</u>
MAINTENANCE					
Landscape Services	472,464	-	-	472,464	549,529
Facilities Maintenance	219,567	-	-	219,567	227,781
Utilities	574,875	-	-	574,875	547,552
Fleet	252,841	-	-	252,841	219,512
TOTAL MAINTENANCE	<u>1,519,747</u>	<u>-</u>	<u>-</u>	<u>1,519,747</u>	<u>1,544,374</u>
COMMUNITY PROGRAMS					
Security	2,620,610	-	-	2,620,610	2,430,740
Community Standards	3,199	-	-	3,199	9,244
Community Relations	20,532	-	-	20,532	17,397
TOTAL COMMUNITY PROGRAMS	<u>2,644,341</u>	<u>-</u>	<u>-</u>	<u>2,644,341</u>	<u>2,457,381</u>
GENERAL EXPENSE					
Insurance and Taxes	198,608	-	-	198,608	208,754
Depreciation	-	-	58,891	58,891	64,296
TOTAL GENERAL EXPENSE	<u>198,608</u>	<u>-</u>	<u>58,891</u>	<u>257,499</u>	<u>273,050</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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2023</u>	<u>TOTAL 2022</u>
RESERVE EXPENDITURES					
Firewise Program	-	444,510	-	444,510	271,781
Furniture Replacement	-	-	-	-	281,707
Stucco/Paint Building Exterior	-	78,892	-	78,892	126,034
Landscape Improvement/Drainage	-	263,732	-	263,732	27,480
Arcadia at Silverleaf Tree Replacement Phase I	-	455,950	-	455,950	351,250
Asphalt Pavement and Seal Coating Repairs	-	114,447	-	114,447	2,000
Concrete Sidewalks	-	66,241	-	66,241	3,781
Cameras	-	1,660	-	1,660	101,262
Speed Deterrents	-	2,450	-	2,450	3,500
Street Repairs	-	9,200	-	9,200	-
Partial Concrete Replacements - Curbs and Gutters	-	12,547	-	12,547	-
Reserve Study	-	22,925	-	22,925	-
Other Reserve Expenses	-	116,364	-	116,364	279,808
TOTAL RESERVE EXPENDITURES	<u>-</u>	<u>1,588,918</u>	<u>-</u>	<u>1,588,918</u>	<u>1,448,603</u>
CAPITAL EXPENDITURES					
	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>3,500</u>	<u>5,832</u>
TOTAL EXPENSES	<u>8,317,262</u>	<u>1,588,918</u>	<u>62,391</u>	<u>9,968,571</u>	<u>9,317,268</u>
EXCESS REVENUES (EXPENSES)	2,397,959	(816,470)	(62,391)	1,519,098	597,723
FUND BALANCES, BEGINNING OF YEAR	357,158	10,492,284	165,876	11,015,318	10,417,595
TRANSFERS BETWEEN FUNDS					
Contributions to Reserves	(2,017,248)	2,017,248	-	-	-
Contributions to Capital	-	(4,616)	4,616	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(2,017,248)</u>	<u>2,012,632</u>	<u>4,616</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 737,869</u>	<u>\$ 11,688,446</u>	<u>\$ 108,101</u>	<u>\$ 12,534,416</u>	<u>\$ 11,015,318</u>

See accompanying notes to the financial statements.

DC RANCH ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2023</u>	<u>TOTAL 2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Excess Revenues (Expenses)	\$ 2,397,959	\$ (816,470)	\$ (62,391)	\$ 1,519,098	\$ 597,723
Adjustments to Reconcile Excess Revenues (Expenses) to Cash Provided (Used) by Operating Activities					
Bad Debt Expense	35,446	-	-	35,446	(135)
Depreciation Expense	-	-	58,891	58,891	64,296
(Increase)/Decrease In					
Accounts Receivable	192,659	-	-	192,659	(296,334)
Other Receivables	(16,225)	-	-	(16,225)	(35,323)
Related Party Receivable - Community Council	9,473	-	-	9,473	8,947
Related Party Receivable - Covenant Commission	3	-	-	3	(240)
Accrued Interest Receivable	-	(15,208)	-	(15,208)	(30,548)
Prepaid Expenses	(6,544)	-	-	(6,544)	45,601
Arcadia at Silverleaf Neighborhood Tree Deposit	-	172,250	-	172,250	(172,250)
Security Deposits	-	-	-	-	(2,206)
Inventory - Transponders	(8,150)	-	-	(8,150)	(5,561)
Increase/(Decrease) In					
Accounts Payable	49,510	33,923	-	83,433	51,576
Accrued Expenses	44,179	-	-	44,179	13,334
Related Party Payable - Community Council	77,672	-	-	77,672	(74,300)
Prepaid Assessments	(17,024)	-	-	(17,024)	17,251
Net Cash Provided (Used) by Operating Activities	<u>2,758,958</u>	<u>(625,505)</u>	<u>(3,500)</u>	<u>2,129,953</u>	<u>181,831</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Purchase of Property and Equipment	-	-	(4,616)	(4,616)	-
Purchase of Investments	-	(2,234,839)	-	(2,234,839)	(6,475,174)
Maturities of Investments	-	2,475,000	-	2,475,000	-
Reinvested Interest	-	(33,401)	-	(33,401)	(6,216)
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>206,760</u>	<u>(4,616)</u>	<u>202,144</u>	<u>(6,481,390)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>					
Contributions to Reserve Fund	(2,017,248)	2,017,248	-	-	-
Contributions to Capital Fund	-	(4,616)	4,616	-	-
Change in Interfund Balance - Arcadia at Silverleaf Neighborhood Assessment	(259,623)	259,623	-	-	-
Change in Interfund Balance	63,097	(63,097)	-	-	-
Principal Payments on Debt	-	-	-	-	(27,695)
Net Cash Provided (Used) by Financing Activities	<u>(2,213,774)</u>	<u>2,209,158</u>	<u>4,616</u>	<u>-</u>	<u>(27,695)</u>
NET INCREASE (DECREASE) IN CASH	545,184	1,790,413	(3,500)	2,332,097	(6,327,254)
CASH BALANCE, BEGINNING OF YEAR	1,056,967	2,125,721	69,168	3,251,856	9,579,110
CASH BALANCE, END OF YEAR	<u>\$ 1,602,151</u>	<u>\$ 3,916,134</u>	<u>\$ 65,668</u>	<u>\$ 5,583,953</u>	<u>\$ 3,251,856</u>
<u>SUPPLEMENTARY INFORMATION</u>					
Income Taxes Paid	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Paid	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the financial statements.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

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, 2023, the Association consisted of 2,729 lots paying assessments. At December 31, 2023, 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.

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, 2023, 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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

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, 2023, and 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.

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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

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, 2022, from which the summarized information was derived. While the summarized information in the current year financial statements from 2022 is not in conformance with GAAP, the December 31, 2022 financial statements were prepared in conformance with GAAP.

Date of Management's Review

Subsequent events have been evaluated through April 25, 2024, 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Assessments Receivable	\$ 15,723	\$ 15,811
Arcadia Tree Assessment Receivable	65,874	301,290
Other Accounts Receivables	<u>51,454</u>	<u>8,609</u>
Total Gross Receivables	133,051	325,710
Less: Allowance for Doubtful Accounts	<u>(43,498)</u>	<u>(8,052)</u>
Total Net Receivables	<u>\$ 89,553</u>	<u>\$ 317,658</u>

Bad debt expense for the years ended December 31, 2023 and 2022, totaled \$35,446 and (\$135), respectively. At December 31, 2023 and 2022, an allowance for doubtful accounts for accounts receivable was recorded in the amount of \$43,498 and \$8,052, respectively. Accounts receivable past due greater than 90 days at December 31, 2023 and 2022, totaled \$75,687 and \$7,853, respectively.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

NOTE 4 - INVESTMENTS

The Association invests in Certificates of Deposit, U.S. Treasury obligations, and U.S. Government Sponsored Entity bonds. At December 31, 2023, and 2022, it held \$7,748,883 and \$7,956,390, respectively, in held-to-maturity investments. Held-to-maturity debt securities are reported at their amortized cost basis. For investments held in the year ended December 31, 2023, the annual interest rates range from 0.375% to 4.625% 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 5.5% for the Certificates of Deposit. 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 and do not include accrued interest of \$45,756 and \$30,548, for the years ended December 31, 2023 and 2022, respectively, which is reported separately.

At December 31, 2023 and 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. In the years ended December 31, 2023, and 2022, unrealized gross losses on the investments 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 Ranch does not intend to sell the investments and it is unlikely that the Ranch will be required to sell the investments before they mature, the Ranch does not consider those investments to be other-than-temporarily impaired at December 31, 2023, and 2022.

Held-to-maturity investments consisted of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
U.S. Treasury Obligations	\$ 5,001,997	\$ 4,983,196
U.S. Government Sponsored Entity Bonds	1,497,633	1,498,194
Certificates of Deposit	<u>1,250,000</u>	<u>1,475,000</u>
Total Investments	<u>\$ 7,749,630</u>	<u>\$ 7,956,390</u>

Investments for Year Ended December 31, 2023

The amortized cost basis, gross unrealized gains, gross unrealized losses, and fair value of the investments at December 31, 2023, are as follows:

	<u>Amortized Cost Basis</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
December 31, 2023				
U.S. Treasury Obligations	\$ 5,001,997	\$ 33,337	\$ (40,518)	\$ 4,994,816
U.S. Government Sponsored Entity Bonds	1,497,633	-	(89,860)	1,407,773
Certificates of Deposit	<u>1,250,000</u>	<u>410</u>	<u>(80,081)</u>	<u>1,170,329</u>
Total held-to-maturity securities	<u>\$ 7,749,630</u>	<u>\$ 33,747</u>	<u>\$ (210,459)</u>	<u>\$ 7,572,918</u>

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

NOTE 4 - INVESTMENTS (CONTINUED)

The amortized cost basis and fair value of held-to-maturity debt securities at December 31, 2023, by contractual maturity, are as follows:

	Amortized	
	Cost	Fair Value
Due in one year or less	\$ 1,995,868	\$1,983,222
Due after one year through five years	5,753,762	5,589,696
Total held-to-maturity securities	<u>\$ 7,749,630</u>	<u>\$7,572,918</u>

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 at December 31, 2023, 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, 2023						
U.S. Treasury Obligations	\$ 1,983,222	\$ (12,645)	\$ 3,011,594	\$ (27,873)	\$ 4,994,816	\$ (40,518)
U.S. Government Sponsored Entity Bonds	-	-	1,407,773	(89,860)	1,407,773	(89,860)
Certificates of Deposit	-	-	1,170,329	(80,081)	1,170,329	(80,081)
Total held-to-maturity securities	<u>\$ 1,983,222</u>	<u>\$ (12,645)</u>	<u>\$ 5,589,696</u>	<u>\$ (197,814)</u>	<u>\$ 7,572,918</u>	<u>\$ (210,459)</u>

Investments for Year Ended December 31, 2022

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

	Amortized	Gross	Gross	Fair Value
	Cost Basis	Unrealized Gains	Unrealized Losses	
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	<u>\$ 7,956,390</u>	<u>\$ -</u>	<u>\$ (232,780)</u>	<u>\$ 7,723,610</u>

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	<u>\$ 7,956,390</u>	<u>\$7,723,610</u>

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

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 at December 31, 2022, are as follows:

	Less than 12 months		12 months or more		Total	
	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>

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’s performance obligation related to its annual assessments billed on a periodic basis is satisfied over time on a daily pro-rata basis using the input method. Provided member services are non-refundable and there are no return obligations. No significant remaining performance obligations exist as of December 31, 2023, and 2022. There is no variable pricing associated with provided services. Assessments received in advance of the budgeted and billed assessments are recorded as a liability as prepaid assessments until the time 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.

At December 31, 2023 and 2022, the Association had delinquent assessments of \$15,723 and \$15,811, 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 \$317,101 and \$81,597, respectively.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

NOTE 5 - ASSESSMENT REVENUE RECOGNITION (CONTINUED)

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 2023 and 2022 were \$1,489.20 and \$1,241.40, respectively, which were billed in monthly installments of \$124.10 and \$103.45, 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 2023 and 2022 Annual and Monthly Neighborhood Assessments:

	2023 and 2022 Annual and Monthly Neighborhood Assessments			
	2023		2022	
	Annual	Monthly	Annual	Monthly
Desert Haciendas	\$ 1,977.60	\$ 164.80	\$ 1,848.60	\$ 154.05
Terrace Homes - West	\$ 1,518.00	\$ 126.50	\$ 1,378.20	\$ 114.85
Park & Manor	\$ 1,332.60	\$ 111.05	\$ 1,234.80	\$ 102.90
Country Club	\$ 1,993.80	\$ 166.15	\$ 1,782.00	\$ 148.50
The Estates	\$ 1,002.00	\$ 83.50	\$ 875.40	\$ 72.95
Terrace Homes - East	\$ 1,519.80	\$ 126.65	\$ 1,419.00	\$ 118.25
Rosewood	\$ 1,786.80	\$ 148.90	\$ 1,693.80	\$ 141.15
Camelot	\$ 1,371.60	\$ 114.30	\$ 1,266.60	\$ 105.55
The Haciendas	\$ 1,273.20	\$ 106.10	\$ 1,179.00	\$ 98.25
Market Street Villas	\$ 6,039.60	\$ 503.30	\$ 5,582.40	\$ 465.20
Montelana	\$ 1,908.60	\$ 159.05	\$ 1,798.20	\$ 149.85
Windgate	\$ 3,091.20	\$ 257.60	\$ 2,837.40	\$ 236.45
Arcadia at Silverleaf	\$ 4,762.20	\$ 396.85	\$ 4,264.80	\$ 355.40
Horseshoe Canyon	\$ 2,056.80	\$ 171.40	\$ 1,912.20	\$ 159.35
Sterling Villas	\$ 1,882.80	\$ 156.90	\$ 1,612.20	\$ 134.35
Icon	\$ 120.00	\$ 10.00	\$ 120.00	\$ 10.00
Pioneer	\$ 1,032.00	\$ 86.00	\$ 916.80	\$ 76.40
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, 2023 and 2022, the Association billed assessments to builders and developers in the amount of \$97,611 and \$77,911, respectively.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

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"). Regarding the cost of the Street Trees in the Arcadia Neighborhood, the Arcadia Supplemental Declaration expressly provides that the Street Tree expenses are common expenses shared proportionately by all Arcadia Neighborhood Owners as a "Neighborhood Assessment." See Arcadia Supplemental Declaration at Section 8(b).

The Arcadia Street Tree Replacement Program is an initiative based on the expert opinions of four independent, certified arborists that have concluded that the actual (and potential for) root related damage is significant and recommend removal of the sissou trees as "the best option" to prevent certain damage to the City's utility assets and homes, as well as the pipes, irrigation lines, streets, walls, pools, sidewalks, curbing, driveways, yards, patios, and other property owned by the Association and homeowners. The Arcadia Street Tree Replacement Program is being completed in several phases, beginning with those Owners who request priority removal – and ultimately ending with the goal to replace all destructive sissou trees with the Chinese Evergreen Elm species approved by the City of Scottsdale, Covenant Commission, and Community Council.

Regardless of what phase the tree replacement occurs in, all related expenses shall be paid by the Arcadia Neighborhood Owners as a Neighborhood Assessment. Ultimately, it is the Association's intent to save the Arcadia Owners what it believes will be a far greater expense of damage that will be inevitably caused by these destructive trees if they are not replaced.

There are a total of 675 streetscape trees that must be addressed. Due to the lawsuit by an owner in Arcadia, the Ranch Association is required to work with individual homeowners to remove/replace the trees. The Ranch Association is in Phase 3 of the process which is planned for Fall 2024. As of this date of this report, 46 of the 123 properties have been completed, which equates to 236 streetscape trees that have been removed and replaced with Chinese Evergreen Elm. For two identified properties that are still vacant within this neighborhood, trees are being removed and will be replaced with Evergreen Elms after construction.

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.

The costs incurred by the Arcadia at Silverleaf Reserve Fund for the effort in the year ended December 31, 2023, was \$455,950. This expense was allocated to each of the 123 members through a neighborhood assessment of \$3,706.91. On December 31, 2023, a \$91,627 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.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

NOTE 7 - CONCENTRATION OF CREDIT RISK (CONTINUED)

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.

The Association places its cash deposits and investments with financial institutions that have Federal Deposit Insurance Corporation (FDIC) coverage. The Association also maintains investment accounts in a brokerage account, which are covered up to \$500,000, limited to \$250,000 in cash, by the Securities Investor Protection Corporation (SIPC). At various times, deposits with these financial institutions, designated as cash and cash equivalents and investments, may exceed insurance coverage provided by the FDIC, SIPC, 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, 2023 and 2022, 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, 2023.

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, 2023.

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 2021, or by Arizona state tax authorities for years before 2020.

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, 2023 and 2022, the Association recorded accrued vacation of \$86,723 and \$55,554, respectively.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

NOTE 10 - COMPENSATED BALANCES (CONTINUED)

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.

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 \$32,147 and \$29,579 for the years ending December 31, 2023 and 2022, 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, 2023, 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, 2023, 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	\$ -	\$ 525,015	\$ 246,377	\$ 771,392	\$ -	\$ (377,942)	\$ (377,942)	\$ 393,449
Ranch	377,942	-	4,557	382,499	(525,015)	-	(525,015)	(142,516)
Covenant	-	-	-	-	(246,376)	(4,557)	(250,933)	(250,933)
Total	<u>\$ 377,942</u>	<u>\$ 525,015</u>	<u>\$ 250,934</u>	<u>\$ 1,153,891</u>	<u>\$ (771,391)</u>	<u>\$ (382,499)</u>	<u>\$ (1,153,890)</u>	<u>\$ -</u>

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

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

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	<u>\$ 360,333</u>	<u>\$ 432,700</u>	<u>\$ 235,331</u>	<u>\$ 1,028,364</u>	<u>\$(662,091)</u>	<u>\$ (366,273)</u>	<u>\$ (1,028,364)</u>	<u>\$ -</u>

For the years ended December 31, 2023, and 2022, the gross and net shared-cost revenue and expenses for the Ranch are as follows:

	2023	2022
Revenue from Council	\$ 377,942	\$ 360,333
Less Expense to Council	(525,015)	(432,700)
Net billed Ranch/Council	(147,073)	(72,367)
Revenue from Covenant	4,557	5,940
Total Net Billings	<u>\$ (142,516)</u>	<u>\$ (66,427)</u>

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, 2023 and 2022, the Ranch allocated approximately \$255,428 and \$238,698, respectively, of payroll costs to the Council and \$4,412 and \$5,806, respectively to the Covenant. For the years ended December 31, 2023 and 2022, the Council allocated approximately \$377,248 and \$296,528, 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.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

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

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. Provided member services are non-refundable and there are no return obligations.

These in-lieu of assessments for shared costs are as follows for the years ended December 31, 2023 and 2022:

Clubhouse Cost Share Revenue for Year Ended December 31, 2023					
			Country Club	Horseshoe Canyon	
	# Lots	Master	Neighborhood	Neighborhood	Total
The Country Club at DC Ranch	83	\$ 123,604	\$ 165,485	\$ -	\$ 289,089
The Silverleaf Club	76	113,179	-	156,317	269,496
Total		\$ 236,783	\$ 165,485	\$ 156,317	\$ 558,585

Clubhouse Cost Share Revenue for Year Ended December 31, 2022					
			Country Club	Horseshoe 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

NOTE 14 - PROPERTY AND EQUIPMENT - CAPITAL FUND

Depreciable Property and Equipment in use as of December 31, 2023 and 2022, consisted of the following:

	2023	2022
Equipment	\$ 132,229	\$ 127,613
Vehicles	228,449	228,449
Total Property and Equipment Cost	360,678	356,062
Less: Accumulated Depreciation	(318,245)	(259,354)
Net Property and Equipment	\$ 42,433	\$ 96,708

Depreciation expense for the years ended December 31, 2023 and 2022, was \$58,891 and \$64,296, respectively.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

NOTE 15 - CELL TOWER LAND OPERATING LEASE REVENUE

The Association 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.

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 the 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, 2023 and 2022, the Association recorded \$78,868 and \$76,629, respectively, of operating lease revenue. Approximate future minimum lease payments to be received under operating leases as of December 31, 2023 are:

Operating Lease Annual Cash Flows			
	Tower	Crown	
Years Ending December 31,	Asset Group	Castle	Total
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	\$ 73,734	\$ 82,237	\$ 155,971

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, 2023 and 2022, were \$0 and \$0, respectively. In the years ended December 31, 2023 and 2022, the Association paid approximately \$0 and \$27,695, 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 2027. 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.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

NOTE 17 - OPERATING LEASE OBLIGATIONS (CONTINUED)

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 taxes, insurance, and CAM costs. The leases have remaining lease terms of 1 to 4 years.

In the years ended December 31, 2023 and 2022, the Association recorded the office lease and fleet leases as a Right-to-Use Asset and Operating Lease Liability in the amount of \$208,791 and \$148,167, 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, 2023, the monthly base lease rates ranged from \$331.66 to \$632.76 for the 21 leased vehicles, depending on the type of vehicle and when the vehicle was leased.

Total expense under operating leases was approximately \$193,532 and \$154,950 for the years ending December 31, 2023 and 2022, respectively. The average remaining lease terms for the operating leases at December 31, 2023 and 2022, are 20 months and 15 months, respectively.

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

	<u>2023</u>	<u>2022</u>
Operating Leases		
Operating Lease Right-of-Use Assets	<u>\$ 208,791</u>	<u>\$ 148,167</u>
Operating Lease Liabilities - Current	\$ 84,120	\$ 91,815
Operating Lease Liabilities - Long-Term	<u>124,671</u>	<u>56,352</u>
Total Operating Lease Liabilities	<u>\$ 208,791</u>	<u>\$ 148,167</u>

The minimum future lease payments under the operating leases at December 31, 2023, are as follows:

2024	\$	84,120
2025		67,105
2026		43,359
2027		<u>14,207</u>
Total Obligations	\$	<u>208,791</u>

NOTE 18 - RELATED PARTY TRANSACTIONS

DC Ranch Association (the “Association”), DC Ranch Community Council (the “Council”) and The Covenant Commission comprise the principal components of the “Property” known as DC Ranch. During 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.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

NOTE 18 - RELATED PARTY TRANSACTIONS (CONTINUED)

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.

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, 2023 and 2022, the Ranch allocated approximately \$255,428 and \$238,698, respectively, of payroll costs to the Council and \$4,412 and \$5,806, respectively to the Covenant. For the years ended December 31, 2023 and 2022, the Council allocated approximately \$377,248 and \$296,528, respectively, of payroll costs to the Ranch.

The Association has delegated the collection responsibility for 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, 2023 and 2022:

	2023	2022
Due from Community Council	\$ -	\$ 9,473
Due from Covenant Commission	237	240
Related Party Receivable	\$ 237	\$ 9,713
Due to Community Council	\$ 225,360	\$ 147,688
Related Party Payable	\$ 225,360	\$ 147,688

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, 2023 and 2022, funds accumulated for this purpose totaled \$11,688,446 and \$10,492,284, 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.

DC RANCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

NOTE 19 - FUTURE MAJOR REPAIRS AND REPLACEMENTS (CONTINUED)

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

NOTE 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 continued with Phase II during the year ended December 31, 2023. The Association plans to continue with the phased approach with Arcadia at Silverleaf owners that agree to move forward with the project with 675 streetscape trees at issue.

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 years ended December 31, 2023 and 2022, the 123 Arcadia at Silverleaf memberships were assessed \$455,950 and \$351,250, respectively. 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



www.ButlerHansen.com

DC RANCH ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
DECEMBER 31, 2023

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, 2024. 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 2%. The following table is based on these studies and presents significant information about the components of common property.

<u>Component</u>	<u>Current Remaining Life (Years)</u>	<u>Estimated Current Replacement Cost</u>	<u>Estimated Future Replacement Cost</u>	<u>Reserve Fund Balance December 31, 2023</u>
Master Association				
Cameras and Digital Signs	1 to 22	\$ 153,251	\$ 164,552	\$ -
Furniture	2	31,000	32,914	-
Gate Equipment	9	4,600	6,024	-
General	2	4,250	4,512	-
Irrigation Controllers	4 to 5	91,500	103,373	-
Landscape Projects	0 to 2	77,000	80,023	-
Parks and Playgrounds	1	17,250	17,775	-
Signage	4	30,000	33,820	-
Signs	0 to 4	261,445	272,808	-
Streets - Roadways	5	20,000	23,232	-
Technology	0 to 5	163,500	172,534	-
Vehicles	0 to 2	257,039	263,419	-
Walls	0	113,880	113,880	-
Unallocated		-	-	578,063
Total Master Association		<u>1,224,715</u>	<u>1,288,866</u>	<u>578,063</u>
Desert Haciendas				
Gate Equipment	1 to 10	91,967	108,384	-
General	2	2,250	2,389	-
Irrigation Controllers	5 to 6	5,300	6,252	-
Landscape Projects	0 to 4	113,209	116,114	-
Mailbox	1	20,000	20,608	-
Parks and Playgrounds	0 to 8	72,500	80,918	-
Sidewalk	3	5,516	6,035	-
Signs	0 to 4	29,251	30,990	-
Streets - Roadways	0 to 28	869,845	1,137,732	-
Walls	0	58,896	58,896	-
Unallocated		-	-	512,270
Total Desert Haciendas		<u>1,268,734</u>	<u>1,568,318</u>	<u>512,270</u>
Terrace Homes - West				
Gate Equipment	0 to 10	91,727	106,525	-
General	2	2,850	3,026	-
Irrigation Controllers	5	2,600	3,020	-
Landscape Projects	0 to 9	14,600	17,186	-
Mailbox	4	20,000	22,547	-
Parks and Playgrounds	0 to 14	78,635	84,459	-
Sidewalk	0	4,050	4,050	-
Signs	0 to 4	26,100	27,737	-
Streets - Roadways	0 to 29	474,843	617,100	-
Walls	8	62,816	79,830	-
Unallocated		-	-	217,333
Total Terrace Homes - West		<u>778,221</u>	<u>965,480</u>	<u>217,333</u>

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS (CONTINUED)
DECEMBER 31, 2023

Component	Remaining Life (Years)	Estimated Current Replacement Cost	Estimated Future Replacement Cost	Reserve Fund Balance December 31, 2023
Park & Manor				
Gate Equipment	0 to 14	83,327	99,377	-
General	2	2,850	3,206	-
Irrigation Controllers	5	8,800	10,222	-
Landscape Projects	1	32,200	33,021	-
Mailbox	0	30,000	30,000	-
Parks and Playgrounds	0 to 4	146,225	154,016	-
Sidewalk	3	10,238	11,200	-
Signs	0 to 4	42,298	44,867	-
Streets - Roadways	0 to 28	1,151,183	1,454,161	-
Walls	8	70,905	90,111	-
Unallocated		-	-	468,621
Total Park & Manor		1,578,026	1,930,181	468,621
Country Club				
Gate Equipment	0 to 13	279,605	317,576	-
General	2	3,050	3,238	-
Guard Houses	0 to 11	150,836	180,250	-
Irrigation Controllers	5 to 6	40,500	47,434	-
Landscape Projects	0 to 10	79,921	90,995	-
Mailbox Clusters	1	150,000	154,562	-
Parks and Playgrounds	8	12,210	15,517	-
Sidewalk	3	10,346	11,319	-
Signs	0 to 6	118,497	129,320	-
Streets - Roadways	0 to 46	6,557,609	11,045,272	-
Walls	0 to 6	82,800	86,936	-
Unallocated		-	-	1,731,971
Total Country Club		7,485,374	12,082,419	1,731,971
The Estates				
Gate Equipment	0 to 10	85,252	98,964	-
General	2	2,450	2,601	-
Irrigation Controllers	5	2,600	3,020	-
Landscape Projects	0 to 1	15,000	15,213	-
Mailbox	0	20,000	20,000	-
Parks and Playgrounds	0 to 8	102,396	105,603	-
Sidewalk	3	2,366	2,589	-
Signs	0 to 4	149,069	158,358	-
Streets - Roadways	0 to 27	825,253	1,014,367	-
Walls	1	55,247	56,927	-
Unallocated		-	-	257,533
Total The Estates		1,259,633	1,477,642	257,533
Terrace Homes - East				
Gate Equipment	0 to 10	87,567	102,448	-
General	2	2,850	3,026	-
Irrigation Controllers	5	2,600	3,020	-
Landscape Projects	0 to 1	22,000	22,365	-
Mailbox	1	20,000	20,608	-
Parks and Playgrounds	0 to 14	112,565	123,388	-
Sidewalk	3	4,725	5,169	-
Signs	0 to 4	22,500	23,911	-
Streets - Roadways	0 to 28	598,179	797,502	-
Walls	8 to 9	63,340	81,753	-
Unallocated		-	-	284,441
Total Terrace Homes - East		936,326	1,183,190	284,441

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS (CONTINUED)
DECEMBER 31, 2023

Component	Remaining Life (Years)	Estimated Current Replacement Cost	Estimated Future Replacement Cost	Reserve Fund Balance December 31, 2023
Rosewood				
Gate Equipment	0 to 14	82,527	97,008	-
General	2	2,250	2,389	-
Irrigation Controllers	5	5,100	5,924	-
Landscape Projects	0 to 2	45,042	45,104	-
Mailbox	0	10,000	10,000	-
Parks and Playgrounds	8	5,575	7,085	-
Signs	0 to 5	7,207	7,857	-
Streets - Roadways	0 to 41	220,112	396,107	-
Walls	10	23,356	31,516	-
Unallocated		-	-	144,948
Total Rosewood		401,169	602,990	144,948
Camelot				
Gate Equipment	0 to 9	262,991	283,655	-
General	2	2,850	3,026	-
Irrigation Controllers	5	21,500	24,975	-
Landscape Projects	0 to 8	55,400	63,640	-
Mailbox	0	50,000	50,000	-
Parks and Playgrounds	1 to 4	3,904	4,203	-
Signs	0 to 6	34,408	37,318	-
Streets - Roadways	2 to 41	1,367,875	2,341,409	-
Walls	5	206,276	239,614	-
Unallocated		-	-	679,008
Total Camelot		2,005,204	3,047,840	679,008
The Haciendas				
Gate Equipment	0 to 14	82,527	98,072	-
General	2	2,250	2,389	-
Irrigation Controllers	5	8,000	9,293	-
Landscape Projects	0 to 4	151,020	153,929	-
Mailbox	0	20,000	20,000	-
Parks and Playgrounds	4	5,575	6,285	-
Sidewalk	3	2,100	2,298	-
Signs	0 to 6	25,650	27,962	-
Streets - Roadways	0 to 38	956,938	1,592,706	-
Walls	1	100,550	103,608	-
Unallocated		-	-	425,309
Total The Haciendas		1,354,610	2,016,542	425,309
Market Street Villas				
Awnings	0 to 9	68,445	76,083	-
Building Component Replacement	0 to 4	57,150	62,986	-
Exterior Painting	0 to 2	364,500	367,241	-
Gate Equipment	0 to 9	89,964	96,600	-
General	2	2,500	2,652	-
Landscape Projects	0 to 8	111,361	115,260	-
Mailbox	1	20,000	20,600	-
Parks and Playgrounds	8	3,724	4,717	-
Roofing	0 to 17	1,340,270	1,667,953	-
Signs	0 to 7	17,550	19,070	-
Streets - Roadways	0 to 38	963,176	1,934,441	-
Unallocated		-	-	1,324,693
Total Market Street Villas		3,038,640	4,367,603	1,324,693

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS (CONTINUED)
DECEMBER 31, 2023

<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, 2023</u>
Montelena				
Gate Equipment	0 to 9	83,727	88,943	-
General	2	2,250	2,389	-
Irrigation Controllers	5	5,000	5,808	-
Landscape Projects	0 to 1	10,000	10,061	-
Mailbox	0	10,000	10,000	-
Signs	0 to 6	10,320	11,542	-
Streets - Roadways	0 to 41	417,700	752,707	-
Walls	0 to 5	36,907	40,546	-
Unallocated		-	-	211,513
Total Montelena		<u>575,904</u>	<u>921,996</u>	<u>211,513</u>
Windgate				
Gate Equipment	0 to 11	171,983	193,991	-
General	2	4,000	4,247	-
Guard Houses	1 to 10	118,418	136,302	-
Irrigation Controllers	5 to 6	15,800	18,449	-
Landscape Projects	0 to 2	87,800	90,232	-
Light Poles	1	11,834	12,194	-
Parks and Playgrounds	0 to 28	364,006	434,278	-
Sidewalk	0	75,000	75,000	-
Signs	0 to 6	246,180	266,316	-
Streets - Roadways	0 to 44	6,859,934	13,102,139	-
Walls	5	6,000	6,970	-
Unallocated		-	-	2,378,226
Total Windgate		<u>7,960,955</u>	<u>14,340,118</u>	<u>2,378,226</u>
Arcadia at Silverleaf				
Gate Equipment	0 to 20	218,650	270,797	-
General	2	3,030	3,215	-
Guard Houses	0 to 14	67,964	76,550	-
Irrigation Controllers	5 to 6	10,000	11,662	-
Landscape Projects	3 to 21	70,118	71,032	-
Light Poles	0	11,834	11,834	-
Parks and Playgrounds	0 to 19	128,975	165,759	-
Sidewalk	3	23,786	25,992	-
Signs	0 to 6	69,117	76,067	-
Streets - Roadways	0 to 38	3,239,236	6,415,108	-
Walls	8 to 9	79,855	102,603	-
Unallocated		-	-	919,092
Total Arcadia at Silverleaf		<u>3,922,565</u>	<u>7,230,619</u>	<u>919,092</u>

(CONTINUED)

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS (CONTINUED)
DECEMBER 31, 2023

<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, 2023</u>
Horseshoe Canyon				
Gate Equipment	0 to 10	91,318	102,183	-
General	2	2,900	3,079	-
Guard Houses	0 to 10	93,077	103,454	-
Irrigation Controllers	5	6,600	7,667	-
Landscape Projects	0 to 1	54,100	54,389	-
Light Poles	0	11,834	11,834	-
Parks and Playgrounds	0 to 4	71,278	74,751	-
Sidewalk	3	4,900	5,361	-
Signs	0 to 6	147,151	160,396	-
Streets - Roadways	0 to 47	4,200,315	7,538,455	-
Walls	0 to 9	164,300	205,069	-
Unallocated		-	-	1,214,418
Total Horseshoe Canyon		<u>4,847,773</u>	<u>8,266,638</u>	<u>1,214,418</u>
Sterling Villas				
General	2	1,650	1,752	-
Irrigation Controllers	5	2,600	3,020	-
Landscape Projects	0 to 9	58,200	66,877	-
Parks and Playgrounds	1	48,600	50,079	-
Walls	4 to 9	63,700	76,366	-
Unallocated		-	-	13,037
Total Sterling Villas		<u>174,750</u>	<u>198,094</u>	<u>13,037</u>
Pioneer				
General	2	1,850	1,963	-
Irrigation Controllers	5	5,000	5,796	-
Landscape Projects	0 to 10	56,913	58,753	-
Mailbox	1	6,000	6,180	-
Signs	0 to 6	9,450	10,563	-
Streets - Roadways	0 to 38	400,569	655,254	-
Walls	0	42,000	42,000	-
Unallocated		-	-	327,970
Total Pioneer		<u>521,782</u>	<u>780,509</u>	<u>327,970</u>
Total		<u>\$ 39,334,381</u>	<u>\$ 62,269,045</u>	<u>\$ 11,688,446</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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

RANCH MASTER ASSOCIATION

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2023</u>	<u>TOTAL 2022</u>
REVENUES					
ASSESSMENTS					
Master Assessments	\$ 3,976,164	\$ -	\$ -	\$ 3,976,164	\$ 3,316,045
Builder and Developer Assessments	87,863	-	-	87,863	68,587
Clubhouse Cost Share - Master Operating	236,783	-	-	236,783	197,383
TOTAL ASSESSMENTS	<u>4,300,810</u>	<u>-</u>	<u>-</u>	<u>4,300,810</u>	<u>3,582,015</u>
OTHER REVENUE					
Covenant Commission Cost-Sharing Revenue	4,557	-	-	4,557	5,940
Council Cost-Sharing Revenue	377,942	-	-	377,942	360,333
Disclosure Fees and Working Capital Fees	87,300	-	-	87,300	95,157
Gate Transponders	224,587	-	-	224,587	208,066
Fines, Fees, Violations, Permits	113,507	-	-	113,507	100,460
Cell Tower Land Operating Lease Revenue	78,838	-	-	78,838	76,629
Sub-Association Management Fees	-	-	-	-	2,900
CFD Maintenance Reimbursement	49,626	-	-	49,626	39,417
Miscellaneous Income	14,876	-	-	14,876	14,697
Interest	45,197	15,652	-	60,849	9,023
TOTAL OTHER REVENUE	<u>996,430</u>	<u>15,652</u>	<u>-</u>	<u>1,012,082</u>	<u>912,622</u>
TOTAL REVENUES	<u>5,297,240</u>	<u>15,652</u>	<u>-</u>	<u>5,312,892</u>	<u>4,494,637</u>
EXPENSES					
Personnel	2,250,613	-	-	2,250,613	2,103,206
Cost-Sharing Management Fee Expense	525,015	-	-	525,015	432,700
Administrative	134,844	-	-	134,844	66,673
Landscape Services	130,565	-	-	130,565	209,953
Facilities Maintenance	59,754	-	-	59,754	78,078
Security	1,112,865	-	-	1,112,865	1,122,437
Information Technology	116,871	-	-	116,871	151,205
Community Relations	20,532	-	-	20,532	17,397
Community Standards	3,199	-	-	3,199	9,244
Fleet	249,641	-	-	249,641	219,512
Human Resources	35,896	-	-	35,896	58,391
Utilities	66,337	-	-	66,337	68,412
Insurance and Taxes	97,893	-	-	97,893	126,144
Depreciation	-	-	58,891	58,891	64,296
Reserve Expenditures	-	63,924	-	63,924	63,386
Capital Expenditures	-	-	3,500	3,500	5,832
TOTAL EXPENSES	<u>4,804,025</u>	<u>63,924</u>	<u>62,391</u>	<u>4,930,340</u>	<u>4,796,866</u>
EXCESS REVENUES (EXPENSES)	493,215	(48,272)	(62,391)	382,552	(302,229)
FUND BALANCES, BEGINNING OF YEAR	<u>(660,887)</u>	<u>595,262</u>	<u>165,876</u>	<u>100,251</u>	<u>402,480</u>
TRANSFERS BETWEEN FUNDS					
Contributions to General Reserves	(207,936)	207,936	-	-	-
Contributions to Capital Reserves	-	(4,616)	4,616	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(207,936)</u>	<u>203,320</u>	<u>4,616</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ (375,608)</u>	<u>\$ 750,310</u>	<u>\$ 108,101</u>	<u>\$ 482,803</u>	<u>\$ 100,251</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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

DESERT HACIENDAS

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2023</u>	<u>TOTAL 2022</u>
REVENUES					
Neighborhood Assessments	\$ 172,051	\$ -	\$ -	\$ 172,051	\$ 160,828
Park Maintenance Fee (Allocation)	660	-	-	660	2,847
Interest Income	-	13,870	-	13,870	4,882
TOTAL REVENUES	<u>172,711</u>	<u>13,870</u>	<u>-</u>	<u>186,581</u>	<u>168,557</u>
EXPENSES					
Personnel	31,284	-	-	31,284	24,293
Landscape Services	17,303	-	-	17,303	16,066
Facilities Maintenance	3,209	-	-	3,209	2,137
Utilities	19,959	-	-	19,959	17,100
Security	9,830	-	-	9,830	9,468
Information Technology	3,054	-	-	3,054	3,271
Reserve Expenditures	-	13,547	-	13,547	31,877
TOTAL EXPENSES	<u>84,639</u>	<u>13,547</u>	<u>-</u>	<u>98,186</u>	<u>104,212</u>
EXCESS REVENUES (EXPENSES)	88,072	323	-	88,395	64,345
BEGINNING FUND BALANCES	73,966	438,867	-	512,833	448,488
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(73,080)	73,080	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(73,080)</u>	<u>73,080</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 88,958</u>	<u>\$ 512,270</u>	<u>\$ -</u>	<u>\$ 601,228</u>	<u>\$ 512,833</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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

TERRACE HOMES - WEST

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2023	TOTAL 2022
REVENUES					
Neighborhood Assessments	\$ 112,332	\$ -	\$ -	\$ 112,332	\$ 101,987
Park Maintenance Fee (Allocation)	456	-	-	456	1,976
Interest Income	-	5,885	-	5,885	2,308
TOTAL REVENUES	<u>112,788</u>	<u>5,885</u>	<u>-</u>	<u>118,673</u>	<u>106,271</u>
EXPENSES					
Personnel	28,542	-	-	28,542	22,406
Landscape Services	13,427	-	-	13,427	8,697
Facilities Maintenance	2,938	-	-	2,938	2,837
Utilities	11,366	-	-	11,366	9,935
Security	9,830	-	-	9,830	9,468
Information Technology	2,986	-	-	2,986	3,389
Reserve Expenditures	-	38,965	-	38,965	48,778
TOTAL EXPENSES	<u>69,089</u>	<u>38,965</u>	<u>-</u>	<u>108,054</u>	<u>105,510</u>
EXCESS REVENUES (EXPENSES)	43,699	(33,080)	-	10,619	761
BEGINNING FUND BALANCES	44,557	204,777	-	249,334	248,573
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(45,636)	45,636	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(45,636)</u>	<u>45,636</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 42,620</u>	<u>\$ 217,333</u>	<u>\$ -</u>	<u>\$ 259,953</u>	<u>\$ 249,334</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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

PARK & MANOR HOMES

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2023</u>	<u>TOTAL 2022</u>
REVENUES					
Neighborhood Assessments	\$ 219,879	\$ -	\$ -	\$ 219,879	\$ 203,742
Park Maintenance Fee (Allocation)	876	-	-	876	3,770
Interest Income	-	13,372	-	13,372	6,044
TOTAL REVENUES	<u>220,755</u>	<u>13,372</u>	<u>-</u>	<u>234,127</u>	<u>213,556</u>
EXPENSES					
Personnel	41,735	-	-	41,735	47,647
Landscape Services	11,733	-	-	11,733	12,065
Facilities Maintenance	4,135	-	-	4,135	4,873
Utilities	22,412	-	-	22,412	21,468
Security	9,856	-	-	9,856	9,468
Information Technology	3,012	-	-	3,012	3,372
Reserve Expenditures	-	181,605	-	181,605	51,862
TOTAL EXPENSES	<u>92,883</u>	<u>181,605</u>	<u>-</u>	<u>274,488</u>	<u>150,755</u>
EXCESS REVENUES (EXPENSES)	127,872	(168,233)	-	(40,361)	62,801
BEGINNING FUND BALANCES	78,686	539,738	-	618,424	555,623
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(97,116)	97,116	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(97,116)</u>	<u>97,116</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 109,442</u>	<u>\$ 468,621</u>	<u>\$ -</u>	<u>\$ 578,063</u>	<u>\$ 618,424</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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

COUNTRY CLUB

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2023</u>	<u>TOTAL 2022</u>
REVENUES					
Neighborhood Assessments	\$ 963,005	\$ -	\$ -	\$ 963,005	\$ 860,706
Builder and Developer Assessment	3,988	-	-	3,988	3,564
Neighborhood Clubhouse Cost Share	165,485	-	-	165,485	147,906
Security Monitoring Unmanned Gates	17,568	-	-	17,568	17,568
Interest Income	-	46,212	-	46,212	18,223
TOTAL REVENUES	<u>1,150,046</u>	<u>46,212</u>	<u>-</u>	<u>1,196,258</u>	<u>1,047,967</u>
EXPENSES					
Personnel	149,212	-	-	149,212	131,883
Administrative	299	-	-	299	-
Landscape Services	37,927	-	-	37,927	26,851
Facilities Maintenance	30,239	-	-	30,239	30,955
Utilities	72,514	-	-	72,514	72,793
Security	556,628	-	-	556,628	477,316
Insurance	1,306	-	-	1,306	1,347
Information Technology	8,113	-	-	8,113	8,831
Landscape Leased Vehicles	3,200	-	-	3,200	-
Reserve Expenditures	-	260,994	-	260,994	101,876
TOTAL EXPENSES	<u>859,438</u>	<u>260,994</u>	<u>-</u>	<u>1,120,432</u>	<u>851,852</u>
EXCESS REVENUES (EXPENSES)	290,608	(214,782)	-	75,826	196,115
BEGINNING FUND BALANCES	92,869	1,643,779	-	1,736,648	1,540,533
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	<u>(302,976)</u>	<u>302,976</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL TRANSFERS BETWEEN FUNDS	<u>(302,976)</u>	<u>302,976</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 80,501</u>	<u>\$ 1,731,973</u>	<u>\$ -</u>	<u>\$ 1,812,474</u>	<u>\$ 1,736,648</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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

THE ESTATES

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2023</u>	<u>TOTAL 2022</u>
REVENUES					
Neighborhood Assessments	\$ 111,222	\$ -	\$ -	\$ 111,222	\$ 97,169
Park Maintenance Fee (Allocation)	480	-	-	480	2,302
Interest Income	-	6,973	-	6,973	2,960
TOTAL REVENUES	<u>111,702</u>	<u>6,973</u>	<u>-</u>	<u>118,675</u>	<u>102,431</u>
EXPENSES					
Personnel	29,814	-	-	29,814	30,297
Landscape Services	7,435	-	-	7,435	6,384
Facilities Maintenance	5,130	-	-	5,130	3,085
Utilities	13,132	-	-	13,132	12,332
Security	10,261	-	-	10,261	9,643
Information Technology	2,965	-	-	2,965	3,181
Reserve Expenditures	-	55,058	-	55,058	5,979
TOTAL EXPENSES	<u>68,737</u>	<u>55,058</u>	<u>-</u>	<u>123,795</u>	<u>70,901</u>
EXCESS REVENUES (EXPENSES)	42,965	(48,085)	-	(5,120)	31,530
BEGINNING FUND BALANCES	55,340	265,994	-	321,334	289,804
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(39,624)	39,624	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(39,624)</u>	<u>39,624</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 58,681</u>	<u>\$ 257,533</u>	<u>\$ -</u>	<u>\$ 316,214</u>	<u>\$ 321,334</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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

TERRACE HOMES - EAST

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2023	TOTAL 2022
REVENUES					
Neighborhood Assessments	\$ 117,025	\$ -	\$ -	\$ 117,025	\$ 109,263
Park Maintenance Fee (Allocation)	528	-	-	528	2,314
Interest Income	-	7,702	-	7,702	3,201
TOTAL REVENUES	<u>117,553</u>	<u>7,702</u>	<u>-</u>	<u>125,255</u>	<u>114,778</u>
EXPENSES					
Personnel	39,183	-	-	39,183	28,308
Landscape Services	11,738	-	-	11,738	6,274
Facilities Maintenance	2,858	-	-	2,858	2,624
Utilities	16,891	-	-	16,891	14,765
Security	9,830	-	-	9,830	9,628
Information Technology	2,965	-	-	2,965	3,633
Reserve Expenditures	-	51,264	-	51,264	40,138
TOTAL EXPENSES	<u>83,465</u>	<u>51,264</u>	<u>-</u>	<u>134,729</u>	<u>105,370</u>
EXCESS REVENUES (EXPENSES)	34,088	(43,562)	-	(9,474)	9,408
BEGINNING FUND BALANCES	33,241	284,529	-	317,770	308,362
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(43,476)	43,476	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(43,476)</u>	<u>43,476</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 23,853</u>	<u>\$ 284,443</u>	<u>\$ -</u>	<u>\$ 308,296</u>	<u>\$ 317,770</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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

ROSEWOOD

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2023</u>	<u>TOTAL 2022</u>
REVENUES					
Neighborhood Assessments	\$ 60,751	\$ -	\$ -	\$ 60,751	\$ 57,589
Interest Income	-	3,925	-	3,925	1,276
TOTAL REVENUES	60,751	3,925	-	64,676	58,865
EXPENSES					
Personnel	13,370	-	-	13,370	7,642
Landscape Services	2,337	-	-	2,337	3,448
Facilities Maintenance	1,461	-	-	1,461	1,230
Utilities	5,244	-	-	5,244	4,655
Security	9,804	-	-	9,804	9,442
Information Technology	2,963	-	-	2,963	3,503
Reserve Expenditures	-	2,693	-	2,693	5,986
TOTAL EXPENSES	35,179	2,693	-	37,872	35,906
EXCESS REVENUES (EXPENSES)	25,572	1,232	-	26,804	22,959
BEGINNING FUND BALANCES	15,276	115,971	-	131,247	108,288
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(27,744)	27,744	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(27,744)	27,744	-	-	-
ENDING FUND BALANCES	\$ 13,104	\$ 144,947	\$ -	\$ 158,051	\$ 131,247

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

CAMELOT

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2023</u>	<u>TOTAL 2022</u>
REVENUES					
Neighborhood Assessments	\$ 227,686	\$ -	\$ -	\$ 227,686	\$ 210,256
Interest Income	-	18,385	-	18,385	7,191
TOTAL REVENUES	<u>227,686</u>	<u>18,385</u>	<u>-</u>	<u>246,071</u>	<u>217,447</u>
EXPENSES					
Personnel	38,987	-	-	38,987	35,431
Landscape Services	17,995	-	-	17,995	18,840
Facilities Maintenance	5,520	-	-	5,520	4,751
Utilities	30,758	-	-	30,758	34,674
Security	29,636	-	-	29,636	28,353
Information Technology	9,626	-	-	9,626	10,644
Reserve Expenditures	-	66,498	-	66,498	150,197
TOTAL EXPENSES	<u>132,522</u>	<u>66,498</u>	<u>-</u>	<u>199,020</u>	<u>282,890</u>
EXCESS REVENUES (EXPENSES)	95,164	(48,113)	-	47,051	(65,443)
BEGINNING FUND BALANCES	27,718	633,497	-	661,215	726,658
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(93,624)	93,624	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(93,624)</u>	<u>93,624</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 29,258</u>	<u>\$ 679,008</u>	<u>\$ -</u>	<u>\$ 708,266</u>	<u>\$ 661,215</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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

THE HACIENDAS

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2023	TOTAL 2022
REVENUES					
Neighborhood Assessments	\$ 113,315	\$ -	\$ -	\$ 113,315	\$ 104,931
Interest Income	-	11,516	-	11,516	4,352
TOTAL REVENUES	<u>113,315</u>	<u>11,516</u>	<u>-</u>	<u>124,831</u>	<u>109,283</u>
EXPENSES					
Personnel	24,769	-	-	24,769	20,971
Landscape Services	7,164	-	-	7,164	16,676
Facilities Maintenance	2,765	-	-	2,765	2,005
Utilities	33,168	-	-	33,168	19,295
Security	10,671	-	-	10,671	9,468
Information Technology	2,945	-	-	2,945	3,294
Reserve Expenditures	-	8,099	-	8,099	13,149
TOTAL EXPENSES	<u>81,482</u>	<u>8,099</u>	<u>-</u>	<u>89,581</u>	<u>84,858</u>
EXCESS REVENUES (EXPENSES)	31,833	3,417	-	35,250	24,425
BEGINNING FUND BALANCES	14,100	386,648	-	400,748	376,323
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(35,244)	35,244	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(35,244)</u>	<u>35,244</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 10,689</u>	<u>\$ 425,309</u>	<u>\$ -</u>	<u>\$ 435,998</u>	<u>\$ 400,748</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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

MARKET STREET VILLAS

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2023	TOTAL 2022
REVENUES					
Neighborhood Assessments	\$ 543,564	\$ -	\$ -	\$ 543,564	\$ 502,416
Interest Income	-	35,868	-	35,868	11,586
TOTAL REVENUES	<u>543,564</u>	<u>35,868</u>	<u>-</u>	<u>579,432</u>	<u>514,002</u>
EXPENSES					
Personnel	65,366	-	-	65,366	68,911
Landscape Services	24,806	-	-	24,806	44,000
Facilities Maintenance	7,529	-	-	7,529	7,203
Utilities	34,143	-	-	34,143	33,329
Security	9,930	-	-	9,930	9,468
Insurance	97,227	-	-	97,227	79,277
Information Technology	2,988	-	-	2,988	3,317
Reserve Expenditures	-	28,899	-	28,899	35,736
TOTAL EXPENSES	<u>241,989</u>	<u>28,899</u>	<u>-</u>	<u>270,888</u>	<u>281,241</u>
EXCESS REVENUES (EXPENSES)	301,575	6,969	-	308,544	232,761
BEGINNING FUND BALANCES	65,671	1,053,124	-	1,118,795	886,034
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(264,600)	264,600	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(264,600)</u>	<u>264,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 102,646</u>	<u>\$ 1,324,693</u>	<u>\$ -</u>	<u>\$ 1,427,339</u>	<u>\$ 1,118,795</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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

MONTELENA

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2023</u>	<u>TOTAL 2022</u>
REVENUES					
Neighborhood Assessments	\$ 87,796	\$ -	\$ -	\$ 87,796	\$ 82,717
Interest Income	-	5,727	-	5,727	2,565
TOTAL REVENUES	<u>87,796</u>	<u>5,727</u>	<u>-</u>	<u>93,523</u>	<u>85,282</u>
EXPENSES					
Personnel	20,141	-	-	20,141	16,346
Landscape Services	10,438	-	-	10,438	12,695
Facilities Maintenance	1,903	-	-	1,903	1,747
Utilities	8,795	-	-	8,795	9,304
Security	9,904	-	-	9,904	11,289
Information Technology	2,971	-	-	2,971	3,439
Reserve Expenditures	-	49,323	-	49,323	2,026
TOTAL EXPENSES	<u>54,152</u>	<u>49,323</u>	<u>-</u>	<u>103,475</u>	<u>56,846</u>
EXCESS REVENUES (EXPENSES)	33,644	(43,596)	-	(9,952)	28,436
BEGINNING FUND BALANCES	26,039	229,441	-	255,480	227,044
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(25,668)	25,668	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(25,668)</u>	<u>25,668</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 34,015</u>	<u>\$ 211,513</u>	<u>\$ -</u>	<u>\$ 245,528</u>	<u>\$ 255,480</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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

WINDGATE

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL 2023</u>	<u>TOTAL 2022</u>
REVENUES					
Neighborhood Assessments	\$ 1,180,838	\$ -	\$ -	\$ 1,180,838	\$ 1,080,695
Builder and Developer Assessments	-	-	-	-	-
Security Monitoring Unmanned Gates	8,784	-	-	8,784	8,784
Resident Reimbursement	-	-	-	-	-
Interest Income	-	64,393	-	64,393	23,115
TOTAL REVENUES	<u>1,189,622</u>	<u>64,393</u>	<u>-</u>	<u>1,254,015</u>	<u>1,112,594</u>
EXPENSES					
Personnel	177,508	-	-	177,508	130,539
Administrative	8,266	-	-	8,266	432
Landscape Services	119,749	-	-	119,749	98,992
Facilities Maintenance	40,769	-	-	40,769	37,507
Utilities	138,462	-	-	138,462	131,756
Security	328,659	-	-	328,659	282,028
Insurance	698	-	-	698	662
Information Technology	3,421	-	-	3,421	3,682
Reserve Expenditures	-	123,606	-	123,606	227,839
TOTAL EXPENSES	<u>817,532</u>	<u>123,606</u>	<u>-</u>	<u>941,138</u>	<u>913,437</u>
EXCESS REVENUES (EXPENSES)	372,090	(59,213)	-	312,877	199,157
BEGINNING FUND BALANCES	203,446	2,062,247	-	2,265,693	2,066,536
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(375,192)	375,192	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(375,192)</u>	<u>375,192</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 200,344</u>	<u>\$ 2,378,226</u>	<u>\$ -</u>	<u>\$ 2,578,570</u>	<u>\$ 2,265,693</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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

ARCADIA AT SILVERLEAF

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2023	TOTAL 2022
REVENUES					
Neighborhood Assessments	\$ 585,751	\$ -	\$ -	\$ 585,751	\$ 524,570
Security Monitoring Unmanned Gates	8,784	-	-	8,784	8,784
Arcadia at Silverleaf Neighborhood Assessment	-	455,950	-	455,950	351,250
Interest Income	-	24,903	-	24,903	7,130
TOTAL REVENUES	594,535	480,853	-	1,075,388	891,734
EXPENSES					
Personnel	65,743	-	-	65,743	52,114
Administrative	-	-	-	-	11,500
Landscape Services	29,011	-	-	29,011	45,984
Facilities Maintenance	6,748	-	-	6,748	8,276
Utilities	42,124	-	-	42,124	42,968
Security	228,141	-	-	228,141	196,268
Insurance	742	-	-	742	662
Information Technology	6,235	-	-	6,235	7,206
Reserve Expenditures	-	556,833	-	556,833	475,336
TOTAL EXPENSES	378,744	556,833	-	935,577	840,314
EXCESS REVENUES (EXPENSES)	215,791	(75,980)	-	139,811	51,420
BEGINNING FUND BALANCES	31,953	635,371	-	667,324	615,904
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(187,452)	187,452	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(187,452)	187,452	-	-	-
ENDING FUND BALANCES	\$ 60,292	\$ 746,843	\$ -	\$ 807,135	\$ 667,324

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

HORSESHOE CANYON

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2023	TOTAL 2022
REVENUES					
Neighborhood Assessments	\$ 460,723	\$ -	\$ -	\$ 460,723	\$ 428,333
Clubhouse Cost Share	156,317	-	-	156,317	145,327
Security Monitoring Unmanned Gates	8,784	-	-	8,784	8,784
ICON Shared Cost Revenue	2,880	-	-	2,880	2,880
ICON Builder Shared Cost Revenue	5,760	-	-	5,760	5,760
Interest Income	-	32,882	-	32,882	11,796
TOTAL REVENUES	634,464	32,882	-	667,346	602,880
EXPENSES					
Personnel	80,685	-	-	80,685	56,603
Landscape Services	26,893	-	-	26,893	14,308
Facilities Maintenance	43,168	-	-	43,168	38,373
Utilities	51,705	-	-	51,705	47,651
Security	274,765	-	-	274,765	236,996
Insurance	742	-	-	742	662
Information Technology	3,153	-	-	3,153	3,341
Reserve Expenditures	-	33,391	-	33,391	187,805
TOTAL EXPENSES	481,111	33,391	-	514,502	585,739
EXCESS REVENUES (EXPENSES)	153,353	(509)	-	152,844	17,141
BEGINNING FUND BALANCES	233,720	1,046,999	-	1,280,719	1,263,578
TRANSFERS BETWEEN FUNDS					
ICON Reserve Contributions	(8,640)	8,640	-	-	-
Contributions to Reserve Fund	(159,288)	159,288	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	(167,928)	167,928	-	-	-
ENDING FUND BALANCES	\$ 219,145	\$ 1,214,418	\$ -	\$ 1,433,563	\$ 1,280,719

See independent auditor's report.

DC RANCH ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

STERLING VILLAS

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2023	TOTAL 2022
REVENUES					
Neighborhood Assessments	\$ 30,125	\$ -	\$ -	\$ 30,125	\$ 25,795
Interest Income	-	353	-	353	652
TOTAL REVENUES	<u>30,125</u>	<u>353</u>	<u>-</u>	<u>30,478</u>	<u>26,447</u>
EXPENSES					
Personnel	6,598	-	-	6,598	11,447
Landscape Services	1,590	-	-	1,590	4,600
Facilities Maintenance	314	-	-	314	1,069
Utilities	4,082	-	-	4,082	3,925
Reserve Expenditures	-	51,845	-	51,845	1,455
TOTAL EXPENSES	<u>12,584</u>	<u>51,845</u>	<u>-</u>	<u>64,429</u>	<u>22,496</u>
EXCESS REVENUES (EXPENSES)	17,541	(51,492)	-	(33,951)	3,951
BEGINNING FUND BALANCES	10,743	58,097	-	68,840	64,889
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(6,432)	6,432	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(6,432)</u>	<u>6,432</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 21,852</u>	<u>\$ 13,037</u>	<u>\$ -</u>	<u>\$ 34,889</u>	<u>\$ 68,840</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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2022)

PIONEER

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	TOTAL 2023	TOTAL 2022
REVENUES					
Neighborhood Assessments	\$ 50,568	\$ -	\$ -	\$ 50,568	\$ 44,923
Interest Income	-	8,880	-	8,880	3,337
TOTAL REVENUES	<u>50,568</u>	<u>8,880</u>	<u>-</u>	<u>59,448</u>	<u>48,260</u>
EXPENSES					
Personnel	12,428	-	-	12,428	14,980
Landscape Services	2,353	-	-	2,353	3,696
Facilities Maintenance	1,127	-	-	1,127	1,031
Utilities	3,783	-	-	3,783	3,190
Reserve Expenditures	-	2,374	-	2,374	5,178
TOTAL EXPENSES	<u>19,691</u>	<u>2,374</u>	<u>-</u>	<u>22,065</u>	<u>28,075</u>
EXCESS REVENUES (EXPENSES)	30,877	6,506	-	37,383	20,185
BEGINNING FUND BALANCES	10,720	297,943	-	308,663	288,478
TRANSFERS BETWEEN FUNDS					
Contributions to Reserve Fund	(23,520)	23,520	-	-	-
TOTAL TRANSFERS BETWEEN FUNDS	<u>(23,520)</u>	<u>23,520</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 18,077</u>	<u>\$ 327,969</u>	<u>\$ -</u>	<u>\$ 346,046</u>	<u>\$ 308,663</u>

See independent auditor's report.