

**Fleetwood Property Owners Association, Inc.**

**Financial Statements**

**December 31, 2015 and 2014**

***Canady & Canady P.C.***  
**Certified Public Accountants**  
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**Independent Auditor's Report**

**The Board of Directors of  
Fleetwood Property Owners Association, Inc.**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Fleetwood Property Owners Association, Inc., which comprise the balance sheet as of December 31, 2015 and 2014, and related statement 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.

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**Independent Auditor's Report (Continued)**

**The Board of Directors of  
Fleetwood Property Owners Association, Inc.**

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fleetwood Property Owners Association, Inc. as of December 31, 2015 and 2014, 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.

**Report on Supplementary Information**

Management has omitted the information about the estimates of future costs of major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

*Canady & Canady P.C.*

Houston, Texas

February 10, 2016

**Fleetwood Property Owners Association, Inc.**  
**Balance Sheets**  
**December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Cash	\$ 317,381	\$ 296,260
Assessments receivable, net of allowance for doubtful accounts of \$3,000 and \$3,000 respectively	19,460	17,222
Prepaid insurance	4,650	4,243
Utility deposit	400	400
Trash reimbursement receivable	<u>2,604</u>	<u>2,604</u>
<b>Total Assets</b>	<u><u>\$ 344,495</u></u>	<u><u>\$ 320,729</u></u>
 <b>Liabilities and Fund Balances</b>		
Accounts payable	\$ 36,965	\$ 8,866
Assessments received in advance	148,250	121,565
Prepaid trash recycling	<u>-</u>	<u>5,500</u>
Total Liabilities	<u>185,215</u>	<u>135,931</u>
Restricted contributed funds	2,535	2,535
Fund balances	<u>156,745</u>	<u>182,263</u>
Total Fund Balances	<u>159,280</u>	<u>184,798</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 344,495</u></u>	<u><u>\$ 320,729</u></u>

The accompanying notes are an integral part of the financial statements.

**Fleetwood Property Owners Association, Inc.**  
**Statements of Revenues, Expenses and Changes in Fund Balances**  
**For the Year Ended December 31, 2015 and 2014**

	2015	2014
<b>Revenues</b>		
Assessments	\$ 258,720	\$ 245,850
Trash reimbursement	31,248	31,248
Trash recycling	6,485	7,625
Legal fees rebilled	5,361	1,391
Other income	1,615	2,299
Interest	598	491
<b>Total Revenues</b>	304,027	288,904
<b>Expenses</b>		
Capital improvements	90,159	76,316
Security	85,129	85,350
Trash	66,585	66,585
Landscaping	30,495	34,295
Management	15,600	15,600
Repair and maintenance	10,431	675
Administrative	8,752	12,215
Insurance	7,564	8,306
Legal fees	5,969	2,296
Utilities	4,109	3,253
Audit and tax preparation	2,585	1,800
Irrigation	1,662	2,861
Bad debt	505	4,618
Festival expense	-	8,722
Newsletter advertising	-	2,271
<b>Total Expenses</b>	329,545	325,163
<b>(Deficit) of Revenues over Expenses</b>	(25,518)	(36,259)
<b>Fund Balances</b>		
Beginning of year	184,798	221,057
End of year	\$ 159,280	\$ 184,798

The accompanying notes are an integral part of the financial statements.

**Fleetwood Property Owners Association, Inc.**  
**Statements of Cash Flow**  
**For the Year Ended December 31, 2015 and 2014**

	2015	2014
<b>Cash flows from operating activities</b>		
(Deficit) of revenues over expenses	\$ (25,518)	\$ (36,259)
Adjustments to reconcile deficit of revenues over expenses to net cash provided (used) by operating activities:		
Bad debt	505	4,618
(Increase) decrease in:		
Assessments receivable	(2,743)	(7,666)
Prepaid insurance	(407)	1,132
Trash reimbursement receivable	-	(2,604)
Increase (decrease) in:		
Accounts payable	28,099	(7,545)
Assessments received in advance	26,685	(11,291)
Prepaid trash recycling	(5,500)	(1,700)
Net cash provided (used) by operating activities	21,121	(61,315)
<b>Net increase (decrease) in cash and cash equivalents</b>	21,121	(61,315)
Cash and cash equivalents, beginning of year	296,260	357,575
Cash and cash equivalents, end of year	\$ 317,381	\$ 296,260
<b>Supplemental Disclosures:</b>		
Income taxes paid	\$ -	\$ -
Interest Paid	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

**Fleetwood Property Owners Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**Note 1 - Organization**

The Association was incorporated in the state of Texas on under the Non-Profit Corporation Act in 1972. The Association was formed to provide for the maintenance, protection, health, safety, recreation and welfare of homeowners or residents within the jurisdiction of the Association. The Association consists of 448 residential units in Harris County, Texas.

**Note 2 – Date of Management’s Review**

In preparing the financial statements, the Association has evaluated the events and transactions for potential recognition or disclosure through February 10, 2016, the date that the financial statements were available to be issued.

**Note 3 - Summary of Significant Accounting Policies**

**Basis of Presentation**

The Association's policy is to prepare its financial statements under the accrual method of accounting. Revenue is recognized as earned and expenses are recognized when the obligation is incurred.

**Cash and Cash Equivalents**

The Association’s cash and cash equivalents are defined as liquid investments with maturities of three months or less.

**Assessments**

Association members are subject to annual assessments to provide funds for operating expenses and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association’s policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent. Any excess assessments at year-end are retained by the Association for use in the succeeding year.

**Assessments Received in Advance**

Assessments received in advance at the balance sheet date represent payments received from association members during the current year, which relate to maintenance assessments for the subsequent year.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fleetwood Property Owners Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**Note 3 - Summary of Significant Accounting Policies (Continued)**

**Property and Equipment**

Real property and common areas acquired from the developer and related improvements to such property are not reflected on the Association's financial statements. Those properties are owned by the individual unit owners in common and not by the Association. The Association capitalizes significant real and personal property to which it has title or other evidence of ownership at cost. At December 31, 2015 and 2014, the Association has not capitalized such property.

**Fair Value of Financial Instruments**

The Association's financial instruments are cash and cash equivalents, accounts receivable, prepaid expenses and accounts payable. The recorded values of the cash and cash equivalents, accounts receivable, prepaid expenses and accounts payables approximate their fair values based on their short-term nature.

**Note 4 - Uninsured Cash Deposits**

Statement of Financial Accounting Standards No. 107 requires disclosure of concentration of credit risk associated with uninsured cash deposits at financial institutions. In 2015 and 2014, the Association's cash balances are insured by the Federal Deposit Insurance Corporation up to \$ 250,000 at each institution. The Association had no uninsured balances at December 31, 2015 and 2014.

**Note 5 - Assessments Receivable**

Assessments receivable represents fees due prior to each year-end. Accounts are deemed delinquent when payment is not received within 30 days of billing. Accounts are charged to operations when they are deemed uncollectible based upon periodic reviews of aging and collections. Bad debts are provided on the allowance method based on management's evaluation of outstanding accounts receivable. The allowance for doubtful accounts was \$ 3,000 at December 31, 2015 and 2014.

**Note 6 - Federal Income Taxes**

The Association is exempt from Federal income taxes under section 501(c) (4) of the internal revenue Code.

The Association's tax filings are subject to audit by various taxing authorities. The Association's federal income tax returns for year 2015, 2014 and 2013 remain open to examination by the Internal Revenue Service. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.



**Fleetwood Property Owners Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**Note 7 - State Franchise Tax and Sales Tax**

The Association is exempt from Texas franchise tax as specified under Section 171.082 of the Texas Tax Code as a homeowners' association. The Association is exempt from sales tax as 501(c) (4).

**Note 8 - Prepaid Recycling Program**

In 2014, the Association implements a recycling program for homeowners who were interested in participating. Each homeowner paid \$ 50 which was non-refundable for the year. As of December 31, 2014, the prepaid recycling fee is \$ 5,500. The recycling program is served by WCA Waste Corporation of Texas. The recycling program is ceased as of December 31, 2015.

**Note 9 - Future Major Repairs and Replacements**

The Association has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The board has also not developed a plan to fund those needs. When replacement funds are needed to meet future needs for major repairs and replacements, the Association has the right to increase regular assessments, pass special assessments, subject to member approval, or delay major repairs and replacements until funds are available. The effect on the future assessments has not been determined at this time.

**Note 10 - Subsequent Events**

Upon evaluation, the Association notes that there were no material subsequent events between the date of the financial statements and the date that the financial statements were issued or available to be issued.