



**THE M.P.R. HOMEOWNERS  
ASSOCIATION**

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FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2020  
AND FOR THE YEAR THEN ENDED



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The M.P.R. Homeowners Association

### Report on the Financial Statements

We have audited the accompanying financial statements of The M.P.R. Homeowners Association (an Arizona Corporation), which comprise the balance sheet as of December 31, 2020, 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 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 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 M.P.R. Homeowners Association as of December 31, 2020, 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 information on future major repairs and replacements of common property, on page 13, 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.

**Disclaimer of Opinion on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of revenues, expenses and changes in fund balances and the supplementary statement of reserve activity, on pages 14 - 17, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly we do not express an opinion or provide any assurance on it.

*Butler Hansen, PLC*

Gilbert, Arizona  
March 19, 2021

**THE M.P.R. HOMEOWNERS ASSOCIATION  
BALANCE SHEET  
DECEMBER 31, 2020**

	Operating Funds			Reserve Replacement Fund	Total
	Operating Fund	Special Designations Fund	Capital Fund		
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 461,706	\$ -	\$ -	\$ 304,007	\$ 765,713
Short-Term Certificate of Deposit	-	-	-	211,000	211,000
Short-Term Investments	442,000	-	-	1,210,000	1,652,000
Accounts Receivable, Net of Allowance of \$40,527	17,944	-	-	-	17,944
Interest Receivable	95	-	-	2,994	3,089
Prepaid Expenses	33,593	-	-	-	33,593
Prepaid Income Taxes	7,545	-	-	-	7,545
Interfund Balances	1,824	-	-	(1,824)	-
<b>TOTAL CURRENT ASSETS</b>	<b>964,707</b>	<b>-</b>	<b>-</b>	<b>1,726,177</b>	<b>2,690,884</b>
<b>OTHER ASSETS</b>					
Property and Equipment, Net	-	-	962,185	-	962,185
Long-Term Investments	-	-	-	156,000	156,000
Utility Deposits	2,000	-	-	-	2,000
<b>TOTAL OTHER ASSETS</b>	<b>2,000</b>	<b>-</b>	<b>962,185</b>	<b>156,000</b>	<b>1,120,185</b>
<b>TOTAL ASSETS</b>	<b>\$ 966,707</b>	<b>\$ -</b>	<b>\$ 962,185</b>	<b>\$ 1,882,177</b>	<b>\$ 3,811,069</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	\$ 75,032	\$ -	\$ -	\$ 25,578	\$ 100,610
Accrued Expenses	2,161	-	-	-	2,161
PTO Expense Payable	21,732	-	-	-	21,732
Accrued Payroll Expense	7,822	-	-	-	7,822
Prepaid Owner Assessments	608,372	-	-	-	608,372
<b>TOTAL CURRENT LIABILITIES</b>	<b>715,119</b>	<b>-</b>	<b>-</b>	<b>25,578</b>	<b>740,697</b>
<b>FUND BALANCES</b>	<b>251,588</b>	<b>-</b>	<b>962,185</b>	<b>1,856,599</b>	<b>3,070,372</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 966,707</b>	<b>\$ -</b>	<b>\$ 962,185</b>	<b>\$ 1,882,177</b>	<b>\$ 3,811,069</b>

See accompanying notes to the financial statements.

**THE M.P.R. HOMEOWNERS ASSOCIATION  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Operating Funds</u>			<u>Reserve Replacement Fund</u>	<u>Total</u>
	<u>Operating Fund</u>	<u>Special Designations Fund</u>	<u>Capital Fund</u>		
<b>REVENUES</b>					
Homeowner Assessments	\$ 1,741,800	\$ -	\$ -	\$ -	\$ 1,741,800
Commercial Assessments	357,000	-	-	-	357,000
Builder Assessments	900	-	-	-	900
Fines and Other Fees	51,211	-	-	-	51,211
Escrow Fee Income	102,450	-	-	-	102,450
Investment Income	5,978	-	-	27,279	33,257
<b>TOTAL REVENUES</b>	<u>2,259,339</u>	<u>-</u>	<u>-</u>	<u>27,279</u>	<u>2,286,618</u>
<b>EXPENSES</b>					
Administration	715,843	-	-	-	715,843
Common Areas	1,109,839	-	-	-	1,109,839
Recreation Centers	204,142	-	-	-	204,142
General Maintenance	159,961	-	-	-	159,961
Lakes	12,406	-	-	-	12,406
Depreciation	-	-	58,531	-	58,531
Major Repairs and Replacements	-	-	-	189,871	189,871
<b>TOTAL EXPENSES</b>	<u>2,202,191</u>	<u>-</u>	<u>58,531</u>	<u>189,871</u>	<u>2,450,593</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	57,148	-	(58,531)	(162,592)	(163,975)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	452,740	-	874,500	1,907,107	3,234,347
<b>TRANSFERS BETWEEN FUNDS</b>					
Allocation to Reserves	(258,300)	-	-	258,300	-
Capitalized Fixed Asset Transfers	-	-	146,216	(146,216)	-
<b>TOTAL TRANSFERS BETWEEN FUNDS</b>	<u>(258,300)</u>	<u>-</u>	<u>146,216</u>	<u>112,084</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 251,588</u>	<u>\$ -</u>	<u>\$ 962,185</u>	<u>\$ 1,856,599</u>	<u>\$ 3,070,372</u>

See accompanying notes to the financial statements.

**THE M.P.R. HOMEOWNERS ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Operating Funds</u>			<u>Reserve Replacement Fund</u>	<u>Total</u>
	<u>Operating Fund</u>	<u>Special Designations Fund</u>	<u>Capital Fund</u>		
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>					
Excess (Deficit) of Revenues Over Expenses	\$ 57,148	\$ -	\$ (58,531)	\$ (162,592)	\$ (163,975)
Adjustments to Reconcile Excess (Deficit) of Revenues Over Expenses to Cash Provided (Used) by Operating Activities:					
Depreciation	-	-	58,531	-	58,531
Bad Debt Expense	15,746	-	-	-	15,746
(Increase)/Decrease In:					
Accounts Receivable	(17,983)	-	-	-	(17,983)
Interest Receivable	5,063	-	-	7,179	12,242
Prepaid Expenses	(1,686)	-	-	-	(1,686)
Prepaid Income Taxes	(7,545)	-	-	-	(7,545)
Increase/(Decrease) In:					
Accounts Payable	57,089	-	-	25,578	82,667
Accrued Expenses	1,960	-	-	-	1,960
PTO Expense Payable	5,089	-	-	-	5,089
Accrued Payroll Expense	(17,442)	-	-	-	(17,442)
Income Taxes Payable	(2,573)	-	-	-	(2,573)
Prepaid Owner Assessments	71,287	-	-	-	71,287
Net Cash Provided (Used) by Operating Activities	<u>166,153</u>	<u>-</u>	<u>-</u>	<u>(129,835)</u>	<u>36,318</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>					
Maturities of Certificates of Deposit	-	-	-	100,000	100,000
Maturities of Investments	782,000	-	-	1,271,000	2,053,000
Purchases of Investments	(632,000)	-	-	(1,210,000)	(1,842,000)
Purchases of Fixed Assets	-	-	(146,216)	-	(146,216)
Net Cash Provided (Used) by Investing Activities	<u>150,000</u>	<u>-</u>	<u>(146,216)</u>	<u>161,000</u>	<u>164,784</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>					
Allocation to Reserves	(258,300)	-	-	258,300	-
Capitalized Fixed Asset Transfers	-	-	146,216	(146,216)	-
Change in Interfund Balance	(1,824)	-	-	1,824	-
Net Cash Provided (Used) by Financing Activities	<u>(260,124)</u>	<u>-</u>	<u>146,216</u>	<u>113,908</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>56,029</b>	<b>-</b>	<b>-</b>	<b>145,073</b>	<b>201,102</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>405,677</b>	<b>-</b>	<b>-</b>	<b>158,934</b>	<b>564,611</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 461,706</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 304,007</u></b>	<b><u>\$ 765,713</u></b>
<b><u>SUPPLEMENTARY INFORMATION</u></b>					
Income Taxes Paid	\$ 13,816				
Interest Expense	\$ -				

See accompanying notes to the financial statements.