

# 2014 Audited Financial Statements

PECAN GROVE PLANTATION  
PROPERTY OWNERS' ASSOCIATION, INC.  
Financial Statements  
December 31, 2014 and 2013

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RONALD L.  
BRIGGS, P.C.

*Certified Public Accountant*

## INDEPENDENT AUDITORS' REPORT

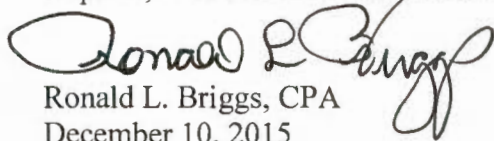
To the Board of Trustees  
Pecan Grove Plantation Property Owners' Association, Inc.  
Richmond, TX 77469

We have audited the accompanying balance sheets of Pecan Grove Plantation Property Owners' Association, Inc. as of December 31, 2014 and 2013, and the related statements of owners' support, revenue and expenses, fund balances, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pecan Grove Plantation Property Owners' Association, Inc. as of December 31, 2014 and 2013 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

We have previously audited Pecan Grove Plantation Property Owners' Association 2013 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated December 10<sup>th</sup>, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Ronald L. Briggs, CPA  
December 10, 2015

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**Member**

American Institute of Certified Public Accountants  
Texas Society of Certified Public Accountants

PECAN GROVE PLANTATION PROPERTY OWNERS' ASSOCIATION, INC.

BALANCE SHEETS

DECEMBER 31, 2014 AND 2013

	<u>12/31/14</u>	<u>12/31/13</u>
ASSETS		
CASH	\$ 336,554	\$ 395,457
ASSESSMENTS RECEIVABLE, NET	10,917	13,632
OTHER RECEIVABLES	13,154	14,876
PREPAID EXPENSES	<u>21,199</u>	<u>12,520</u>
	381,824	436,485
PROPERTY AND EQUIPMENT:		
EQUIPMENT	269,621	268,011
ACCUMULATED DEPRECIATION	<u>(214,107)</u>	<u>(205,166)</u>
TOTAL PROPERTY AND EQUIPMENT, NET	<u>55,514</u>	<u>62,845</u>
TOTAL ASSETS	<u>\$ 437,338</u>	<u>\$ 499,330</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ 6,895	\$ 7,621
SUTA PAYABLE	12	13
FUTA PAYABLE	82	97
DEFERRED INCOME - ADVERTISING	6,262	4,975
PREPAID - CONTRACT DEPUTY PATROL	8,183	0
PREPAID MAINTENANCE FEES	<u>77,675</u>	<u>161,492</u>
TOTAL LIABILITIES	<u>99,109</u>	<u>174,198</u>
FUND BALANCES		
OPERATING FUND BALANCE	305,756	303,732
RESERVED FUND BALANCE	<u>32,473</u>	<u>21,400</u>
TOTAL FUND BALANCES	<u>338,229</u>	<u>325,132</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 437,338</u>	<u>\$ 499,330</u>

SEE INDEPENDENT AUDITORS' REPORT AND THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

PECAN GROVE PLANTATION PROPERTY OWNERS' ASSOCIATION, INC.

STATEMENTS OF OWNERS' SUPPORT, REVENUE AND EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>12/31/14</u>	<u>12/31/13</u>
OWNERS' SUPPORT & REVENUE		
MAINTENANCE FEES	\$ 450,534	\$ 450,734
TRANSFER AND OTHER FEES	17,637	20,754
NEWSLETTER ADVERTISING FEES	34,289	38,429
INTEREST EARNED	<u>777</u>	<u>781</u>
TOTAL OWNERS' SUPPORT & REVENUE	<u>503,237</u>	<u>510,698</u>
MAINTENANCE AND OPERATING EXPENSES		
COMMUNITY EVENTS	14,719	10,519
ESPLANADE MAINTENANCE	42,291	48,684
NEWSLETTER	31,097	30,457
CONTRACT DEPUTY PROGRAM	128,504	152,122
UTILITIES	<u>99,740</u>	<u>97,294</u>
TOTAL MAINTENANCE AND OPERATING EXPENSES	<u>316,351</u>	<u>339,076</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
ACCOUNTING AND AUDIT	39,768	30,022
BAD DEBTS	5,098	2,400
COLLECTION FEES	3,318	4,171
CONTRIBUTIONS	5,656	10,400
DEPRECIATION	8,941	8,793
ELECTION	5,979	5,930
LEGAL	2,066	15,382
LIABILITY INSURANCE	7,643	9,934
MEETING COSTS	511	0
OFFICE EXPENSES	20,786	20,890
POSTAGE	2,344	1,599
RENT	5,760	5,685
REPAIRS	10,968	343
SERVICE CHARGES	779	960
TELEPHONE	2,324	2,418
SALARY	35,638	35,335
SERVICE VEHICLE COST	12,482	11,577
TAXES - PAYROLL	3,647	3,557
TAXES - OTHER	<u>81</u>	<u>523</u>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>173,789</u>	<u>169,919</u>
TOTAL EXPENSES	<u>490,140</u>	<u>508,995</u>
EXCESS (DEFICIENCY) OF OWNERS' SUPPORT AND REVENUE OVER EXPENSES	<u>\$ 13,097</u>	<u>\$ 1,703</u>

SEE INDEPENDENT AUDITORS' REPORT AND THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

PECAN GROVE PLANTATION PROPERTY OWNERS' ASSOCIATION, INC.

STATEMENTS OF CHANGES IN FUND BALANCES

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>
BALANCE, JANUARY 1, 2013	302,029	21,400
EXCESS OF OWNERS' SUPPORT AND REVENUE OVER EXPENSE	<u>1,703</u>	<u>0</u>
BALANCE, DECEMBER 31, 2013	303,732	21,400
INCREASE AND DECREASE RESERVES FOR SIDEWALK REPAIR	-11,073	11,073
EXCESS OF OWNERS' SUPPORT AND REVENUE OVER EXPENSE	<u>13,097</u>	<u>0</u>
BALANCE, DECEMBER 31, 2014	<u><u>305,756</u></u>	<u><u>32,473</u></u>

SEE INDEPENDENT AUDITORS' REPORT AND THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

PECAN GROVE PLANTATION PROPERTY OWNERS' ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	12/31/2014	12/31/2013
	<u>                    </u>	<u>                    </u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
EXCESS (DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES	\$ 13,097	\$ 1,703
ADJUSTMENTS TO RECONCILE EXCESS OF SUPPORT AND REVENUE OVER EXPENSES TO CASH PROVIDED BY OPERATIONS:		
DEPRECIATION	8,941	8,793
(INCREASE) DECREASE IN:		
ACCOUNTS RECEIVABLE	2,715	(2,969)
OTHER RECEIVABLE	1,721	(7,807)
PREPAID EXPENSES	(8,676)	147
INCREASE (DECREASE) IN:		
ACCOUNTS PAYABLE	(726)	(7,455)
DEFERRED INCOME - ADVERTISING	1,287	595
PREPAID - CONTRACT DEPUTY PATROL	8,183	0
PREPAID MAINTENANCE FEES	(83,817)	77,408
PAYROLL TAXES PAYABLE	(18)	(708)
	<u>                    </u>	<u>                    </u>
NET CASH UTILIZED BY OPERATING ACTIVITIES	(57,293)	69,707
CASH FLOWS FROM INVESTING ACTIVITIES:		
ACQUISITION OF EQUIPMENT	<u>(1,610)</u>	<u>(7,022)</u>
NET CASH PROVIDED (UTILIZED) BY INVESTING ACTIVITIES	<u>(1,610)</u>	<u>(7,022)</u>
NET INCREASE (DECREASE) IN CASH	(58,903)	62,685
CASH AT BEGINNING OF YEAR	<u>395,457</u>	<u>332,772</u>
CASH AT END OF YEAR	<u>\$ 336,554</u>	<u>\$ 395,457</u>

SEE INDEPENDENT AUDITORS' REPORT AND THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT

PECAN GROVE PLANTATION PROPERTY OWNERS' ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The Association is a Texas non-profit corporation, Pecan Grove Plantation Property Owners' Association, Inc., that was formed March 5, 1979 and is located in Fort Bend County, Texas in a subdivision known as Pecan Grove Plantation. Pecan Grove Plantation contains 2,140 lots .

The Association is charged with the responsibility of providing community maintenance of the common areas within its boundaries and to enforce the restrictive covenants of the deed restrictions.

Policies are formulated by the Board of Trustees.

The books and records are maintained by an outside bookkeeping service.

ACCOUNTING POLICIES

The Association owns and maintains nine (9) common areas that have been deeded to the Association by the Developer. Two (2) of these common areas are recreational areas. These nine (9) tracts of land are unimproved and therefore are not recorded on the books of the Association nor has a reserve been provided for their future replacement.

The Association voluntarily maintains 19 common areas owned by Fort Bend County.

Association members are subject to annual assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments Receivable at the balance sheet date represents fees due from homeowners. The deed restrictions provide for an automatic lien on all property for past due amounts. Any net excess assessments at the end of the year are retained by the Association for future use.

Revenue and expenses are reported on the accrual basis, which means that income is recognized as it is earned and expenses are recognized as they are incurred whether or not cash is received or paid out at that time.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

Funds are separated between operating funds and reserved funds. Operating funds are those whose disposition is at the discretion of the Board of Trustees and are generally disbursed for operating expenses. Reserved funds have been set aside for a future use.



PECAN GROVE PLANTATION PROPERTY OWNERS' ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 (continued)

The allowance for doubtful accounts is based on prior years' experience and analysis of possible bad debts.

Property and equipment are recorded at cost. The assets are depreciated over their estimated useful lives using the straight-line method of depreciation.

For purposes of the statement of cash flows, the Association considers all investments purchased with a maturity of three months or less to be cash equivalents.

NOTE 2 - FEDERAL INCOME TAX

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year ended December 31, 2014. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property.

For the year ended December 31, 2014 there is no nonexempt function income, which includes earned interest and revenues received from nonmembers.

NOTE 3 - ASSESSMENTS RECEIVABLE AND ALLOWANCE FOR BAD DEBTS

	<u>2014</u>	<u>2013</u>
CURRENT YEAR	\$ 917	\$ 917
PRIOR YEARS	0	0
LATE, LEGAL, COLLECTION AND MOWING	<u>10,500</u>	<u>13,483</u>
	\$11,417	\$14,400
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	<u>500</u>	<u>768</u>
TOTAL ASSESSMENTS RECEIVABLE, NET	<u>\$10,917</u>	<u>\$13,632</u>

NOTE 4 - PREPAID EXPENSES

The Association pays its utility bills, contract deputy program costs, and general liability insurance in advance.

PECAN GROVE PLANTATION PROPERTY OWNERS' ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 5 - RESERVED FUND BALANCE

The Association has started a reserve fund for the possibility of providing a multipurpose community facility if the need and opportunity arises and the Board so determines.

NOTE 6 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Association to concentrations of credit risk consist of cash. During the year the Association maintained certain bank accounts in excess of the FDIC insured limits. The Association has cash accounts at Wells Fargo and Compass Bank. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2014, the Association did not exceed the federally insured limits in its account at Wells Fargo Bank of Texas.