



Financial Statements  
December 31, 2022

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

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Required Supplementary Information on Major Future Repairs and Replacements on page 16 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 17 through 21 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 the Test of Assessment Limitations marked “unaudited” on page 19, 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 Assessment 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 Assessment 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.

*Edie Sully LLP*

Elko, Nevada  
July 18, 2023

## Spring Creek Association

Balance Sheet

December 31, 2022

	Operating Fund	Property Fund	Replacement Fund	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 119,169	\$ 71,662	\$ 214,854	\$ 405,685
Cash and cash equivalents - designated for future capital expenses	871,099	-	-	871,099
Short-term investments	-	-	3,005,305	3,005,305
Assessments receivable	150,400	-	-	150,400
Other receivables	15,296	-	-	15,296
Accrued interest receivable	99	111	15,914	16,124
Inventories	52,371	-	-	52,371
Prepaid insurance	107,793	-	-	107,793
Lots owned	7,427	-	-	7,427
Due to (from) other funds	99,995	(41,952)	(58,043)	-
	<u>1,423,649</u>	<u>29,821</u>	<u>3,178,030</u>	<u>4,631,500</u>
<b>Capital assets</b>				
Land and land improvements	-	5,406,714	-	5,406,714
Buildings	-	4,366,479	-	4,366,479
Equipment	-	4,176,344	-	4,176,344
Construction in progress	-	31,504	-	31,504
	-	13,981,041	-	13,981,041
Accumulated depreciation	-	(6,336,029)	-	(6,336,029)
	-	7,645,012	-	7,645,012
<b>Total assets</b>	<u><u>\$ 1,423,649</u></u>	<u><u>\$ 7,674,833</u></u>	<u><u>\$ 3,178,030</u></u>	<u><u>\$ 12,276,512</u></u>
<b>Liabilities and Fund Balances (Deficit)</b>				
<b>Current Liabilities</b>				
Accrued payroll and related expenses	\$ 147,605	\$ -	\$ -	\$ 147,605
Assessments received in advance	597,162	-	-	597,162
Accounts payable	325,238	-	-	325,238
Deferred revenue - unspent reserve assessments	871,099	-	-	871,099
Deferred revenue - building lease	148,439	-	-	148,439
Security deposits	5,160	-	-	5,160
<b>Total current liabilities</b>	<u>2,094,703</u>	<u>-</u>	<u>-</u>	<u>2,094,703</u>
<b>Fund Balances (Deficit)</b>	<u>(671,054)</u>	<u>7,674,833</u>	<u>3,178,030</u>	<u>10,181,809</u>
	<u><u>\$ 1,423,649</u></u>	<u><u>\$ 7,674,833</u></u>	<u><u>\$ 3,178,030</u></u>	<u><u>\$ 12,276,512</u></u>

Spring Creek Association  
Statement of Revenues, Expenses, and Changes in Fund Balances  
Year Ended December 31, 2022

	Operating Fund	Property Fund	Replacement Fund	Total
<b>Revenues</b>				
Assessments	\$ 4,247,077	\$ -	\$ -	\$ 4,247,077
Lease income	129,203	-	-	129,203
Interest income	89	26	8,305	8,420
Other general income	449,323	-	-	449,323
Golf course	490,987	-	-	490,987
Horse Palace	30,259	-	-	30,259
Trap and skeet	4,630	-	-	4,630
Buildings and facilities	78,375	-	-	78,375
Roads and road construction	190,000	-	-	190,000
<b>Total revenues</b>	<b>5,619,943</b>	<b>26</b>	<b>8,305</b>	<b>5,628,274</b>
<b>Expenses</b>				
General expenses	1,415,908	-	26,167	1,442,075
Golf course	933,812	-	-	933,812
Horse Palace	147,719	-	-	147,719
Trap and skeet	9,037	-	-	9,037
Buildings and facilities	896,969	-	-	896,969
Roads and road construction	2,142,511	-	-	2,142,511
Depreciation	-	570,977	-	570,977
<b>Total expenses</b>	<b>5,545,956</b>	<b>570,977</b>	<b>26,167</b>	<b>6,143,100</b>
<b>Excess (Deficiency) of Revenues Over Expenses Before Gains</b>	<b>73,987</b>	<b>(570,951)</b>	<b>(17,862)</b>	<b>(514,826)</b>
Gain on sale of capital assets	-	142,412	-	142,412
<b>Excess (Deficiency) of Revenues Over (Under) Expenses</b>	<b>73,987</b>	<b>(428,539)</b>	<b>(17,862)</b>	<b>(372,414)</b>
<b>Beginning Fund Balance (Deficit)</b>	<b>(249,858)</b>	<b>7,858,189</b>	<b>2,945,892</b>	<b>10,554,223</b>
<b>Interfund Transfers</b>				
Capital replacement reserve	(250,000)	-	250,000	-
Capital asset additions	(395,567)	395,567	-	-
Proceeds from sale of capital assets	176,245	(176,245)	-	-
Golf course reserve	(25,861)	25,861	-	-
	(495,183)	245,183	250,000	-
<b>Ending Fund Balances (Deficit)</b>	<b>\$ (671,054)</b>	<b>\$ 7,674,833</b>	<b>\$ 3,178,030</b>	<b>\$ 10,181,809</b>

Spring Creek Association  
Statement of Cash Flows  
Year Ended December 31, 2022

	Operating Fund	Property Fund	Replacement Fund	Total
<b>Operating Activities</b>				
Excess (deficiency) of revenues over expenses	\$ 73,987	\$ (428,539)	\$ (17,862)	\$ (372,414)
Adjustments to reconcile changes in fund balances to net cash from (used for) operating activities:				
Depreciation	-	570,977	-	570,977
Gain on disposal of capital assets	-	(142,412)	-	(142,412)
Unrealized gain on investments	-	-	(490)	(490)
Changes in				
Assessments receivable	(23,908)	-	-	(23,908)
Other receivables	(2,553)	-	-	(2,553)
Inventories	(19,959)	-	-	(19,959)
Security deposits	3,600	-	-	3,600
Prepaid insurance	2,615	-	-	2,615
Accrued payroll and related expenses	(32,499)	-	-	(32,499)
Assessments received in advance	67,381	-	-	67,381
Accounts payable	245,286	-	-	245,286
Deferred revenue - unspent reserve assessments	122,122	-	-	122,122
Deferred revenue - building lease	(50,894)	-	-	(50,894)
Due to/from other funds for operating expenses	(26,167)	-	26,167	-
<b>Net Cash from (used for) Operating Activities</b>	<b>359,011</b>	<b>26</b>	<b>7,815</b>	<b>366,852</b>
<b>Investing Activities</b>				
Purchase of capital assets	(433,855)	-	-	(433,855)
Proceeds from sale of capital assets	-	176,245	-	176,245
Purchase of investments	-	-	(3,600,000)	(3,600,000)
Sale of investments	-	-	2,960,000	2,960,000
<b>Net Cash from (used for) Investing Activities</b>	<b>(433,855)</b>	<b>176,245</b>	<b>(640,000)</b>	<b>(897,610)</b>
<b>Financing Activities</b>				
Due to/from other funds for golf reserve	(26,476)	26,476	-	-
Transfers in between funds	-	(176,245)	250,000	73,755
Transfers out between funds	(73,755)	-	-	(73,755)
<b>Net Cash from (used for) Financing Activities</b>	<b>(100,231)</b>	<b>(149,769)</b>	<b>250,000</b>	<b>-</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(175,075)</b>	<b>26,502</b>	<b>(382,185)</b>	<b>(530,758)</b>
Cash and Cash Equivalents, Beginning of Year	1,165,343	45,160	597,039	1,807,542
Cash and Cash Equivalents, End of Year	<u>\$ 990,268</u>	<u>\$ 71,662</u>	<u>\$ 214,854</u>	<u>\$ 1,276,784</u>



Spring Creek Association  
Statement of Cash Flows  
Year Ended December 31, 2022

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	Operating Fund	Property Fund	Replacement Fund	Total
Cash and Cash Equivalents Consist of				
Cash and cash equivalents	\$ 119,169	\$ 71,662	\$ 214,854	\$ 405,685
Cash and cash equivalents - designated for future capital expenses	871,099	-	-	871,099
	\$ 990,268	\$ 71,662	\$ 214,854	\$ 1,276,784
Investing and Financing Activities				
Transfer of capital assets to Property Fund	\$ (395,567)	\$ 395,567	\$ -	\$ -

## **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. There were no certificates of deposit with a remaining maturity of greater than one year at December 31, 2022.

### **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 2022. 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 2022. 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, 2022.

### **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, roads and road construction revenue, 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, 2022 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, 2022, of assessments receivable and deferred revenue – unspent reserve assessments was \$126,492 and \$748,977, respectively.

### **Lessor**

The Association classifies its leases at inception as operating, direct financing, or sales-type leases. Direct financing and sales-type leases meet certain criteria that have the economic characteristics of transferring ownership of the underlying asset and are accounted for similar to financing arrangements. For sales-type leases, selling profit is recognized immediately at lease commencement. Selling profit on a direct financing lease is deferred and amortized over the lease term, and a selling loss is recognized at lease commencement. Interest income on the net investment in leases is recognized as direct financing and sales-type lease revenue over the lease term in a manner that produces a constant rate of return on the net investment in the lease. A lease is classified as an operating lease if it does not qualify as a sales-type or direct financing lease.

The Association has made the accounting policy election available to lessors to exclude from the consideration in the contract and from variable payments not included in the consideration in the contract all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific lease revenue-producing transaction and collected by the lessor from a lessee, such as sales, use, and value added taxes.

The Association classifies all leases as operating leases at December 31, 2022.

### **Concentrations of Credit Risk**

The Association maintains its cash and cash equivalents in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2022, the Association had approximately \$734,000 in excess of FDIC-insured limits. Board Policy #97-001 Revision 3 requires that all capital reserve accounts have FDIC insurance.

### **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.

### **Adoption of Accounting Standards Codification Topic 842**

Effective January 1, 2022, the Association adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Association elected to apply the guidance as of January 1, 2022, the beginning of the adoption period. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the statement of revenues, expenses, and changes in fund balances as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Association has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Association accounted for its existing leases as either finance or operating leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. The adoption of the new standard did not materially impact the Association's statement of revenues, expenses, and changes in fund balances or statement of cash flows. See Note 5 for further disclosure of the Association's lease contracts.

**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, 2022, 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 \$5,000 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 2022 was \$51,534.

**Note 5 - Operating Leases (Lessor)**

The Association leases land and building space to companies and individuals. Initial lease terms range from two years to 36 years with fixed lease payments of \$467 per month to \$4,242 per month.

Leased property subject to operating leases at December 31, 2022, includes:

Building		\$	627,275
Land			<u>14,471</u>
			641,746
Less accumulated depreciation			<u>(180,241)</u>
			<u><u>\$ 461,505</u></u>

Depreciation expense for leased property subject to operating leases is provided on the straight-line method over the estimated useful life of the property. Depreciation expense relating to leased property subject to operating leases was \$31,586 for 2022.

The following table sets forth the lease income recognized on operating leases:

Lease income relating to lease payments		\$	<u><u>90,598</u></u>
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Revenue from operating leases is included in lease income on the statements of revenues, expenses, and changes in fund balances.

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 2022 rent represents revenue applicable to the succeeding years and, therefore, are deferred at year-end.

The beginning balance as of January 1, 2022 of deferred revenue – building lease was \$199,333.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease payments to be received as of December 31, 2022:

Year Ending December 31,	Amount
2023	\$ 93,698
2024	62,498
2025	55,254
2026	5,604
2027	5,604
Thereafter	29,888
Total	\$ 252,546

**Note 6 - 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, 2022:

<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	\$ 395,567
Property Fund	38,288
Total capital assets	\$ 433,855
Deferred revenue - unspent reserve assessments, beginning of year	\$ 748,977
Prior year unspent reserve assessments, expended for current year reserve expenditures in the Operating Fund	(395,567)
Collected current year reserve assessments	517,689
Deferred revenue - unspent reserve assessments end of year and designated cash in the Operating Fund	\$ 871,099



**Note 7 - Commitments and Contingent Liabilities**

The following are the Association's commitments at December 31, 2022:

- 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.

**Note 8 - Subsequent Events**

The financial statements were available to be issued on and subsequent events were evaluated through July 18, 2023, the following subsequent events were noted:

- On March 22, 2023, the Board approved spending up to \$425,000 on the Horse Palace electrical and sound system project. This project is funded by a grant.
- On April 26, 2023, the Board approved purchasing an 8,000 gallon oil tank for \$173,000.
- On June 7, 2023, the Board approved the proposal for the Horse Palace roof, walls and heating upgrade project for \$1,454,999. This project is funded by a grant.



Required Supplementary Information  
December 31, 2022

## Spring Creek Association

Spring Creek Association  
Major Future Repairs and Replacements  
Year Ended December 31, 2022

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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, 2022
Equipment	0 - 20	\$ 4,078,044	
Furniture	0 - 6	14,087	
Lighting	0 - 2	41,385	
Roads	0 - 7	3,881,121	
Fencing	0 - 15	269,777	
Roofing	0 - 22	42,709	
Building components	0 - 37	4,685,668	
Other components	0 - 16	250,718	
Hardscape	0 - 20	806,171	
Total		<u>\$ 14,069,679</u>	<u>\$ 871,099</u>



Supplementary Information  
December 31, 2022

## Spring Creek Association

Spring Creek Association  
Schedule of Revenues and Expenses – Budget and Actual  
Year Ended December 31, 2022

Operating Fund	Actual	Budget	Variance
<b>Revenues</b>			
Assessments	\$ 4,247,077	\$ 4,383,264	\$ (136,187)
Interest income	89	5,100	(5,011)
Other general income	449,323	775,770	(326,447)
Lease income	129,203	73,604	55,599
Golf course	490,987	412,760	78,227
Horse Palace	30,259	35,350	(5,091)
Trap and skeet	4,630	4,500	130
Buildings and facilities	78,375	56,800	21,575
Roads and road construction	190,000	190,000	-
Total revenues	<u>5,619,943</u>	<u>5,937,148</u>	<u>(317,205)</u>
<b>Expenses</b>			
General expenses	1,415,908	1,691,583	275,675
Golf course	933,812	890,655	(43,157)
Horse Palace	147,719	166,342	18,623
Trap and skeet	9,037	13,380	4,343
Buildings and facilities	896,969	878,362	(18,607)
Roads and road construction	2,142,511	2,180,026	37,515
Total expenses	<u>5,545,956</u>	<u>5,820,348</u>	<u>274,392</u>
<b>Net of Revenues and Expenses</b>			
Before Gains	<u>\$ 73,987</u>	<u>\$ 116,800</u>	<u>\$ (42,813)</u>

Spring Creek Association  
Schedule of Revenues and Expenses – Budget and Actual  
Year Ended December 31, 2022

<u>Property Fund</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues			
Interest income	\$ 26	\$ -	\$ 26
Expenses			
Depreciation	<u>570,977</u>	<u>-</u>	<u>(570,977)</u>
Excess of revenues over (under) expenses	<u>\$ (570,951)</u>	<u>\$ -</u>	<u>\$ (570,951)</u>
<u>Replacement Fund</u>			
Revenues			
Interest income	\$ 8,305	\$ -	\$ 8,305
Expenses			
Major repairs and replacements	<u>26,167</u>	<u>116,800</u>	<u>90,633</u>
Excess of revenues over (under) expenses	<u>\$ (17,862)</u>	<u>\$ (116,800)</u>	<u>\$ 98,938</u>

Spring Creek Association  
 Test of Assessment Limitations (unaudited)  
 Year Ended December 31, 2022

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
2022	292.296	252.00	1,044	816

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, 2022

	General	Golf Course	Horse Palace	Trap and Skeet	Buildings and Facilities	Roads and Road Construction	Total Operating Fund
<b>Revenues</b>							
Assessments	\$ 4,247,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,247,077
Interest income	89	-	-	-	-	-	89
Lease income	45,157	80,866	3,180	-	-	-	129,203
Other revenues per schedule of other revenues	<u>449,323</u>	<u>490,987</u>	<u>30,259</u>	<u>4,630</u>	<u>78,375</u>	<u>190,000</u>	<u>1,243,574</u>
<b>Total revenues</b>	<u>4,741,646</u>	<u>571,853</u>	<u>33,439</u>	<u>4,630</u>	<u>78,375</u>	<u>190,000</u>	<u>5,619,943</u>
<b>Expenses</b>							
Salaries and related expenses	631,090	288,978	49,110	-	450,841	678,919	2,098,938
Repairs and maintenance	3,350	59,202	14,402	1,110	56,126	1,079,922	1,214,112
Insurance	272,200	21,796	48,002	3,669	15,051	42,845	403,563
Utilities	8,285	329,363	26,985	4,258	169,614	21,634	560,139
Postage	18,452	-	-	-	-	-	18,452
Contract services	-	83,389	-	-	-	-	83,389
Fuel and oil	441	14,851	2,879	-	33,290	127,089	178,550
Taxes and licenses	6,056	66	-	-	398	13,156	19,676
Special events	-	-	-	-	40,180	-	40,180
Advertising	12,429	-	-	-	-	-	12,429
Financial and computer services	67,800	-	917	-	-	2,776	71,493
Legal	268,000	-	-	-	-	-	268,000
Other administrative expenses	49,698	8,277	18	-	2,323	1,000	61,316
Purchased services	51,226	1,760	760	-	29,130	22,600	105,476
Rents	9,796	1,201	315	-	2,424	-	13,736
Supplies	9,875	88,780	991	-	46,423	123,008	269,077
Fertilizer	-	27,501	-	-	-	-	27,501
Chemicals - weed abatement	-	81	-	-	-	18,551	18,632
Travel and education	1,098	2,240	-	-	230	-	3,568
Other expenses	<u>6,112</u>	<u>6,327</u>	<u>3,340</u>	<u>-</u>	<u>50,939</u>	<u>11,011</u>	<u>77,729</u>
<b>Total expenses</b>	<u>1,415,908</u>	<u>933,812</u>	<u>147,719</u>	<u>9,037</u>	<u>896,969</u>	<u>2,142,511</u>	<u>5,545,956</u>
<b>Excess of revenues over (under) expenses</b>	<u>\$ 3,325,738</u>	<u>\$ (361,959)</u>	<u>\$ (114,280)</u>	<u>\$ (4,407)</u>	<u>\$ (818,594)</u>	<u>\$ (1,952,511)</u>	<u>\$ 73,987</u>



Spring Creek Association  
Schedule of Other Revenues  
Year Ended December 31, 2022

	General	Golf Course	Horse Palace	Trap and Skeet	Buildings and Facilities	Roads and Road Construction	Total Funds
Revenues							
Pasture lease	\$ -	\$ -	\$ -	\$ -	\$ 2,107	\$ -	\$ 2,107
Legal revenue	133,666	-	-	-	-	-	133,666
Late fees	75,800	-	-	-	-	-	75,800
Owner transfer fees	90,800	-	-	-	-	-	90,800
Group insurance refund	26,483	-	-	-	-	-	26,483
Other income	15,345	6,782	-	-	1,535	-	23,662
Return check fees	1,640	-	-	-	-	-	1,640
Grants	-	-	-	-	6,306	190,000	196,306
Green fees	-	136,484	-	-	-	-	136,484
Cart rental	-	78,516	-	-	-	-	78,516
Golf annual pass	-	105,325	-	-	-	-	105,325
Pro shop sales	-	112,275	-	-	-	-	112,275
Cart trail fees and storage	-	40,010	-	-	-	-	40,010
Tournaments	-	9,720	-	-	-	-	9,720
Ranch Hand Rodeo	-	-	1,000	-	-	-	1,000
Stall and corral rental	-	-	3,610	-	-	-	3,610
Facility rental	-	-	7,725	-	-	-	7,725
Utility reimbursement	-	1,875	820	-	50	-	2,745
Bar revenue	-	-	150	-	-	-	150
Non-property owner pass	-	-	16,954	-	-	-	16,954
Player use fees	-	-	-	-	26,550	-	26,550
Special events	-	-	-	-	34,632	-	34,632
Targets thrown	-	-	-	4,630	-	-	4,630
Campground and parks	-	-	-	-	7,195	-	7,195
Committee of Architecture revenue	105,589	-	-	-	-	-	105,589
	<u>\$ 449,323</u>	<u>\$ 490,987</u>	<u>\$ 30,259</u>	<u>\$ 4,630</u>	<u>\$ 78,375</u>	<u>\$ 190,000</u>	<u>\$ 1,243,574</u>