



Financial Statements
December 31, 2020

Spring Creek Association



Independent Auditor’s Report	1
Financial Statements	
Balance Sheet	3
Statement of Revenues, Expenses, and Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	7
Required Supplementary Information	
Major Future Repairs and Replacements	14
Supplementary Information	
Schedule of Revenues and Expenses – Budget and Actual	15
Test of Assessment Limitations (unaudited)	17
Schedule of Operating Departmental Revenues and Expenses	19
Schedule of Other Revenues	20



Independent Auditor's Report

The Board of Directors
Spring Creek Association
Spring Creek, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of Spring Creek Association (the Association) which comprise the balance sheet as of December 31, 2020, 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.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spring Creek Association as of December 31, 2020, 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.

Emphasis of Matter

As discussed in 1 to the financial statements, the Association has adopted the provisions of FASB Accounting Standards Codification Topic (ASC) 606, *Revenue from Contracts with Customers*, as of January 1, 2020 with the cumulative effect recorded to fund balances. Our conclusion is not modified with respect to this matter.

Disclaimer of Opinion on 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 14 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.

Report on 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 15 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 the Association's management and, except for Test of Assessment Limitations marked "unaudited" on pages 17 and 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 or any assurance, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Elko, Nevada
November 18, 2021

Spring Creek Association

Balance Sheet

December 31, 2020

	Operating Fund	Property Fund	Replacement Fund	Total
Assets				
Cash and cash equivalents	\$ 314,451	\$ 21,275	\$ 508,081	\$ 843,807
Cash and cash equivalents - designated for future capital expenses	498,869	-	-	498,869
Short-term investments	-	-	2,369,553	2,369,553
Assessments receivable	146,606	-	-	146,606
Other receivable - insurance	285	-	-	285
Accrued interest receivable	101	112	15,917	16,130
Inventories	28,843	-	-	28,843
Prepaid insurance	89,412	-	-	89,412
Lots owned	7,427	-	-	7,427
Due to (from) other funds	24,870	7,006	(31,876)	-
	<u>1,110,864</u>	<u>28,393</u>	<u>2,861,675</u>	<u>4,000,932</u>
Long-term investments	-	-	477,576	477,576
Capital assets				
Land and land improvements	-	5,038,298	-	5,038,298
Buildings	-	4,111,400	-	4,111,400
Equipment	-	3,402,967	-	3,402,967
Construction in progress	-	2,679	-	2,679
	-	12,555,344	-	12,555,344
Accumulated depreciation	-	(5,354,084)	-	(5,354,084)
	-	7,201,260	-	7,201,260
Total assets	<u><u>\$ 1,110,864</u></u>	<u><u>\$ 7,229,653</u></u>	<u><u>\$ 3,339,251</u></u>	<u><u>\$ 11,679,768</u></u>
Liabilities and Fund Balances (Deficit)				
Current Liabilities				
Accrued payroll and related expenses	\$ 120,467	\$ -	\$ -	\$ 120,467
Assessments received in advance	255,473	-	-	255,473
Accounts payable	70,880	-	-	70,880
Deferred revenue - unspent reserve assessments	498,869	-	-	498,869
Security deposits	1,560	-	-	1,560
Total current liabilities	947,249	-	-	947,249
Long-Term Liabilities				
Paycheck protection program loan	336,700	-	-	336,700
Total liabilities	1,283,949	-	-	1,283,949
Fund Balances (Deficit)	<u>(173,085)</u>	<u>7,229,653</u>	<u>3,339,251</u>	<u>10,395,819</u>
	<u><u>\$ 1,110,864</u></u>	<u><u>\$ 7,229,653</u></u>	<u><u>\$ 3,339,251</u></u>	<u><u>\$ 11,679,768</u></u>

Spring Creek Association
Statement of Revenues, Expenses, and Changes in Fund Balances
Year Ended December 31, 2020

	Operating Fund	Property Fund	Replacement Fund	Total
Revenues				
Assessments	\$ 3,941,438	\$ -	\$ -	\$ 3,941,438
Lease income	62,998	-	-	62,998
Interest income	979	-	44,293	45,272
Other general income	381,285	-	-	381,285
Golf course	410,249	-	-	410,249
Horse Palace	25,716	-	-	25,716
Trap and skeet	3,877	-	-	3,877
Buildings and facilities	65,152	-	-	65,152
Roads and road construction	192,245	-	-	192,245
Total revenues	5,083,939	-	44,293	5,128,232
Expenses				
General expenses	1,343,400	-	3,768	1,347,168
Golf course	871,957	-	-	871,957
Horse Palace	122,055	-	-	122,055
Trap and skeet	7,291	-	-	7,291
Buildings and facilities	739,133	-	-	739,133
Roads and road construction	1,793,166	-	-	1,793,166
Security	22,742	-	-	22,742
Depreciation	-	451,952	-	451,952
Total expenses	4,899,744	451,952	3,768	5,355,464
Excess (Deficiency) of Revenues Over (Under) Expenses	184,195	(451,952)	40,525	(227,232)
Beginning Fund Balances, as Originally Reported, Prior to the Adoption of ASC 606	553,763	7,083,501	3,294,958	10,932,222
Cumulative Effect of the Change in Fund Balances Due to the Adoption of ASC 606	(309,171)	-	-	(309,171)
Beginning Fund Balances, as Restated	244,592	7,083,501	3,294,958	10,623,051
Interfund Transfers				
Capital replacement reserve	(250,000)	-	250,000	-
Capital asset additions	(327,991)	574,223	(246,232)	-
Golf course reserve	(23,881)	23,881	-	-
	(601,872)	598,104	3,768	-
Ending Fund Balances (Deficit)	\$ (173,085)	\$ 7,229,653	\$ 3,339,251	\$ 10,395,819

Spring Creek Association
Statement of Cash Flows
Year Ended December 31, 2020

	Operating Fund	Property Fund	Replacement Fund	Total
Operating Activities				
Excess (deficiency) of revenues over expenses	\$ 184,195	\$ (451,952)	\$ 40,525	\$ (227,232)
Adjustments to reconcile changes in fund balances to net cash from (used for) operating activities:				
Depreciation	-	451,952	-	451,952
Unrealized gain (loss) on investments held to maturity	-	-	2,871	2,871
Changes in operating assets:				
Assessments receivable	(23,492)	-	-	(23,492)
Other receivable - insurance	12,629	-	(3)	12,626
Inventories	2,640	-	-	2,640
Accrued interest receivable	-	3	-	3
Prepaid insurance	(6,814)	-	-	(6,814)
Changes in operating liabilities:				
Accrued payroll and related expenses	14,995	-	-	14,995
Assessments received in advance	(183,882)	-	-	(183,882)
Accounts payable	(79,014)	-	-	(79,014)
Deferred revenue - unspent reserve assessments	189,698	-	-	189,698
Security deposits	(340)	-	-	(340)
Net Cash from Operating Activities	110,615	3	43,393	154,011
Investing Activities				
Purchase of capital assets	(327,991)	-	(246,232)	(574,223)
Purchase of investments	-	-	(3,986,212)	(3,986,212)
Sale of investments	-	-	3,420,000	3,420,000
Net Cash used for Investing Activities	(327,991)	-	(812,444)	(1,140,435)
Financing Activities				
Proceeds from paycheck protection loan	336,700	-	-	336,700
Transfers in between funds	-	-	250,000	250,000
Transfers out between funds	(250,000)	-	-	(250,000)
Net Cash from Financing Activities	86,700	-	250,000	336,700
Net Change in Cash and Cash Equivalents	(130,676)	3	(519,051)	(649,724)
Cash and Cash Equivalents, Beginning of Year	943,996	21,272	1,027,132	1,992,400
Cash and Cash Equivalents, End of Year	\$ 813,320	\$ 21,275	\$ 508,081	\$ 1,342,676

Spring Creek Association
Statement of Cash Flows
Year Ended December 31, 2020

	Operating Fund	Property Fund	Replacement Fund	Total
Cash and Cash Equivalents Consist of				
Cash and cash equivalents	\$ 314,451	\$ 21,275	\$ 508,081	\$ 843,807
Cash and cash equivalents - designated for future capital expenses	498,869	-	-	498,869
	<u>\$ 813,320</u>	<u>\$ 21,275</u>	<u>\$ 508,081</u>	<u>\$ 1,342,676</u>
Supplemental Disclosure of Non-cash Investing and Financing Activities				
Transfer of golf course reserve funds	<u>\$ (23,881)</u>	<u>\$ 23,881</u>	<u>\$ -</u>	<u>\$ -</u>
Transfer of capital assets to Property Fund	<u>\$ (327,991)</u>	<u>\$ 574,223</u>	<u>\$ (246,232)</u>	<u>\$ -</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.

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

Nevada Revised Statutes (NRS 116.311395) sets forth acceptable investments for Nevada common-interest ownership associations. The Association has not adopted a formal investment policy that would further limit its investment choices.

Certificates of deposit with original maturities greater than three months and remaining maturities 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 2020. 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 2020. 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

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.

The Association recognizes reserve assessment revenue when the related reserve expenditures occur. The Association utilizes the policy of expending investment income prior to reserve assessments. Excess reserve assessments are recorded as deferred revenue – unspent reserve assessments in the accompanying balance sheet at year end.

The Association has adopted Accounting Standards Update (ASC) 606 – *Revenue from Contracts with Customers*, as amended, as management believes the standard improves the usefulness and understandability of the Association’s financial reporting. Analysis of various provisions of this standard resulted in significant changes in the way the Association recognizes reserve assessment revenue. As of January 1, 2020, a restatement of beginning fund balances is reflected in the accompanying financial statements for prior unexpended reserve assessments. For the year ended December 31, 2020, all unexpended reserve assessments are reflected as deferred revenue-unspent reserve assessments in the accompanying balance sheet. The presentation and disclosures of revenue have been enhanced in accordance with this standard.

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, 2020 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, 2020 of assessments receivable and deferred revenue – unspent reserve assessments was \$123,114 and \$309,171, 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, 2020 totaled \$866,612.

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 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 is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Association has recorded a note payable and will record the forgiveness upon being legally released from the loan obligation by the SBA. No forgiveness income has been recorded for the year ended December 31, 2020. The Association applied for forgiveness of the PPP loan and obtained formal forgiveness on March 10, 2021.

Future Changes in Accounting Principles

FASB Accounting Standards Codification Topic 842, *Leases* (Topic 842), which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing 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 15% 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, 2020, 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 \$4,000 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 2020 was \$45,680.

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 and land 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
2021	\$ 5,802
2022	5,802
2023	5,802
2024	5,802
2025	5,802
Thereafter	42,544
Total	\$ 71,554

Note 6 - Leases

The Association has two operating leases for office equipment in effect at December 31, 2020, with monthly payments aggregating to \$413. Lease expense was \$5,360 for the current year. Future obligations under these leases are:

Year Ending December 31,	Amount
2021	\$ 6,582
2022	5,388
2023	4,194
2024	4,194
2025	3,146
Total	\$ 23,504

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, 2020:

Assessment increase designated to Operating Fund for capital assets:

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

Capital assets funded by:

Operating Fund	\$ 327,991
Property Fund	-
Replacement Fund	246,232
Total capital assets	\$ 574,223

Deferred revenue - unspent reserve assessments, beginning of year, as restated	\$ 309,171
Prior year unspent reserve assessments, expended for current year reserve expenditures in the Operating Fund	(309,171)
Collected current year reserve assessments	517,689
Collected reserve assessments, spent on current year expenditures in the Operating Fund	(18,820)
Deferred revenue - unspent reserve assessments end of year and designated cash in the Operating Fund	\$ 498,869

Note 8 - Restatement

As discussed in Note 1, effective January 1, 2020, the Association adopted ASC 606, *Revenue from Contracts with Customers*. The Association has adopted ASC 606 using the modified retrospective approach and recorded the cumulative impact of adoption as an adjustment to fund balances. The cumulative effect was to increase deferred revenue – unspent reserve assessments and decrease fund balances by \$309,171 for prior unexpended reserve assessments.

The following table provides the impact of adopting ASC 606 on the Association’s financial statements as of December 31, 2020:

	As Originally Reported	Balance Without Adoption of ASC 606	Change Due to Adoption
Balance Sheet			
Deferred revenue - unspent reserve assessments	\$ 498,869	\$ -	\$ 498,869
Fund balances	(173,085)	325,784	(498,869)
Statement of Revenue, Expenses, and Changes in Fund Balances			
Assessment revenue	327,991	517,689	(189,698)
Excess of revenue over expenses	(227,232)	(37,534)	(189,698)

Note 9 - Subsequent Events

The financial statements were available to be issued on and subsequent events were evaluated through November 18, 2021, the following subsequent events were noted:

- On January 27, 2021, the Board approved spending \$91,700 on improvements to the Schuckmann’s Sports Complex.
- On January 27, 2021, the Board approved spending up to \$40,000 for the Marina Upgrades/Floating Docks and a Water Purification System. On March 24, 2021, the Board approved an additional \$17,000 from capital reserve funds for the Marina Upgrades and on July 28, 2021 the Board approved an additional \$7,000 for upgrades for a total of \$64,000.
- On January 27, 2021, the Board approved spending up to \$40,000 for the road chipper rebuild, \$50,000 for amenity security cameras, \$165,000 on the Soccer Complex Updates, \$300,000 on a splash pad at the Schuckmann’s Sports Complex, and \$213,000 for a Multi-Court at the Marina.
- On April 28, 2021, the Board approved spending up to \$300,000 for improvements to the Horse Palace arena.
- On May 26, 2021, the Board approved chip rock for road improvements for \$146,300.
- 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 administrative assessments in 2022.



Required Supplementary Information
December 31, 2020

Spring Creek Association

Spring Creek Association
Major Future Repairs and Replacements
Year Ended December 31, 2020

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
	<u> </u>	<u> </u>
Equipment	0 - 20	\$ 3,303,801
Furniture	0 - 6	14,087
Lighting	0 - 2	41,385
Roads	0 - 7	3,881,121
Fencing	0 - 15	202,277
Roofing	0 - 22	56,896
Building components	0 - 37	4,380,269
Other components	0 - 16	199,396
Hardscape	0 - 20	<u>573,578</u>
Total		<u><u>\$ 12,652,810</u></u>



Supplementary Information
December 31, 2020

Spring Creek Association

Spring Creek Association
Schedule of Revenues and Expenses – Budget and Actual
Year Ended December 31, 2020

Operating Fund	Actual	Budget	Variance
Revenues			
Assessments	\$ 3,941,438	\$ 4,126,704	\$ (185,266)
Interest income	979	5,100	(4,121)
Other general income	381,285	375,170	6,115
Lease income	62,998	71,540	(8,542)
Golf course	410,249	291,200	119,049
Horse Palace	25,716	35,710	(9,994)
Trap and skeet	3,877	4,500	(623)
Buildings and facilities	65,152	41,000	24,152
Roads and road construction	192,245	190,000	2,245
Total revenues	<u>5,083,939</u>	<u>5,140,924</u>	<u>(56,985)</u>
Expenses			
General expenses	1,343,400	1,472,615	129,215
Golf course	871,957	780,691	(91,266)
Horse Palace	122,055	155,772	33,717
Trap and skeet	7,291	11,320	4,029
Buildings and facilities	739,133	740,366	1,233
Roads and road construction	1,793,166	2,173,622	380,456
Security	22,742	89,538	66,796
Total expenses	<u>4,899,744</u>	<u>5,423,924</u>	<u>524,180</u>
Net of Revenues and Expenses Before Gains			
	<u>\$ 184,195</u>	<u>\$ (283,000)</u>	<u>\$ 467,195</u>

Spring Creek Association
Schedule of Revenues and Expenses – Budget and Actual
Year Ended December 31, 2020

<u>Property Fund</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues			
Interest income	\$ -	\$ -	\$ -
Expenses			
Depreciation	<u>451,952</u>	<u>-</u>	<u>(451,952)</u>
Excess of revenues over (under) expenses	<u>\$ (451,952)</u>	<u>\$ -</u>	<u>\$ (451,952)</u>
<u>Replacement Fund</u>			
Revenues			
Interest income	\$ 44,293	\$ -	\$ 44,293
Expenses			
Major repairs and replacements	<u>3,768</u>	<u>142,000</u>	<u>138,232</u>
Excess of revenues over (under) expenses	<u>\$ 40,525</u>	<u>\$ (142,000)</u>	<u>\$ 182,525</u>

Spring Creek Association
 Test of Assessment Limitations (unaudited)
 Year Ended December 31, 2020

Year Ended	CPI Index	Index Change % From Base Year 1971	Maximum Assessment per CPI	Actual Assessment
1971	40.3		\$ 144	\$ 0
1972	41.6	1.30	149	0
1973	43.9	3.60	157	0
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

Spring Creek Association
 Test of Assessment Limitations (unaudited)
 Year Ended December 31, 2020

<u>Year Ended</u>	<u>CPI Index</u>	<u>Index Change %</u>	<u>Maximum Assessment per CPI</u>	<u>Actual Assessment</u>
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

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, 2020

	General	Golf Course	Horse Palace	Trap and Skeet	Buildings and Facilities	Roads and Road Construction	Security	Total Operating Fund
Revenues								
Assessments	\$ 3,941,438	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,941,438
Interest income	979	-	-	-	-	-	-	979
Lease income	33,658	28,600	740	-	-	-	-	62,998
Other revenues per schedule of other revenues	<u>381,285</u>	<u>410,249</u>	<u>25,716</u>	<u>3,877</u>	<u>65,152</u>	<u>192,245</u>	<u>-</u>	<u>1,078,524</u>
Total revenues	<u>4,357,360</u>	<u>438,849</u>	<u>26,456</u>	<u>3,877</u>	<u>65,152</u>	<u>192,245</u>	<u>-</u>	<u>5,083,939</u>
Expenses								
Salaries and related expenses	613,660	284,876	45,619	-	402,257	544,114	12,765	1,903,291
Repairs and maintenance	1,984	47,343	5,982	294	35,903	1,004,375	350	1,096,231
Insurance	166,674	13,625	30,007	2,293	8,604	28,599	3,483	253,285
Utilities	17,472	305,834	29,269	4,704	152,704	10,298	322	520,603
Postage	14,876	-	-	-	-	-	-	14,876
Contract services	-	80,163	-	-	-	-	-	80,163
Fuel and oil	275	5,901	2,370	-	21,373	66,736	57	96,712
Taxes and licenses	5,520	73	-	-	541	16,425	565	23,124
Special events	252	-	-	-	13,525	-	-	13,777
Advertising	2,217	-	-	-	-	-	-	2,217
Financial and computer services	42,112	3,815	-	-	-	1,968	-	47,895
Legal	301,716	-	-	-	-	-	-	301,716
Other administrative expenses	40,275	7,664	24	-	785	529	-	49,277
Purchased services	103,198	2,376	998	-	48,311	22,045	-	176,928
Rents	3,974	1,909	-	-	8,102	-	-	13,985
Supplies	12,172	86,408	1,369	-	25,119	58,086	5,200	188,354
Fertilizer	-	22,555	-	-	-	-	-	22,555
Chemicals - weed abatement	-	594	-	-	-	20,423	-	21,017
Travel and education	352	-	-	-	-	59	-	411
Covid-19 expenses	9,506	5,304	-	-	220	6,515	-	21,545
Other expenses	7,165	3,517	6,417	-	21,689	12,994	-	51,782
Total expenses	<u>1,343,400</u>	<u>871,957</u>	<u>122,055</u>	<u>7,291</u>	<u>739,133</u>	<u>1,793,166</u>	<u>22,742</u>	<u>4,899,744</u>
Excess of revenues over (under) expenses	<u>\$ 3,013,960</u>	<u>\$ (433,108)</u>	<u>\$ (95,599)</u>	<u>\$ (3,414)</u>	<u>\$ (673,981)</u>	<u>\$ (1,600,921)</u>	<u>\$ (22,742)</u>	<u>\$ 184,195</u>

Spring Creek Association
Schedule of Other Revenues
Year Ended December 31, 2020

	General	Golf Course	Horse Palace	Trap and Skeet	Buildings and Facilities	Roads and Road Construction	Total Funds
Revenues							
Legal revenue	\$ 126,783	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,783
Late fees	47,510	-	-	-	-	-	47,510
Owner transfer fees	109,800	-	-	-	-	-	109,800
Other income	35,486	5,159	-	480	7	2,245	43,377
Return check fees	1,600	-	-	-	-	-	1,600
Grants	-	-	-	-	37,931	190,000	227,931
Green fees	-	130,688	-	-	-	-	130,688
Cart rental	-	89,820	-	-	-	-	89,820
Golf annual pass	-	70,225	-	-	-	-	70,225
Pro shop sales	-	88,384	-	-	-	-	88,384
Cart trail fees and storage	-	22,290	-	-	-	-	22,290
Tournaments	-	3,683	-	-	-	-	3,683
Ranch Hand Rodeo	-	-	5,400	-	-	-	5,400
Stall and corral rental	-	-	60	-	-	-	60
Facility rental	-	-	4,188	-	-	-	4,188
Utility reimbursement	-	-	340	-	25	-	365
Bar revenue	-	-	75	-	-	-	75
Non-property owner pass	-	-	15,653	-	-	-	15,653
Player use fees	-	-	-	-	645	-	645
Special events	-	-	-	-	21,250	-	21,250
Targets thrown	-	-	-	3,397	-	-	3,397
Campground and parks	-	-	-	-	5,294	-	5,294
Committee of Architecture revenue	60,106	-	-	-	-	-	60,106
	<u>\$ 381,285</u>	<u>\$ 410,249</u>	<u>\$ 25,716</u>	<u>\$ 3,877</u>	<u>\$ 65,152</u>	<u>\$ 192,245</u>	<u>\$ 1,078,524</u>