LOFTIS GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Towne Park Homeowners Association, Inc.

Financial Statements
and
Independent Auditors' Report

December 31, 2013

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 financial statements of Towne Park Homeowners Association (the "Association"), which comprise the balance sheet as of December 31, 2013, and the related statements 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 the 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.

Auditors' 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 entity'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 entity'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 the Association as of December 31, 2013 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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major 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
November 19, 2014

Towne Park Homeowners Association, Inc.

Balance Sheet
December 31, 2013

	Operating Fund	Replacement Fund	Land Lease Reserve Fund	Total
Assets				
Cash and cash equivalents	$ 119,447	$ 291,557	$ 73,172	$ 484,176
Assessments receivable, net	65,099	-	-	65,099
Prepaid expenses	70	-	-	70
Other assets	149,289	-	-	149,289
Land	9,150,000	-	-	9,150,000
Total assets	$ 9,483,905	$ 291,557	$ 73,172	$ 9,848,634
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 26,354	$ -	$ -	$ 26,354
Accrued expenses	25,015	-	-	25,015
Deposits	500	-	-	500
Assessments received in advance	11,349	-	-	11,349
Note payable	9,246,000	-	-	9,246,000
Total liabilities	9,309,218	-	-	9,309,218
Fund balances	174,687	291,557	73,172	539,416
Total liabilities and fund balances	$ 9,483,905	$ 291,557	$ 73,172	$ 9,848,634

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, 2013

	Operating Fund	Replacement Fund	Land Lease Reserve Fund	Total
Revenue				
Owner assessments	$ 494,504	$ 65,368	$ -	$ 559,872
Water and refuse assessments	190,996	-	-	190,996
Land lease assessments	504,535	-	-	504,535
Rental income	3,300	-	-	3,300
Late fees	7,386	-	-	7,386
Property tax assessments	48,157	-	-	48,157
Interest income	13	2,150	1,170	3,333
Other income	24,147	-	-	24,147
Total revenue	1,273,038	67,518	1,170	1,341,726
Expenses				
Amortization	2,960	-	-	2,960
Bad debts	4,006	-	-	4,006
Building maintenance	18,139	-	-	18,139
Grounds maintenance	197,538	-	-	197,538
Insurance	13,850	-	-	13,850
Interest	246,380	-	-	246,380
Land lease	212,941	-	-	212,941
Legal	25,674	-	-	25,674
Management fee	51,370	-	-	51,370
Meter reading	15,156	-	-	15,156
Miscellaneous	16,167	-	-	16,167
Personnel	41,703	-	-	41,703
Pool/clubhouse	11,276	-	-	11,276
Postage	5,235	-	-	5,235
Printing	10,356	-	-	10,356
Property taxes	49,084	-	-	49,084
Refuse removal	32,314	-	-	32,314
Security and gate services	9,945	-	-	9,945
Utilities and telephone	43,679	-	-	43,679
Water and sewer	201,376	-	-	201,376
Total expenses	1,209,149	-	-	1,209,149
Excess (deficiency) of revenues over expenses	63,889	67,518	1,170	132,577
Beginning fund balances	15,773	243,918	147,148	406,839
Transfers between funds	95,025	(19,879)	(75,146)	-
Ending fund balances	$ 174,687	$ 291,557	$ 73,172	$ 539,416

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, 2013

	Operating Fund	Replacement Fund	Land Lease Reserve Fund	Total
Cash flows from operating activities				
Cash received from member assessments	$ 1,216,801	$ 65,368	$ -	$ 1,282,169
Interest income	13	2,150	1,170	3,333
Cash paid for operating expenses	(1,198,901)	-	-	(1,198,901)
Other receipts	34,833	-	-	34,833
Net cash provided by operating activities	52,746	67,518	1,170	121,434
Cash flows from investing activities				
Proceeds from sale of land	1,850,000	-	-	1,850,000
Purchase of land	(11,000,000)	-	-	(11,000,000)
Net cash used by investing activities	(9,150,000)	-	-	(9,150,000)
Cash flows from financing activities				
Proceeds from note payable	11,096,000	-	-	11,096,000
Payments on note payable	(1,850,000)	-	-	(1,850,000)
Payment for loan closing costs	(152,249)	-	-	(152,249)
Interfund transfers	95,025	(19,879)	(75,146)	-
Net cash provided (used) by financing activities	9,188,776	(19,879)	(75,146)	9,093,751
Net increase (decrease) in cash	91,522	47,639	(73,976)	65,185
Cash, beginning of year	27,925	243,918	147,148	418,991
Cash, end of year	$ 119,447	$ 291,557	$ 73,172	$ 484,176

The accompanying notes are an integral part of these financial statements

Towne Park Homeowners Association, Inc.

Statement of Cash Flows – continued
For the Year Ended December 31, 2013

	Operating Fund	Replacement Fund	Land Lease Reserve Fund	Total
Reconciliation of excess (deficiency) of revenues over expenses to net cash provided by operating activities				
Excess (deficiency) of revenues over expenses	$ 63,889	$ 67,518	$ 1,170	$ 132,577
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:				
Amortization	2,960	-	-	2,960
Increase (decrease) in:				
Assessments receivable	(28,350)	-	-	(28,350)
Prepaid expenses	(70)	-	-	(70)
Accounts payable	(782)	-	-	(782)
Accrued expenses	8,140	-	-	8,140
Assessments received in advance	6,959	-	-	6,959
Total adjustments	(11,143)	-	-	(11,143)
Net cash provided by operating activities	$ 52,746	$ 67,518	$ 1,170	$ 121,434

The accompanying notes are an integral part of these financial statements