

Sonterra West HOA

Financial Statements

For the period ended December 31, 2022

Sonterra West HOA
304 Sonterra Blvd Ste 100
JARRELL TX 76537

Management is responsible for the accompanying financial statements of Sonterra West HOA, which comprise the statement of assets, liabilities and equity- tax basis as of December 31, 2022 and the related statement of revenues and expenses - tax basis, for the periods then ended in accordance with the tax basis of accounting, and for determining that the tax basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures and the statement of cash flows ordinarily included in financial statements prepared in accordance with the tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's assets, liabilities, equity, revenue, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

LOTT, VERNON & COMPANY, P C
August 29, 2023

Sonterra West HOA

Statement of Assets, Liabilities and Equity

December 31, 2022

Assets

Current assets

R Bank Capital Account	\$	456,282.26
R Bank Operating Account		416,170.54
Accounts Receivable		75.00
Undeposited Funds		250.00
Total current assets		<u>872,777.80</u>

Property plant and equipment

Accumulated Depreciation		(122,508.53)
Common Areas		152,556.31
Community Pool		113,288.88
Playground		41,639.63
Land Improvement		52,818.13
Total property plant and equipment		<u>237,794.42</u>

Other assets

Note Receivable - MUD		319,195.59
Total other assets		<u>319,195.59</u>

Total assets

\$ 1,429,767.81

Liabilities

Current liabilities

Developers Advance	\$	75,000.00
Prepaid Assessments		(7,023.12)
Total current liabilities		<u>67,976.88</u>

Long-term liabilities

Loan From Sonwest Co		31,438.50
FNBFST Construction Loan		273,863.30
Total long-term liabilities		<u>305,301.80</u>
Total liabilities	\$	<u><u>373,278.68</u></u>

Equity

Equity

Equity		99,983.61
Retained earnings, beginning		471,290.80
Net income (loss)		485,214.72
Total equity		<u>1,056,489.13</u>

Total liabilities and equity

\$ 1,429,767.81

Sonterra West HOA

Statement of Revenues and Expenses For the year ended December 31, 2022

Operating revenue

HOA Dues	\$	210,375.85
Penalty		34,343.46
Resale Fees		41,800.00
Transfer Fees		175,650.00
Work in Capital		218,900.00
MUD HOA Fee		232,580.00
N/R MUD Loan Payment		27,135.50
Insurance Reimbursement		1,095.00
Other Associations Reimbursements		37,420.52
Total operating revenue		<u>979,300.33</u>

General and administrative expenses

Event Expense		10,499.59
Bank Charges		210.00
Dues & Subscriptions		1,694.33
Contract Labor		2,375.00
MUD Payment		15,226.67
Insurance Expense		7,969.00
Depreciation Expense		6,523.00
Interest Expense		17,335.93
Landscaping and Grounds		12,360.00
Copies, Postage & Fax		54,382.42
Property Taxes		524.28
Legal Fees		2,775.45
Property Management Fee		265,273.61
Rent Expense		9,600.00
Electric		739.30
Telephone		403.20
Professional Fees		48,773.31
COA 1		10,231.37
COA 2		25,629.20
SW Commercial		1,559.95
Total general and administrative expenses		<u>494,085.61</u>

Total expenses 494,085.61

Net income (loss) \$ 485,214.72