



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

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FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2021  
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

### Opinion

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, 2021, 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.

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, 2021, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The M.P.R. Homeowners Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The M.P.R. Homeowners Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 M.P.R. Homeowners Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The M.P.R. Homeowners Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **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.

#### **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 is the responsibility of management and, 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.

*Butler Hansen, PLLC*

Gilbert, Arizona  
April 13, 2022

**THE M.P.R. HOMEOWNERS ASSOCIATION  
BALANCE SHEET  
DECEMBER 31, 2021**

	<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>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 412,911	\$ -	\$ -	\$ 436,440	\$ 849,351
Investments	415,000	-	-	1,377,000	1,792,000
Accounts Receivable, Net of Allowance of \$22,837	7,960	-	-	-	7,960
Interest Receivable	38	-	-	1,149	1,187
Prepaid Expenses	32,156	-	-	-	32,156
Prepaid Income Taxes	6,845	-	-	-	6,845
<b>TOTAL CURRENT ASSETS</b>	<b>874,910</b>	<b>-</b>	<b>-</b>	<b>1,814,589</b>	<b>2,689,499</b>
<b>OTHER ASSETS</b>					
Property and Equipment, Net	-	-	954,432	-	954,432
Utility Deposits	2,000	-	-	-	2,000
<b>TOTAL OTHER ASSETS</b>	<b>2,000</b>	<b>-</b>	<b>954,432</b>	<b>-</b>	<b>956,432</b>
<b>TOTAL ASSETS</b>	<b>\$ 876,910</b>	<b>\$ -</b>	<b>\$ 954,432</b>	<b>\$ 1,814,589</b>	<b>\$ 3,645,931</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	\$ 31,695	\$ -	\$ -	\$ 800	\$ 32,495
Accrued Expenses	192	-	-	-	192
PTO Expense Payable	19,949	-	-	-	19,949
Accrued Payroll Expense	10,042	-	-	-	10,042
Prepaid Owner Assessments	623,998	-	-	-	623,998
<b>TOTAL CURRENT LIABILITIES</b>	<b>685,876</b>	<b>-</b>	<b>-</b>	<b>800</b>	<b>686,676</b>
<b>FUND BALANCES</b>	<b>191,034</b>	<b>-</b>	<b>954,432</b>	<b>1,813,789</b>	<b>2,959,255</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 876,910</b>	<b>\$ -</b>	<b>\$ 954,432</b>	<b>\$ 1,814,589</b>	<b>\$ 3,645,931</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, 2021**

	<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	\$ 1,881,144	\$ -	\$ -	\$ -	\$ 1,881,144
Commercial Assessments	385,560	-	-	-	385,560
Undeveloped Lot Assessments	972	-	-	-	972
Fines and Other Fees	56,965	-	-	-	56,965
Escrow Fee Income	119,100	-	-	-	119,100
Insurance Reimbursement	2,501	-	-	-	2,501
Investment Income	512	-	-	10,577	11,089
<b>TOTAL REVENUES</b>	<b>2,446,754</b>	<b>-</b>	<b>-</b>	<b>10,577</b>	<b>2,457,331</b>
<b>EXPENSES</b>					
Administration	761,519	-	-	-	761,519
Common Areas	1,110,375	-	-	-	1,110,375
Recreation Centers	209,056	-	-	-	209,056
General Maintenance	185,974	-	-	-	185,974
Lakes	9,084	-	-	-	9,084
Depreciation	-	-	66,897	-	66,897
Major Repairs and Replacements	-	-	-	225,543	225,543
<b>TOTAL EXPENSES</b>	<b>2,276,008</b>	<b>-</b>	<b>66,897</b>	<b>225,543</b>	<b>2,568,448</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<b>170,746</b>	<b>-</b>	<b>(66,897)</b>	<b>(214,966)</b>	<b>(111,117)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>251,588</b>	<b>-</b>	<b>962,185</b>	<b>1,856,599</b>	<b>3,070,372</b>
<b>TRANFERS BETWEEN FUNDS</b>					
Allocation to Reserves	(225,000)	-	-	225,000	-
Capitalized Fixed Asset Transfers	(6,300)	-	59,144	(52,844)	-
<b>TOTAL TRANSFERS BETWEEN FUNDS</b>	<b>(231,300)</b>	<b>-</b>	<b>59,144</b>	<b>172,156</b>	<b>-</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 191,034</b>	<b>\$ -</b>	<b>\$ 954,432</b>	<b>\$ 1,813,789</b>	<b>\$ 2,959,255</b>

See accompanying notes to the financial statements.

**THE M.P.R. HOMEOWNERS ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<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	\$ 170,746	\$ -	\$ (66,897)	\$ (214,966)	\$ (111,117)
Adjustments to Reconcile Excess (Deficit) of Revenues Over Expenses to Cash Provided (Used) by Operating Activities:					
Depreciation	-	-	66,897	-	66,897
Bad Debt Expense	24,574	-	-	-	24,574
(Increase)/Decrease In:					
Accounts Receivable	(14,590)	-	-	-	(14,590)
Interest Receivable	57	-	-	1,845	1,902
Prepaid Expenses	1,437	-	-	-	1,437
Prepaid Income Taxes	700	-	-	-	700
Increase/(Decrease) In:					
Accounts Payable	(43,337)	-	-	(24,778)	(68,115)
Accrued Expenses	(1,969)	-	-	-	(1,969)
PTO Expense Payable	(1,783)	-	-	-	(1,783)
Accrued Payroll Expense	2,220	-	-	-	2,220
Prepaid Owner Assessments	15,626	-	-	-	15,626
Net Cash Provided (Used) by Operating Activities	<u>153,681</u>	<u>-</u>	<u>-</u>	<u>(237,899)</u>	<u>(84,218)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>					
Maturities of Certificates of Deposit	-	-	-	211,000	211,000
Maturities of Investments	1,019,000	-	-	2,861,000	3,880,000
Purchases of Investments	(992,000)	-	-	(2,872,000)	(3,864,000)
Purchases of Fixed Assets	-	-	(59,144)	-	(59,144)
Net Cash Provided (Used) by Investing Activities	<u>27,000</u>	<u>-</u>	<u>(59,144)</u>	<u>200,000</u>	<u>167,856</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>					
Allocation to Reserves	(225,000)	-	-	225,000	-
Capitalized Fixed Asset Transfers	(6,300)	-	59,144	(52,844)	-
Change in Interfund Balance	1,824	-	-	(1,824)	-
Net Cash Provided (Used) by Financing Activities	<u>(229,476)</u>	<u>-</u>	<u>59,144</u>	<u>170,332</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(48,795)</b>	<b>-</b>	<b>-</b>	<b>132,433</b>	<b>83,638</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>461,706</b>	<b>-</b>	<b>-</b>	<b>304,007</b>	<b>765,713</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 412,911</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 436,440</u></b>	<b><u>\$ 849,351</u></b>
<b><u>SUPPLEMENTARY INFORMATION</u></b>					
Income Taxes Paid	\$ -				
Interest Expense	\$ -				

See accompanying notes to the financial statements.