LOFTIS GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS ▪ BUSINESS ADVISORS

Towne Park Homeowners Association, Inc.

Financial Statements
and
Independent Auditors' Report

December 31, 2012

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, 2012, 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, 2012 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 13, 2013

Towne Park Homeowners Association, Inc.

Balance Sheet
December 31, 2012

	Operating Fund	Replacement Fund	Land Lease Reserve Fund	Total
Assets				
Current assets				
Cash and cash equivalents	$ 27,925	$ 243,918	$ 147,148	$ 418,991
Assessments receivable	36,749	-	-	36,749
Total current assets	$ 64,674	$ 243,918	$ 147,148	$ 455,740
Liabilities and Fund Balances				
Current liabilities				
Accounts payable	$ 27,136	$ -	$ -	$ 27,136
Accrued expenses	16,875	-	-	16,875
Deposits	500	-	-	500
Assessments received in advance	4,390	-	-	4,390
Total current liabilities	48,901	-	-	48,901
Fund balances	15,773	243,918	147,148	406,839
Total liabilities and fund balances	$ 64,674	$ 243,918	$ 147,148	$ 455,740

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, 2012

	Operating Fund	Replacement Fund	Land Lease Reserve Fund	Total
Revenue				
Owner assessments	$ 411,188	$ 78,700	$ -	$ 489,888
Water and refuse assessments	193,102	-	-	193,102
Land lease assessments	501,552	-	-	501,552
Rental income	12,700	-	-	12,700
Late fees	4,306	-	-	4,306
Property tax assessments	45,998	-	-	45,998
Interest income	-	1,544	4,691	6,235
Other income	8,681	-	-	8,681
Total revenue	1,177,527	80,244	4,691	1,262,462
Expenses				
Bad debts	23,113	-	-	23,113
Building maintenance	10,223	-	-	10,223
Grounds maintenance	111,872	-	-	111,872
Insurance	17,265	-	-	17,265
Land lease	496,952	-	-	496,952
Legal	10,863	-	-	10,863
Management fee	51,360	-	-	51,360
Meter reading	16,128	-	-	16,128
Miscellaneous	8,695	-	-	8,695
Payroll taxes and benefits	9,286	-	-	9,286
Pool/clubhouse	10,308	-	-	10,308
Postage	4,345	-	-	4,345
Printing	12,314	-	-	12,314
Property taxes	47,314	-	-	47,314
Refuse removal	32,410	-	-	32,410
Salaries	34,975	-	-	34,975
Security and gate services	35,378	-	-	35,378
Telephone	9,992	-	-	9,992
Utilities	35,041	-	-	35,041
Water and sewer	224,998	-	-	224,998
Total expenses	1,202,832	-	-	1,202,832
Excess (deficiency) of revenues over expenses	(25,305)	80,244	4,691	59,630
Beginning fund balances	41,078	157,674	148,457	347,209
Transfer between funds	-	6,000	(6,000)	-
Ending fund balances	$ 15,773	$ 243,918	$ 147,148	$ 406,839

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, 2012

	Operating Fund	Replacement Fund	Land Lease Reserve Fund	Total
Cash flows from operating activities				
Cash received from member assessments	$ 1,135,609	$ 78,700	$ -	$ 1,214,309
Interest income	-	1,544	4,691	6,235
Cash paid for operating expenses	(1,160,589)	-	-	(1,160,589)
Other receipts	25,687	-	-	25,687
Net cash provided by operating activities	707	80,244	4,691	85,642
Cash flows from financing activities				
Interfund transfers	-	6,000	(6,000)	-
Net cash provided by financing activities	-	6,000	(6,000)	-
Net increase (decrease) in cash	707	86,244	(1,309)	85,642
Cash, beginning of year	27,218	157,674	148,457	333,349
Cash, end of year	$ 27,925	$ 243,918	$ 147,148	$ 418,991
Reconciliation of excess (deficiency) of revenues over expenses to net cash provided by operating activities				
Excess (deficiency) of revenues over expenses	$ (25,305)	$ 80,244	$ 4,691	$ 59,630
Increase (decrease) in:				
Assessments receivable	(17,912)	-	-	(17,912)
Prepaid expenses	8,043	-	-	8,043
Accounts payable	17,325	-	-	17,325
Accrued expenses	16,875	-	-	16,875
Assessments received in advance	1,681	-	-	1,681
Total adjustments	26,012	-	-	26,012
Net cash provided by operating activities	$ 707	$ 80,244	$ 4,691	$ 85,642

The accompanying notes are an integral part of these financial statements