LOFTIS GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS ▪ BUSINESS ADVISORS

Towne Park Homeowners Association, Inc.

Financial Statements
and
Independent Auditors' Report

December 31, 2011

LG LOFTIS GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Independent Auditors' Report

Board of Directors
Towne Park Homeowners Association, Inc.
Albuquerque, New Mexico

We have audited the accompanying balance sheet of the Towne Park Homeowners Association (the "Association") (a not-for-profit organization) as of December 31, 2011, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2011 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the information on future repairs and replacements 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.

Loftis Group LLC

Albuquerque, New Mexico
February 11, 2013

Towne Park Homeowners Association, Inc.

Balance Sheet
December 31, 2011

	Operating Fund	Replacement Fund	Land Lease Reserve Fund	Total
Assets				
Current assets				
Cash and cash equivalents	$ 27,218	$ 157,674	$ 148,457	$ 333,349
Assessments receivable	18,837	-	-	18,837
Prepaid expenses	8,043	-	-	8,043
Total current assets	$ 54,098	$ 157,674	$ 148,457	$ 360,229
Liabilities and Fund Balances				
Current liabilities				
Accounts payable	$ 9,811	$ -	$ -	$ 9,811
Deposits	500	-	-	500
Assessments received in advance	2,709	-	-	2,709
Total current liabilities	13,020	-	-	13,020
Fund balances	41,078	157,674	148,457	347,209
Total liabilities and fund balances	$ 54,098	$ 157,674	$ 148,457	$ 360,229

The accompanying notes are an integral part of these financial statements

Towne Park Homeowners Association, Inc.

Statement of Revenues, Expenses and Changes in Fund Balances
For the Year Ended December 31, 2011

	Operating Fund	Replacement Fund	Land Lease Reserve Fund	Total
Revenue				
Owner assessments	$ 412,585	$ 58,200	$ -	$ 470,785
Water and refuse assessments	189,924	-	-	189,924
Land lease assessments	499,369	-	-	499,369
Rental income	13,100	-	-	13,100
Late fees	5,107	-	-	5,107
Property tax assessments	45,147	-	-	45,147
Interest income	-	1,027	4,140	5,167
Other income	10,055	-	-	10,055
Total revenue	1,175,287	59,227	4,140	1,238,654
Expenses				
Building maintenance	14,723	-	-	14,723
Grounds maintenance	143,931	15,183	-	159,114
Insurance	16,157	-	-	16,157
Land lease	499,746	-	-	499,746
Legal	14,238	-	-	14,238
Management fee	50,558	-	-	50,558
Meter reading	14,803	-	-	14,803
Miscellaneous	6,849	-	-	6,849
Payroll taxes and benefits	8,809	-	-	8,809
Pool/clubhouse	36,676	-	-	36,676
Postage	6,403	-	-	6,403
Printing	16,601	-	-	16,601
Property taxes	49,582	-	-	49,582
Refuse removal	32,155	-	-	32,155
Salaries	28,957	-	-	28,957
Security and gate services	42,252	34,424	-	76,676
Telephone	9,697	-	-	9,697
Utilities	29,717	-	-	29,717
Water and sewer	181,280	-	-	181,280
Total expenses	1,203,134	49,607	-	1,252,741
Excess (deficiency) of revenues over expenses	(27,847)	9,620	4,140	(14,087)
Beginning fund balances	68,925	148,054	144,317	361,296
Ending fund balances	$ 41,078	$ 157,674	$ 148,457	$ 347,209

The accompanying notes are an integral part of these financial statements

Towne Park Homeowners Association, Inc.

Statement of Cash Flows
For the Year Ended December 31, 2011

	Operating Fund	Replacement Fund	Land Lease Reserve Fund	Total
Cash flows from operating activities				
Cash received from member assessments	$ 1,141,888	$ 58,200	$ -	$ 1,200,088
Interest income	-	1,027	4,140	5,167
Cash paid for operating expenses	(1,206,534)	-	-	(1,206,534)
Cash paid for replacement expenses	-	(49,607)	-	(49,607)
Other receipts	28,262	-	-	28,262
Net cash used by operating activities	(36,384)	9,620	4,140	(22,624)
Net decrease (increase) in cash	(36,384)	9,620	4,140	(22,624)
Cash, beginning of year	63,602	148,054	144,317	355,973
Cash, end of year	$ 27,218	$ 157,674	$ 148,457	$ 333,349
Reconciliation of excess (deficiency) of revenues over expenses to net cash used by operating activities				
Excess (deficiency) of revenues over expenses	$ (27,847)	$ 9,620	$ 4,140	$ (14,087)
Increase (decrease) in:				
Assessments receivable	(3,090)	-	-	(3,090)
Prepaid expenses	(8,043)	-	-	(8,043)
Accounts payable	4,643	-	-	4,643
Assessments received in advance	(2,047)	-	-	(2,047)
Total adjustments	(8,537)	-	-	(8,537)
Net cash used by operating activities	$ (36,384)	$ 9,620	$ 4,140	$ (22,624)

The accompanying notes are an integral part of these financial statements