

**ABBE SPRINGS RANCHES HOMEOWNERS' ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2015**

**FINDELL & COMPANY, P.C.**

**Certified Public Accountants**

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**FINDELL & COMPANY, P.C.**  
Certified Public Accountants  
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To the Board of Directors and Members  
Abbe Springs Ranches Homeowners' Association, Inc.  
Magdalena, New Mexico

Management is responsible for the accompanying financial statements of Abbe Springs Ranches Homeowners' Association, Inc., which comprise the balance sheet as of December 31, 2015, and the related statements of revenues and expenses and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

*FindeLL + Company, P. C.*

FINDELL & COMPANY, P. C.  
Certified Public Accountants  
Albuquerque, N.M.  
June 10, 2016

ABBE SPRINGS RANCHES HOMEOWNERS' ASSOCIATION, INC.  
 BALANCE SHEET  
 As of December 31, 2015

ASSETS	<u>Operating Fund</u>	<u>Road Fund</u>	<u>Contingency Fund</u>	<u>Total</u>
<b>CURRENT ASSETS</b>				
Cash - checking	\$ 1,880	\$ -	\$ -	\$ 1,880
Cash - money market	21,993	-	-	21,993
Cash - savings	555	-	-	555
Cash - CD accounts	61,211	-	-	61,211
Accounts receivable - net of allowance for doubtful accounts of \$7,577	8,853	-	-	8,853
Interfund receivable (payable)	(60,000)	5,000	55,000	-
Deposits	<u>20</u>	<u>-</u>	<u>-</u>	<u>20</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>34,512</u></b>	<b>\$ <u>5,000</u></b>	<b>\$ <u>55,000</u></b>	<b>\$ <u>94,512</u></b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ <u>617</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>617</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>617</b>	<b>-</b>	<b>-</b>	<b>617</b>
<b>MEMBERS' EQUITY</b>				
Operating fund	33,895	-	-	33,895
Road fund	-	5,000	-	5,000
Contingency fund	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>55,000</u>
	<u>33,895</u>	<u>5,000</u>	<u>55,000</u>	<u>93,895</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ <u>34,512</u></b>	<b>\$ <u>5,000</u></b>	<b>\$ <u>55,000</u></b>	<b>\$ <u>94,512</u></b>

See accompanying notes and accountant's report.

ABBE SPRINGS RANCHES HOMEOWNERS' ASSOCIATION, INC.  
 STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCE  
 Year Ended December 31, 2015

	<u>Operating Fund</u>	<u>Road Fund</u>	<u>Contingency Fund</u>	<u>Total</u>
<b>INCOME</b>				
Annual dues	\$ 14,350	\$ -	\$ 5,000	\$ 19,350
Finance & late fees	1,313	-	-	1,313
Transfer & sales fees	650	-	-	650
In-kind and other donations	482	-	-	482
Interest & dividends	898	-	-	898
	<u>17,693</u>	<u>-</u>	<u>5,000</u>	<u>22,693</u>
<b>EXPENSES</b>				
Bad debt	690	-	-	690
Consulting & professional fees	3,147	-	-	3,147
Insurance	3,465	-	-	3,465
Mail & delivery	75	-	-	75
Meetings	135	-	-	135
Miscellaneous	66	-	-	66
Printing and publications	11	-	-	11
Road maintenance	5,879	-	-	5,879
Supplies	4	-	-	4
Telephone & communications	207	-	-	207
Travel	482	-	-	482
Taxes	91	-	-	91
	<u>14,252</u>	<u>-</u>	<u>-</u>	<u>14,252</u>
NET INCOME (LOSS)	3,441	-	5,000	8,441
BEGINNING FUND BALANCES	<u>30,454</u>	<u>5,000</u>	<u>50,000</u>	<u>85,454</u>
ENDING FUND BALANCES	<u>\$ 33,895</u>	<u>\$ 5,000</u>	<u>\$ 55,000</u>	<u>\$ 93,895</u>

See accompanying notes and accountant's report.

ABBE SPRINGS RANCHES HOMEOWNERS' ASSOCIATION, INC.  
 STATEMENT OF CASH FLOWS  
 Year Ended December 31, 2015

	<u>Operating Fund</u>	<u>Road Fund</u>	<u>Contingency Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net income	\$ 3,441	\$ -	\$ 5,000	\$ 8,441
Adjustments to reconcile net income to net cash provided by operating activities:				
(Increase) decrease in accounts receivable	(861)	-	-	(861)
(Increase) decrease in deposits	(20)	-	-	(20)
Increase (decrease) in accounts payable	379	-	-	379
Change in interfund payable	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>7,939</b>	<b>-</b>	<b>-</b>	<b>7,939</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b><u>77,700</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>77,700</u></b>
<b>CASH AT END OF YEAR \$</b>	<b><u><u>85,639</u></u></b>	<b><u><u>-</u></u></b>	<b><u><u>-</u></u></b>	<b><u><u>85,639</u></u></b>

See accompanying notes and accountant's report.

ABBE SPRINGS RANCHES HOMEOWNERS' ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Abbe Springs Ranches Homeowners' Association Inc. (the Association) is a residential real estate association incorporated on September 21, 2000 as a New Mexico nonprofit corporation. The Association was organized to provide for the ownership and maintenance of the roads serving the Subdivision, to enforce the Declaration of Covenants, Easements and Restrictions for the Subdivision and to preserve the common property on behalf of its members.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Fund Accounting

While not specifically addressed in the Association's governing documents, the board of directors has designated funds be maintained to provide for future major repairs and replacements. 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 in the following funds established according to their nature and purpose:

Operating Fund – This fund is used to account for financial resources available for the general operations of the fund.

Road Fund – This fund is used to accumulate financial resources designated for future replacement of private roads.

Contingency Fund – This fund is used to accumulate financial resources designated for unbudgeted or unexpected costs.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Changes in the valuation allowance have not been material to the financial statements.

ABBE SPRINGS RANCHES HOMEOWNERS' ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

NOTE 2 – ASSESSMENTS

Assessments are determined by the board of directors upon approval of the annual budget and are intended to meet both the normal operating costs of the Association and the costs of estimated future major repairs or capital improvements. Assessments to lot owners were \$150 per lot for 2015 and are due by the date of the annual meeting.

NOTE 3 – COMMON PROPERTY

Common property solely consists of roads that were acquired by the original lot owners and are not capitalized on the Association's financial statements. Although these properties are owned by the Association, the assets are not recognized under generally accepted accounting principles, as the Association will not, in the ordinary course of business, dispose of the property.

NOTE 4 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association has not performed a reserve study, the purpose of which is to estimate the remaining useful lives and the corresponding repair or replacement costs. Management believes current reserve accounts are adequate for these purposes as historically, all major repairs have been funded through operations.



ABBE SPRINGS RANCHES HOMEOWNERS' ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – INCOME TAXES

Homeowner associations may be taxed either as homeowner associations or as non-exempt membership organizations. For the year ended December 31, 2015, the Association elected to be taxed as a homeowner association. Under that election, the Association generally is taxed only on non-exempt income, such as interest earnings, at applicable federal and state tax rates.

The Association's federal and state income tax returns are generally subject to examination by taxing authorities for three years after the returns are filed. The Association's tax returns for 2014, 2013 and 2012 remain open to examination.

NOTE 6 – DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through June 10, 2016, the date on which the financial statements were available to be issued.