

Financial Statements
December 31, 2021

Spring Creek Association



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Independent Auditor's Report

The Board of Directors
Spring Creek Association
Spring Creek, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Spring Creek Association (the Association), which comprise the balance sheet as of December 31, 2021, and the related statement 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2021, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Association 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 these 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 the Association's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 GAAS 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 the Association'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 the Association'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Supplementary Information on Major Future Repairs and Replacements on page 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our

inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 16 through 20 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and, except for Test of Assessment Limitations marked “unaudited” on page 18, was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the Test of Assessments Limitations marked “unaudited”, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the Test of Assessments Limitations marked “unaudited”, on which we express no opinion nor any assurance, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Elko, Nevada
December 8, 2022

Spring Creek Association

Balance Sheet

December 31, 2021

	Operating Fund	Property Fund	Replacement Fund	Total
Assets				
Cash and cash equivalents	\$ 416,366	\$ 45,160	\$ 597,039	\$ 1,058,565
Cash and cash equivalents - designated for future capital expenses	748,977	-	-	748,977
Short-term investments	-	-	2,270,518	2,270,518
Assessments receivable	126,492	-	-	126,492
Other receivables	12,743	-	-	12,743
Accrued interest receivable	99	111	15,914	16,124
Inventories	32,412	-	-	32,412
Prepaid insurance	110,408	-	-	110,408
Lots owned	7,427	-	-	7,427
Due to (from) other funds	34,925	(3,049)	(31,876)	-
	<u>1,489,849</u>	<u>42,222</u>	<u>2,851,595</u>	<u>4,383,666</u>
Long-term investments	-	-	94,297	94,297
Capital assets				
Land and land improvements	-	5,328,592	-	5,328,592
Buildings	-	4,371,217	-	4,371,217
Equipment	-	3,969,071	-	3,969,071
Construction in progress	-	30,204	-	30,204
	-	13,699,084	-	13,699,084
Accumulated depreciation	-	(5,883,117)	-	(5,883,117)
	-	7,815,967	-	7,815,967
Total assets	<u><u>\$ 1,489,849</u></u>	<u><u>\$ 7,858,189</u></u>	<u><u>\$ 2,945,892</u></u>	<u><u>\$ 12,293,930</u></u>
Liabilities and Fund Balances (Deficit)				
Current Liabilities				
Accrued payroll and related expenses	\$ 180,104	\$ -	\$ -	\$ 180,104
Assessments received in advance	529,781	-	-	529,781
Accounts payable	79,952	-	-	79,952
Deferred revenue - unspent reserve assessments	748,977	-	-	748,977
Deferred revenue - building lease	199,333	-	-	199,333
Security deposits	1,560	-	-	1,560
Total current liabilities	1,739,707	-	-	1,739,707
Fund Balances (Deficit)	<u>(249,858)</u>	<u>7,858,189</u>	<u>2,945,892</u>	<u>10,554,223</u>
	<u><u>\$ 1,489,849</u></u>	<u><u>\$ 7,858,189</u></u>	<u><u>\$ 2,945,892</u></u>	<u><u>\$ 12,293,930</u></u>

Spring Creek Association
Statement of Revenues, Expenses, and Changes in Fund Balances
Year Ended December 31, 2021

	Operating Fund	Property Fund	Replacement Fund	Total
Revenues				
Assessments	\$ 3,881,172	\$ -	\$ -	\$ 3,881,172
Lease income	100,847	-	-	100,847
Interest income/(loss)	24	4	(356)	(328)
Other general income	445,740	-	-	445,740
Golf course	524,875	-	-	524,875
Horse Palace	29,252	-	-	29,252
Trap and skeet	4,772	-	-	4,772
Buildings and facilities	113,580	-	-	113,580
Roads and road construction	190,000	-	-	190,000
Total revenues	5,290,262	4	(356)	5,289,910
Expenses				
General expenses	1,400,222	-	13,309	1,413,531
Golf course	838,240	-	-	838,240
Horse Palace	137,946	-	-	137,946
Trap and skeet	10,319	-	-	10,319
Buildings and facilities	887,101	-	-	887,101
Roads and road construction	1,725,722	-	-	1,725,722
Security	2,126	-	-	2,126
Depreciation	-	532,715	-	532,715
Total expenses	5,001,676	532,715	13,309	5,547,700
Excess (Deficiency) of Revenues Over Expenses Before Gains	288,586	(532,711)	(13,665)	(257,790)
Proceeds from insurance reimbursement	79,494	-	-	79,494
Forgiveness of PPP Loan	336,700	-	-	336,700
	416,194	-	-	416,194
Excess (Deficiency) of Revenues Over (Under) Expenses	704,780	(532,711)	(13,665)	158,404
Beginning Fund Balance (Deficit)	(173,085)	7,229,653	3,339,251	10,395,819
Interfund Transfers				
Capital replacement reserve	(250,000)	-	250,000	-
Capital asset additions	(267,581)	897,275	(629,694)	-
Capital assets contributed	(237,496)	237,496	-	-
Golf course reserve	(26,476)	26,476	-	-
	(781,553)	1,161,247	(379,694)	-
Ending Fund Balances (Deficit)	\$ (249,858)	\$ 7,858,189	\$ 2,945,892	\$ 10,554,223

Spring Creek Association
Statement of Cash Flows
Year Ended December 31, 2021

	Operating Fund	Property Fund	Replacement Fund	Total
Operating Activities				
Excess (deficiency) of revenues over expenses	\$ 704,780	\$ (532,711)	\$ (13,665)	\$ 158,404
Adjustments to reconcile changes in fund balances to net cash from (used for) operating activities:				
Depreciation	-	532,715	-	532,715
Unrealized gain (loss) on investments held to maturity	-	-	15,185	15,185
PPP Loan forgiveness	(336,700)	-	-	(336,700)
Changes in				
Assessments receivable	20,114	-	-	20,114
Other receivables	(12,456)	-	-	(12,456)
Inventories	(3,569)	-	-	(3,569)
Accrued interest receivable	-	-	3	3
Prepaid insurance	(20,996)	-	-	(20,996)
Accrued payroll and related expenses	59,637	-	-	59,637
Assessments received in advance	274,308	-	-	274,308
Accounts payable	9,072	-	-	9,072
Deferred revenue - unspent reserve assessments	250,108	-	-	250,108
Deferred revenue - building lease	(38,163)	-	-	(38,163)
Net Cash from Operating Activities	<u>906,135</u>	<u>4</u>	<u>1,523</u>	<u>907,662</u>
Investing Activities				
Purchase of capital assets	(267,581)	(12,650)	(629,694)	(909,925)
Purchase of investments	-	-	(2,665,000)	(2,665,000)
Sale of investments	-	-	3,132,129	3,132,129
Net Cash used for Investing Activities	<u>(267,581)</u>	<u>(12,650)</u>	<u>(162,565)</u>	<u>(442,796)</u>
Financing Activities				
Due to/from other funds	(36,531)	36,531	-	-
Transfers in between funds	-	-	250,000	250,000
Transfers out between funds	(250,000)	-	-	(250,000)
Net Cash from (used for) Financing Activities	<u>(286,531)</u>	<u>36,531</u>	<u>250,000</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	352,023	23,885	88,958	464,866
Cash and Cash Equivalents, Beginning of Year	<u>813,320</u>	<u>21,275</u>	<u>508,081</u>	<u>1,342,676</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,165,343</u>	<u>\$ 45,160</u>	<u>\$ 597,039</u>	<u>\$ 1,807,542</u>

Spring Creek Association
Statement of Cash Flows
Year Ended December 31, 2021

	Operating Fund	Property Fund	Replacement Fund	Total
Cash and Cash Equivalents Consist of				
Cash and cash equivalents	\$ 416,366	\$ 45,160	\$ 597,039	\$ 1,058,565
Cash and cash equivalents - designated for future capital expenses	<u>748,977</u>	<u>-</u>	<u>-</u>	<u>748,977</u>
	<u>\$ 1,165,343</u>	<u>\$ 45,160</u>	<u>\$ 597,039</u>	<u>\$ 1,807,542</u>
Investing and Financing Activities				
Transfer of capital assets to Property Fund	<u>\$ (267,581)</u>	<u>\$ 897,275</u>	<u>\$ (629,694)</u>	<u>\$ -</u>
Building improvements from tenant in lieu of rent	<u>\$ 237,496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,496</u>

Note 1 - Principal Business Activity and Significant Accounting Policies

Organizational Data

Spring Creek Association began operations on April 8, 1971, was later incorporated on April 8, 1983 and is a non-stock, non-profit cooperative corporation formed as a residential real estate management association. The Association is responsible for preserving, maintaining, and operating the common areas of a 5,420 lot planned development totaling 23.4 square miles located in Spring Creek, Nevada. The Association is deemed a rural agricultural residential limited purpose common interest community pursuant to Nevada Revised Statute (NRS) 116.1201.

Accounting Method

The Association maintains its books of account on the accrual basis of accounting. Under this method of accounting, revenue is recognized when assessments are earned and all other revenues are recognized as the facilities are used or the revenue is earned. Expenses are recognized when goods or services are received, whether paid or not.

Fund Accounting

To ensure observance of limitations and restrictions on the use of financial resources, the Association has segregated its activities into three funds: the operating fund, property fund and the replacement fund. The operating fund accounts for all current operating transactions of the Association. The property fund accounts for all real and personal property purchased with Association funds, and the depreciation expense associated with that property. The replacement fund accounts for amounts set aside to provide for the future repair and replacement of the Association's common areas.

Cash and Cash Equivalents

The Association considers all highly liquid investments with an initial maturity at the date of purchase of three months or less as cash and cash equivalents.

Investments

The Association has not adopted a formal investment policy that would further limit its investment choices.

Certificates of deposit with remaining maturities of less than one year are classified as short-term investments. Certificates of deposit with remaining maturities greater than one year are classified as long-term investments.

Inventories

Inventory is measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Cost is determined by the first-in, first-out method. No reserve for obsolescence was deemed necessary in 2021. Inventories consist of golf pro shop merchandise, gasoline and diesel fuels.

Lots Owned

Association-owned lots were acquired through purchase and are recorded at cost less any write-downs to fair value. Fair value write-downs are reported as asset impairments on the statement of revenues and expenses, and changes in fund balances. No asset impairment was recorded for 2021. These lots held are available for sale.

Capital Assets

Certain real property common areas acquired by the Association from the developer are capitalized on the Association financial statements at the estimated fair market value at date of transfer. Assets purchased after that date are recorded at cost. Common areas maintained include the golf course and pro shop, park and fishing area, trap and skeet facilities, equestrian center, and other common areas and landscaping.

Personal property purchased by the Association is capitalized on the Association's financial statements at cost. Depreciation is computed using the straight-line method for all assets over the following estimated useful lives:

Land improvements	10 to 31.50 years
Buildings	5 to 40 years
Equipment	3 to 20 years

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2021.

Revenue and Revenue Recognition

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 separately for operating fund (operating) activities, property fund activities and replacement fund activities. The Association recognizes all other revenue types at the time the related performance obligation is satisfied.

The Association disaggregates revenue from contracts with members into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic conditions. The Association incurs costs for capital assets in both the operating fund and the replacement fund, at year end the Association transfers the capital assets to the property fund. Any unspent reserve assessments remain in the operating fund at year end.

The Association recognizes operating assessment revenue in the month in which it is earned rather than received or when billed. Management does not believe an estimate for any variable consideration at the time of billing to owners exists based on historical cash collection trends. Operating revenue is used for the maintenance and management of common area property; as such, satisfaction of the performance obligation is considered to be completed when services are provided for the members.

Excess reserve assessments are recorded as deferred revenue – unspent reserve assessments in the accompanying balance sheet at year end in the operating fund.

Recreation programs, facility operations and other revenue is recognized when related programs and events occur.

Assessments Receivable and Prepaid Assessments

Association members are subject to monthly 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 represent fees due from property owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners' whose assessments are delinquent 120 days or more, thereby helping to enforce the collection of all assessments due the Association by homeowners. Management estimates uncollectible amounts based on the past experience. The Association considers all assessments receivable at December 31, 2021 to be fully collectible.

Payments received from property owners prior to December 31 of each year for subsequent year assessments represent revenue applicable to the succeeding year and, therefore, are deferred at year-end.

The beginning balance as of January 1, 2021, of assessments receivable and deferred revenue – unspent reserve assessments was \$146,606 and \$498,869, respectively.

Concentrations of Credit Risk

The Association maintains its cash and equivalents in bank deposit accounts and brokerage money market accounts which, at times, may exceed insured limits. The Association has not experienced any losses in such accounts. Board Policy #97-001 Revision 3 requires that all capital reserve accounts have FDIC insurance.

The Association believes it is not exposed to any significant credit risk on cash and equivalents; however, bank deposit accounts in excess of the Federal Deposit Insurance Corporation (FDIC) coverage at December 31, 2021 totaled \$1,329,387.

Interest Income

Interest income is allocated to the various funds based on the actual earnings of the financial accounts held by each fund.

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, the 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.

Payroll Protection Program (PPP) Loan

The Association was granted a \$336,700 loan in 2020 under the PPP administered by a Small Business Administration (SBA) approved officer. The loan is uncollateralized and is fully guaranteed by the Federal government. The Association initially recorded a note payable in 2020 and subsequently recorded 100% forgiveness in 2021, when the loan and all accrued interest was legally released by the SBA. The Association recognized \$336,700 of loan forgiveness income for the year ended December 31, 2021.

Future Changes in Accounting Principles

FASB Accounting Standards Codification Topic 842, *Leases* (Topic 842), increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and discloses key information about leasing transactions. This standard was delayed to fiscal years beginning after December 15, 2021. The Association has opted to defer implementation of Topic 842 until required.

Note 2 - Replacement Fund

State statutes and the Association's governing documents do not require funds to be accumulated for the replacement of its common areas or for general operations. However, the Association has designated certain monies for such purpose. Such funds are intended to provide for the cost of future replacement, repairs and maintenance when it is estimated that such items are needed. Actual expenditures may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. Although the Association is not subject to state statutes requiring preparation of a reserve study, the Association prepared a reserve study as of November 5, 2009. Estimated replacement costs were calculated using a pooled calculation with provisions for inflation of 1.25%, interest earnings of 2%, and no provision for taxes.

Note 3 - Income Taxes

The Association is exempt from federal income taxes under Internal Revenue Code Section 501(c)(4). The Association was granted this status by the Internal Revenue Service on September 13, 2002.

As a social welfare organization, the Association is exempt from taxation of all revenues and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance and care of the Association's property.

The Association is taxed on the net income of any business activities unrelated to its exempt purpose. Net nonexempt function income, which includes rental income, is taxed at 21% by the federal government. The Association evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2021, the unrecognized tax benefit accrual was zero. The Association will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Note 4 - Employee Benefit Plans

The Association established a 401(k) retirement plan for all eligible employees who meet certain eligibility criteria such as age, term of employment, etc. Eligible employees may elect to contribute to the plan a portion of their gross salary (subject to federal tax law limits). The Association currently matches up to \$4,500 of the employee’s contributions. The amount of the Association’s contribution to the plan is optional and is determined annually by the Association’s Board of Directors. The total 401(k) match for 2021 was \$52,524.

Note 5 - Lease Income

The Association is the lessor in a number of month-to-month and short-term leases for property such as land rental, kiosk sign use, concessions space rental, and house rental. Long-term leases include sign pole rental, land use, and building use leases which terminate at various dates through April 2033. Amounts anticipated to be received from the long term leases for the next five years and thereafter are listed below:

Year Ending December 31,	Amount
2022	\$ 86,498
2023	86,498
2024	56,498
2025	52,254
2026	5,604
Thereafter	35,492
Total	\$ 322,844

The Association leases a building to the tenant in exchange for the tenant making improvements to the building in lieu of paying rent over the term of the lease. The Association received building improvements from the tenant valued at \$237,496 during the year ended December 2021. The value of the building improvements received in excess of 2021 rent represents revenue applicable to the succeeding year and, therefore, are deferred at year-end.

The beginning balance as of January 1, 2021 of deferred revenue - lease was zero.

Note 6 - Leases

The Association has two operating leases for office equipment in effect at December 31, 2021, with monthly payments aggregating to \$627. Lease expense was \$7,292 for the current year. Future obligations under these leases are:

Year Ending December 31,	Amount
2022	\$ 7,528
2023	7,528
2024	7,528
2025	6,479
2026	1,667
Total	\$ 30,730

Note 7 - Revenue from Contract Customers – Unspent Reserve Assessments

The following table provides information about the significant changes in deferred revenue – unspent reserve assessments and the use of these funds for capital during the year ended December 31, 2021:

<u>Assessment increase designated to Operating Fund for capital assets:</u>	
2017 increase of \$2 per month approved November 16, 2016	\$ 65,076
2018 increase of \$5 per month approved October 25, 2017	128,976
2019 Increase of \$5 per month approved November 13, 2019	323,637
Total assessments designated to Operating Fund for capital assets	\$ 517,689
<u>Capital assets funded by:</u>	
Operating Fund	\$ 267,581
Property Fund	12,650
Replacement Fund	629,694
Total capital assets	\$ 909,925
Deferred revenue - unspent reserve assessments, beginning of year	\$ 498,869
Prior year unspent reserve assessments, expended for current year reserve expenditures in the Operating Fund	(267,581)
Collected current year reserve assessments	517,689
Deferred revenue - unspent reserve assessments end of year and designated cash in the Operating Fund	\$ 748,977

Note 8 - Commitments and Contingent Liabilities

The following are the Association's commitments at December 31, 2021:

- On November 10, 2021, the Board approved entering into an agreement to sale the old Association Administrative Building for \$190,000, less selling costs.
- On November 10, 2021, the Board approved a \$4 per month increase to the assessments in 2022. This results in the annual assessments changing from \$768 to \$816.

Note 9 - Subsequent Events

The financial statements were available to be issued on and subsequent events were evaluated through December 8, 2022, the following subsequent events were noted:

- On February 23, 2022, the Board approved spending up to \$37,550 on a mower, \$80,000 on a sweeper, an additional \$425,000 on the splash pad at the Schuckmann's Sports Complex, \$37,000 on a storage building at Schuckmann's Sports Complex, and \$45,000 on fencing for the shooting range.
- On April 28, 2019, the Horse Palace roof and bathrooms were damaged by wind and snow, insurance proceeds were received to reimburse the Association for the damages in 2019 totaling \$184,846. In 2020 the Association spent \$47,719 on the repairs and in 2022 the Association spent an additional \$89,520 for the repairs, leaving an additional \$47,607 to be spent on the project.
- On November 9, 2022, the Board approved a \$4 per month increase to the assessments in 2023. This results in the annual assessments changing from \$816 to \$864.



Required Supplementary Information
December 31, 2021

Spring Creek Association

Spring Creek Association
Major Future Repairs and Replacements
Year Ended December 31, 2021

The Board conducted a study in 2009 to estimate the remaining useful lives and the replacement costs of the components of common property. The Association has assessed the present condition of all common area components; estimated replacement costs relying upon published data, contractor's or engineer's estimates, and previously paid amounts; and estimated remaining lives, relying upon consultants or published data.

The following information is based on the study and presents significant information about the components of common property.

Major Component	Estimated Remaining Life (years)	Estimated Current Replacement Cost	Unspent Reserve Assessments at December 31, 2021
Equipment	0 - 20	\$ 3,869,904	
Furniture	0 - 6	14,087	
Lighting	0 - 2	41,385	
Roads	0 - 7	3,881,121	
Fencing	0 - 15	214,417	
Roofing	0 - 22	63,896	
Building components	0 - 37	4,633,087	
Other components	0 - 16	247,357	
Hardscape	0 - 20	803,771	
Total		<u>\$ 13,769,025</u>	<u>\$ 748,977</u>



Supplementary Information
December 31, 2021

Spring Creek Association

Spring Creek Association
Schedule of Revenues and Expenses – Budget and Actual
Year Ended December 31, 2021

Operating Fund	Actual	Budget	Variance
Revenues			
Assessments	\$ 3,881,172	\$ 4,126,704	\$ (245,532)
Interest income	24	5,100	(5,076)
Other general income	445,740	764,870	(319,130)
Lease income	100,847	72,740	28,107
Golf course	524,875	342,160	182,715
Horse Palace	29,252	33,150	(3,898)
Trap and skeet	4,772	4,500	272
Buildings and facilities	113,580	41,400	72,180
Roads and road construction	190,000	190,000	-
Total revenues	<u>5,290,262</u>	<u>5,580,624</u>	<u>(290,362)</u>
Expenses			
General expenses	1,400,222	1,529,777	129,555
Golf course	838,240	826,767	(11,473)
Horse Palace	137,946	156,832	18,886
Trap and skeet	10,319	11,920	1,601
Buildings and facilities	887,101	785,131	(101,970)
Roads and road construction	1,725,722	2,070,197	344,475
Security	2,126	-	(2,126)
Total expenses	<u>5,001,676</u>	<u>5,380,624</u>	<u>378,948</u>
Net of Revenues and Expenses Before Gains			
	<u>\$ 288,586</u>	<u>\$ 200,000</u>	<u>\$ 88,586</u>

Spring Creek Association
Schedule of Revenues and Expenses – Budget and Actual
Year Ended December 31, 2021

<u>Property Fund</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues			
Interest income/(loss)	\$ 4	\$ -	\$ 4
Expenses			
Depreciation	<u>532,715</u>	<u>-</u>	<u>(532,715)</u>
Excess of revenues over (under) expenses	<u>\$ (532,711)</u>	<u>\$ -</u>	<u>\$ (532,711)</u>
<u>Replacement Fund</u>			
Revenues			
Interest income/(loss)	\$ (356)	\$ -	\$ (356)
Expenses			
Major repairs and replacements	<u>13,309</u>	<u>200,000</u>	<u>186,691</u>
Excess of revenues over (under) expenses	<u>\$ (13,665)</u>	<u>\$ (200,000)</u>	<u>\$ 186,335</u>

Spring Creek Association
 Test of Assessment Limitations (unaudited)
 Year Ended December 31, 2021

Year Ended	CPI Index	Index Change % From Base Year 1971	Maximum Assessment per CPI	Actual Assessment
1971	40.3		\$ 144	\$ -
1972	41.6	1.30	149	-
1973	43.9	3.60	157	-
1974	48.6	8.30	174	48
1975	53.2	12.90	190	60
1976	56.5	16.20	202	72
1977	60.3	20.00	215	84
1978	64.5	24.20	230	93
1979	71.5	31.20	255	105
1980	81.8	41.50	292	126
1981	89.8	49.50	321	153
1982	95.8	55.50	342	168
1983	99.2	58.90	354	180
1984	103.4	63.10	369	180
1985	107.3	67.00	383	186
1986	108.9	68.60	389	186
1987	113.1	72.80	404	192
1988	117.5	77.20	420	192
1989	123.8	83.50	442	204
1990	129.2	88.90	462	228
1991	135.6	95.30	485	228
1992	139.7	99.40	499	228
1993	144.2	103.90	515	228
1994	147.5	107.20	527	264
1995	152.2	111.90	544	264
1996	156.6	116.30	560	288
1997	160.1	119.80	572	288
1998	162.8	122.50	582	300
1999	166.2	125.90	594	300
2000	171.5	131.20	613	336
2001	177.7	137.40	635	336
2002	179.8	139.50	642	336
2003	183.5	143.20	656	336
2004	189.1	148.80	676	336
2005	194.4	154.10	695	372
2006	202.5	162.20	724	372
2007	207.949	167.65	743	408
2008	216.632	176.33	774	468
2009	213.856	173.56	764	468
2010	218.178	177.88	780	540
2011	225.964	185.66	807	540
2012	229.815	189.52	821	540
2013	232.945	192.65	832	552
2014	237.900	197.60	850	576
2015	237.805	197.51	850	588
2016	240.229	199.93	858	600
2017	244.733	204.43	874	624
2018	251.588	211.29	899	684
2019	256.092	215.79	915	708
2020	256.394	216.09	916	768
2021	269.195	228.90	962	768

CPI for All Urban Consumers (CPI-U), May

Rate may be increased by same proportionate rate as the cost of living index of the U.S. Department of Labor using 6/1/71 as base.

Spring Creek Association
Schedule of Operating Departmental Revenues and Expenses
Year Ended December 31, 2021

	General	Golf Course	Horse Palace	Trap and Skeet	Buildings and Facilities	Roads and Road Construction	Security	Total Operating Fund
Revenues								
Assessments	\$ 3,881,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,881,172
Interest income	24	-	-	-	-	-	-	24
Lease income	45,029	55,473	345	-	-	-	-	100,847
Other revenues per schedule of other revenues	<u>445,740</u>	<u>524,875</u>	<u>29,252</u>	<u>4,772</u>	<u>113,580</u>	<u>190,000</u>	<u>-</u>	<u>1,308,219</u>
Total revenues	<u>4,371,965</u>	<u>580,348</u>	<u>29,597</u>	<u>4,772</u>	<u>113,580</u>	<u>190,000</u>	<u>-</u>	<u>5,290,262</u>
Expenses								
Salaries and related expenses	641,158	260,697	49,372	-	506,576	534,633	2,126	1,994,562
Repairs and maintenance	10,672	47,046	10,956	2,839	35,664	950,086	-	1,057,263
Insurance	216,822	17,386	38,290	2,926	11,282	33,196	-	319,902
Utilities	13,756	268,296	25,878	4,459	148,175	13,065	-	473,629
Postage	17,677	-	-	-	-	-	-	17,677
Contract services	-	84,600	-	-	-	-	-	84,600
Fuel and oil	1,360	6,153	2,799	-	18,075	80,828	-	109,215
Taxes and licenses	7,215	67	-	-	550	13,828	-	21,660
Special events	-	-	-	-	36,342	-	-	36,342
Advertising	2,559	-	-	-	-	-	-	2,559
Financial and computer services	58,591	-	-	-	-	2,141	-	60,732
Legal	268,866	-	-	-	-	-	-	268,866
Other administrative expenses	47,406	11,746	-	-	3,717	-	-	62,869
Purchased services	90,374	1,800	4,815	95	39,807	10,940	-	147,831
Rents	7,643	1,335	-	-	3,701	528	-	13,207
Bad debt	-	15,938	-	-	-	-	-	15,938
Supplies	8,282	94,151	2,089	-	27,804	69,863	-	202,189
Fertilizer	-	21,001	-	-	5,332	-	-	26,333
Chemicals - weed abatement	-	355	-	-	-	2,048	-	2,403
Travel and education	-	2,766	-	-	-	-	-	2,766
Covid-19 expenses	-	-	-	-	1,566	4,432	-	5,998
Other expenses	<u>7,841</u>	<u>4,903</u>	<u>3,747</u>	<u>-</u>	<u>48,510</u>	<u>10,134</u>	<u>-</u>	<u>75,135</u>
Total expenses	<u>1,400,222</u>	<u>838,240</u>	<u>137,946</u>	<u>10,319</u>	<u>887,101</u>	<u>1,725,722</u>	<u>2,126</u>	<u>5,001,676</u>
Excess of revenues over (under) expenses	<u>\$ 2,971,743</u>	<u>\$ (257,892)</u>	<u>\$ (108,349)</u>	<u>\$ (5,547)</u>	<u>\$ (773,521)</u>	<u>\$ (1,535,722)</u>	<u>\$ (2,126)</u>	<u>\$ 288,586</u>

Spring Creek Association
Schedule of Other Revenues
Year Ended December 31, 2021

	General	Golf Course	Horse Palace	Trap and Skeet	Buildings and Facilities	Roads and Road Construction	Total Funds
Revenues							
Legal revenue	\$ 171,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,170
Late fees	64,550	-	-	-	-	-	64,550
Owner transfer fees	116,000	-	-	-	-	-	116,000
Other income	19,187	35,536	-	-	4,650	-	59,373
Return check fees	1,480	-	-	-	-	-	1,480
Grants	-	-	-	-	43,231	190,000	233,231
Green fees	-	138,519	-	-	-	-	138,519
Cart rental	-	92,426	-	-	-	-	92,426
Golf annual pass	-	102,765	-	-	-	-	102,765
Pro shop sales	-	120,862	-	-	-	-	120,862
Cart trail fees and storage	-	30,288	-	-	-	-	30,288
Tournaments	-	3,708	-	-	-	-	3,708
Ranch Hand Rodeo	-	-	3,850	-	-	-	3,850
Facility rental	-	-	5,427	-	-	-	5,427
Utility reimbursement	103	771	75	-	50	-	999
Non-property owner pass	-	-	19,900	-	-	-	19,900
Player use fees	-	-	-	-	27,795	-	27,795
Special events	-	-	-	-	33,701	-	33,701
Targets thrown	-	-	-	4,772	-	-	4,772
Campground and parks	-	-	-	-	4,153	-	4,153
Committee of Architecture revenue	73,250	-	-	-	-	-	73,250
	<u>\$ 445,740</u>	<u>\$ 524,875</u>	<u>\$ 29,252</u>	<u>\$ 4,772</u>	<u>\$ 113,580</u>	<u>\$ 190,000</u>	<u>\$ 1,308,219</u>