Financial Statements
December 31, 2023

Spring Creek Association

EideBailly
CPAs & BUSINESS ADVISORS

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, 2023, 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 Spring Creek Association as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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.

Correction of Error

As discussed in Note 8 to the financial statements, an error resulting in misstatements of amounts previously reported was identified by management during the current year. Accordingly, an adjustment has been made to fund balance in the Operating Fund as of January 1, 2023, to correct the error. Our opinion is not modified with respect to the matter.

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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 17 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 GAAS, 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 22 as of and for the year ended December 31, 2023, 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 20, 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 GAAS. 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.

Eide Bailly LLP

Elko, Nevada
October 22, 2024

Spring Creek Association

Balance Sheet

December 31, 2023

	Operating Fund	Property Fund	Replacement Fund	Total
Assets				
Cash and cash equivalents	$ 365,587	$ 59,928	$ 253,644	$ 679,159
Cash and cash equivalents - designated for future capital expenses	846,949	-	-	846,949
Short-term investments	224,997	-	2,478,481	2,703,478
Assessments receivable	161,675	-	-	161,675
Other receivables	88,973	-	-	88,973
Accrued interest receivable	99	110	15,914	16,123
Inventories	36,736	-	-	36,736
Prepaid insurance	114,202	-	-	114,202
Lots owned	7,427	-	-	7,427
Due to (from) other funds	69,990	(2,792)	(67,198)	-
	1,916,635	57,246	2,680,841	4,654,722
Capital assets				
Land and land improvements	-	5,865,968	-	5,865,968
Buildings	-	6,296,915	-	6,296,915
Equipment	-	4,276,181	-	4,276,181
Construction in progress	-	31,504	-	31,504
	-	16,470,568	-	16,470,568
Accumulated depreciation	-	(6,993,844)	-	(6,993,844)
	-	9,476,724	-	9,476,724
Total assets	$ 1,916,635	$ 9,533,970	$ 2,680,841	$ 14,131,446
Liabilities and Fund Balances (Deficit)				
Current Liabilities				
Accrued payroll and related expenses	$ 206,347	$ -	$ -	$ 206,347
Assessments received in advance	682,844	-	-	682,844
Accounts payable	62,901	-	-	62,901
Deferred revenue - unspent reserve assessments	846,949	-	-	846,949
Deferred revenue - building lease	114,830	-	-	114,830
Security deposits	5,460	-	-	5,460
Total current liabilities	1,919,331	-	-	1,919,331
Fund Balances (Deficit)	(2,696)	9,533,970	2,680,841	12,212,115
	$ 1,916,635	$ 9,533,970	$ 2,680,841	$ 14,131,446

	Operating Fund	Property Fund	Replacement Fund	Total
Revenues				
Assessments	$ 4,692,875	$ -	$ -	$ 4,692,875
Lease income	107,673	-	-	107,673
Investment income	3,469	65	105,244	108,778
Other general income	404,170	-	-	404,170
Golf course	525,305	-	-	525,305
Horse Palace	45,211	-	-	45,211
Trap and skeet	4,595	-	-	4,595
Buildings and facilities	105,482	-	-	105,482
Roads and road maintenance	665,767	-	-	665,767
Total revenues	6,554,547	65	105,244	6,659,856
Expenses				
General expenses	1,447,189	-	9,154	1,456,343
Golf course	995,319	-	-	995,319
Horse Palace	201,559	-	-	201,559
Trap and skeet	10,326	-	-	10,326
Buildings and facilities	836,948	-	-	836,948
Roads and road construction	2,486,820	-	-	2,486,820
Depreciation	-	706,295	-	706,295
Total expenses	5,978,161	706,295	9,154	6,693,610
Excess (Deficiency) of Revenues Over Expenses Before Gains	576,386	(706,230)	96,090	(33,754)
Contributed asset - ballfields parcel	85,000	-	-	85,000
Grant proceeds for capital projects	1,880,000	-	-	1,880,000
Gain on sale of capital assets	(875)	-	-	(875)
	1,964,125	-	-	1,964,125
Excess (Deficiency) of Revenues Over (Under) Expenses	2,540,511	(706,230)	96,090	1,930,371
Beginning Fund Balances, as Originally Reported	(671,054)	7,674,833	3,178,030	10,181,809
Prior period restatement	99,935	-	-	99,935
Beginning Fund Balance (Deficit), as Restated	(571,119)	7,674,833	3,178,030	10,281,744
Interfund Transfers				
Capital asset additions	(1,860,599)	2,453,878	(593,279)	-
Capital assets contributed	(85,000)	85,000	-	-
Golf course reserve	(26,489)	26,489	-	-
	(1,972,088)	2,565,367	(593,279)	-
Ending Fund Balances (Deficit)	$ (2,696)	$ 9,533,970	$ 2,680,841	$ 12,212,115

	Operating Fund	Property Fund	Replacement Fund	Total
Operating Activities				
Excess (deficiency) of revenues over expenses	$ 2,540,511	$ (706,230)	$ 96,090	$ 1,930,371
Adjustments to reconcile changes in fund balances to net cash from (used for) operating activities:				
Depreciation	-	706,295	-	706,295
Contributed capital asset - ballfields parcel	(85,000)	-	-	(85,000)
Unrealized gain on investments	3	-	(17,305)	(17,302)
Changes in				
Assessments receivable	(11,275)	-	-	(11,275)
Other receivables	26,258	-	-	26,258
Inventories	15,635	-	-	15,635
Security deposits	300	-	-	300
Prepaid insurance	(6,409)	-	-	(6,409)
Accrued payroll and related expenses	58,742	-	-	58,742
Assessments received in advance	85,682	-	-	85,682
Accounts payable	(262,337)	-	-	(262,337)
Deferred revenue - unspent reserve assessments	(24,150)	-	-	(24,150)
Deferred revenue - building lease	(33,609)	-	-	(33,609)
Due to/from other funds for operating expenses	30,005	(38,289)	8,284	-
Net Cash from (used for) Operating Activities	2,334,356	(38,223)	87,069	2,383,202
Investing Activities				
Purchase of capital assets	(1,860,599)	-	(593,279)	(2,453,878)
Purchase of investments	(225,000)	-	(5,175,000)	(5,400,000)
Sale of investments	-	-	5,720,000	5,720,000
Net Cash from (used for) Investing Activities	(2,085,599)	-	(48,279)	(2,133,878)
Financing Activities				
Due to/from other funds for golf reserve	(26,489)	26,489	-	-
Net Change in Cash and Cash Equivalents	222,268	(11,734)	38,790	249,324
Cash and Cash Equivalents, Beginning of Year	990,268	71,662	214,854	1,276,784
Cash and Cash Equivalents, End of Year	$ 1,212,536	$ 59,928	$ 253,644	$ 1,526,108

	Operating Fund	Property Fund	Replacement Fund	Total
Cash and Cash Equivalents Consist of				
Cash and cash equivalents	$ 365,587	$ 59,928	$ 253,644	$ 679,159
Cash and cash equivalents - designated for future capital expenses	846,949	-	-	846,949
	$ 1,212,536	$ 59,928	$ 253,644	$ 1,526,108
Supplemental Disclosure of Non-cash				
Contributed capital asset - ballfields parcel donated by Elko County	$ 85,000	$ -	$ -	$ 85,000
Investing and Financing Activities				
Transfer of capital assets to Property Fund	$ (1,860,599)	$ 2,453,878	$ (593,279)	$ -

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. Investment purchases are recorded at cost. Thereafter, investments are recorded at their fair values in the Balance Sheet. Net investment return/(loss) is reported in the Statement of Revenues, Expenses, and Changes in Fund Balances as investment income and consists of interest and realized/unrealized capital gains and losses, less any investment related expenses.

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, 2023.

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 2023. 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 2023. 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, 2023.

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.

Legal revenue consists of fees paid by members to reimburse the Association for legal services performed related to collections on members past due assessment accounts and Committee of Architecture violations. Legal revenue is recognized when the services are provided, which is when the performance obligation is satisfied.

Community grants were received from Elko County related to road maintenance and capital improvements to the Horse Palace and other Association amenities. Grants are recognized as revenues as soon as all the eligibility requirements imposed by the grantor have been met.

Assessments Receivable, Allowance for Credit Losses, and Assessments Received in Advance

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 to the Association by homeowners. Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for assessments receivable held at December 31, 2023, because the composition of the assessments receivable at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. No allowance for credit losses was recorded at December 31, 2023 as management deemed all amounts to be fully collectible.

Assessments received from property owners in advance (prior to December 31) of each year for subsequent year assessments represent revenue applicable to the succeeding year and, therefore, are recorded as a liability at year-end.

The beginning balance as of January 1, 2023, of assessments receivable, assessments received in advance, and deferred revenue – unspent reserve assessments was $150,400, $597,162, and $871,099, 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, 2023.

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, 2023, the Association had approximately $1,155,302 in excess of FDIC-insured limits. Board Policy #97-001 Revision 3 requires that all capital reserve accounts have FDIC insurance.

Investment Income

Investment 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 New Accounting Standard

As of January 1, 2023, the Association adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including trade and loan receivables, and held to maturity debt securities. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The update also requires that credit losses on available-for-sale debt securities be presented as an allowance rather than a write-down of the security. This standard provides financial statement users with more decision-useful information about the expected losses on financial instruments.

The Association adopted ASU 2016-13 using the modified retrospective review method for all financial assets measured at amortized cost. Results for reporting periods beginning after January 1, 2023, are presented under Topic 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. As a result of the adoption of the new credit loss guidance, the Association recognized on January 1, 2023, the beginning of the adoption period, the cumulative effect adjustment to retained earnings of $0, which resulted in no change in assessments receivable. The adoption of the new standard did not materially impact the Association's Statement of Revenues, Expenses, and Changes in Fund Balances or Statements of Cash Flows. See Note 1 for further disclosure of the Association's assessments receivable.

Subsequent Events

The Association has evaluated subsequent events through October 22, 2024, the date the financial statements were available to be issued.

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, 2023, 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 $5,500 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 2023 was $70,237.

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 $100 per month to $2,801 per month.

Leased property subject to operating leases at December 31, 2023, includes:

Building	$ 627,275
Land	14,471
	641,746
Less accumulated depreciation	(211,827)
	$ 429,919

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 2023.

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

Lease income relating to lease payments	$	76,413

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 2023 rent represents revenue applicable to the succeeding years and, therefore, are deferred at year-end.

The beginning balance as of January 1, 2023 of deferred revenue – building lease was $148,439.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease payments to be received as of December 31, 2023:

Year Ending December 31,		Amount
2024	$	45,513
2025		42,213
2026		39,213
2027		19,608
2028		5,604
Thereafter		24,284
Total	$	176,435

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, 2023:

Assessment increase designated to Operating Fund for capital assets:	
2016 increase of $2 per month approved November 18, 2015	$ 64,560
2017 increase of $2 per month approved November 16, 2016	129,120
2018 Increase of $5 per month approved October 25, 2017	322,800
Total assessments designated to Operating Fund for capital assets	$ 516,480
Capital assets funded by:	
Operating Fund	$ 1,860,599
Replacement Fund	593,279
Total capital assets	$ 2,453,878
Deferred revenue - unspent reserve assessments, beginning of year	$ 871,099
Prior year unspent reserve assessments, expended for current year reserve expenditures in the Operating Fund and the Replacement Fund	(2,453,878)
Grant fund received	1,913,248
Collected current year reserve assessments	516,480
Deferred revenue - unspent reserve assessments end of year and designated cash in the Operating Fund	$ 846,949

Note 7 - Commitments and Contingent Liabilities

The following are the Association's commitments at December 31, 2023:

- On November 8, 2023, the Board approved a $9 per month increase to the assessments in 2024. This results in the annual assessments changing from $864 to $972.

Note 8 - Correction of Error

During the year ended December 31, 2023, errors were discovered within the Operating Fund 2022 financial statements relating to legal revenues which were not correctly recorded in other receivables and other general income. Accordingly, an adjustment has been made to fund balance in the Operating Fund as of January 1, 2023, to correct the error. The effect of this change on the excess of revenue over expenses for the year ended December 31, 2022, was a decrease of $4,867.

The impact of the correction of error in the Operating Fund is as follows:

	Fund Balance, As Originally Reported	Prior Period Restatement	Fund Balance, As Restated
Statement of Revenue, Expenses, and Changes in Fund Balances			
Beginning fund balance (deficit)	$ (671,054)	$ 99,935	$ (571,119)

Required Supplementary Information
December 31, 2023

Spring Creek Association

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.

	Estimated Remaining Life (years)	Estimated Current Replacement Cost	Unspent Reserve Assessments at December 31, 2023
Major Component			
Equipment	0 - 20	$ 4,428,474	
Furniture	0 - 6	14,087	
Lighting	0 - 2	180,743	
Roads	0 - 7	3,881,121	
Fencing	0 - 15	358,677	
Roofing	0 - 22	390,709	
Building components	0 - 37	6,375,390	
Other components	0 - 16	296,095	
Hardscape	0 - 20	806,171	
Total		$ 16,731,466	$ 846,949

Supplementary Information
December 31, 2023

Spring Creek Association

Operating Fund	Actual	Budget	Variance
Revenues			
Assessments	$ 4,692,875	$ 4,639,320	$ 53,555
Investment income	3,469	1,200	2,269
Other general income	404,170	376,470	27,700
Lease income	107,673	78,400	29,273
Golf course	525,305	418,100	107,205
Horse Palace	45,211	31,500	13,711
Trap and skeet	4,595	4,500	95
Buildings and facilities	105,482	62,600	42,882
Roads and road construction	665,767	190,000	475,767
Total revenues	6,554,547	5,802,090	752,457
Expenses			
General expenses	1,447,189	1,457,571	10,382
Golf course	995,319	1,078,250	82,931
Horse Palace	201,559	189,637	(11,922)
Trap and skeet	10,326	14,300	3,974
Buildings and facilities	836,948	942,620	105,672
Roads and road construction	2,486,820	2,119,712	(367,108)
Total expenses	5,978,161	5,802,090	(176,071)
Net of Revenues and Expenses Before Gains	$ 576,386	$ -	$ 576,386

Property Fund	Actual	Budget	Variance
Revenues			
Investment income	$ 65	$ -	$ 65
Expenses			
Depreciation	706,295	-	(706,295)
Excess of revenues over (under) expenses	$ (706,230)	$ -	$ (706,230)
Replacement Fund			
Revenues			
Investment income	$ 105,244	$ -	$ 105,244
Expenses			
Major repairs and replacements	9,154	-	(9,154)
Excess of revenues over (under) expenses	$ 96,090	$ -	$ 96,090

Year Ended	CPI Index	Index Change % From Base Year 1971	Maximum Assessment per CPI	Actual Assessment
1971	40.3	0.00	$ 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	237.9	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
2023	304.127	263.83	1,087	864

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.

	General	Golf Course	Horse Palace	Trap and Skeet	Buildings and Facilities	Roads and Road Construction	Total Operating Fund
Revenues							
Assessments	$ 4,692,875	$ -	$ -	$ -	$ -	$ -	$ 4,692,875
Investment income	3,469	-	-	-	-	-	3,469
Lease income	38,474	63,609	5,590	-	-	-	107,673
Other revenues per schedule of other revenues	404,170	525,305	45,211	4,595	105,482	665,767	1,750,530
Total revenues	5,138,988	588,914	50,801	4,595	105,482	665,767	6,554,547
Expenses							
Salaries and related expenses	639,455	375,131	54,281	-	415,504	763,416	2,247,787
Repairs and maintenance	11,535	72,843	21,419	529	76,043	1,242,645	1,425,014
Insurance	316,731	25,867	56,971	4,354	21,483	52,600	478,006
Utilities	8,860	310,479	37,880	5,443	156,021	24,788	543,471
Postage	17,692	-	-	-	-	-	17,692
Contract services	-	72,444	-	-	-	-	72,444
Fuel and oil	1,342	12,833	2,744	-	26,750	125,861	169,530
Taxes and licenses	10,585	66	-	-	261	13,377	24,289
Special events	-	-	-	-	36,876	-	36,876
Advertising	5,086	-	-	-	-	-	5,086
Financial and computer services	79,499	-	980	-	-	3,933	84,412
Legal	265,686	-	-	-	-	-	265,686
Other administrative expenses	43,074	12,769	20	-	1,774	-	57,637
Purchased services	12,900	-	3,019	-	11,314	63,118	90,351
Rents	10,575	1,642	-	-	-	-	12,217
Bad debt	-	(15,938)	-	-	-	-	(15,938)
Supplies	6,001	92,218	6,779	-	54,764	162,434	322,196
Fertilizer	-	25,688	-	-	-	-	25,688
Chemicals - weed abatement	-	-	-	-	-	22,604	22,604
Travel and education	1,927	2,447	-	-	85	-	4,459
Other expenses	16,241	6,830	17,466	-	36,073	12,044	88,654
Total expenses	1,447,189	995,319	201,559	10,326	836,948	2,486,820	5,978,161
Excess (deficiency) of revenues over (under) expenses	$ 3,691,799	$ (406,405)	$ (150,758)	$ (5,731)	$ (731,466)	$ (1,821,053)	$ 576,386

	General	Golf Course	Horse Palace	Trap and Skeet	Buildings and Facilities	Roads and Road Construction	Total Funds
Revenues							
Pasture lease	$ -	$ -	$ -	$ -	$ 2,162	$ -	$ 2,162
Legal revenue	152,102	-	-	-	-	-	152,102
Late fees	77,990	-	-	-	-	-	77,990
Owner transfer fees	70,200	-	-	-	-	-	70,200
Other income	15,338	8,405	-	-	1,942	-	25,685
Return check fees	2,400	-	-	-	-	-	2,400
Grants	-	4,252	-	-	33,248	665,767	703,267
Green fees	-	156,266	-	-	-	-	156,266
Cart rental	-	88,319	-	-	-	-	88,319
Golf annual pass	-	105,680	-	-	-	-	105,680
Pro shop sales	-	111,029	-	-	-	-	111,029
Cart trail fees and storage	-	39,508	-	-	-	-	39,508
Tournaments	-	9,496	-	-	-	-	9,496
Ranch Hand Rodeo	-	-	14,051	-	-	-	14,051
Stall and corral rental	-	-	3,970	-	-	-	3,970
Facility rental	-	-	11,948	-	-	-	11,948
Utility reimbursement	-	2,350	1,305	-	50	-	3,705
Bar revenue	-	-	150	-	-	-	150
Non-property owner pass	-	-	13,787	-	-	-	13,787
Player use fees	-	-	-	-	12,660	-	12,660
Special events	-	-	-	-	47,765	-	47,765
Targets thrown	-	-	-	4,595	-	-	4,595
Campground and parks	-	-	-	-	7,655	-	7,655
Committee of Architecture revenue	86,140	-	-	-	-	-	86,140
	$ 404,170	$ 525,305	$ 45,211	$ 4,595	$ 105,482	$ 665,767	$ 1,750,530