2024 ANNUAL REPORT

ENTITY INFORMATION

ENTITY NAME: DESERT RANCH HOMEOWNERS ASSOCIATION
ENTITY ID: 13166323
ENTITY TYPE: Domestic Nonprofit Corporation
CHARACTER OF BUSINESS: Other - Other - HOMEOWNERS ASSOCIATION
AUTHORIZED SHARES:
ISSUED SHARES:

STATUTORY AGENT INFORMATION

STATUTORY AGENT NAME: Michael Olley
PHYSICAL ADDRESS: 34209 N Segundo Cir, SCOTTSDALE, AZ 85262
MAILING ADDRESS:

KNOWN PLACE OF BUSINESS

Att: Michael Olley , 34209 N Segundo Cir, SCOTTSDALE, AZ 85262

PRINCIPAL OFFICE ADDRESS

PRINCIPAL INFORMATION

Director: David Hughes - PO Box 3081, CAREFREE, AZ, 85377, USA - - Date of Taking Office: 04/29/2023
Director: Susan Klinefelter - PO Box 3081, CAREFREE, AZ, 85377, USA - - Date of Taking Office: 04/29/2023
President: MICHAEL OLLEY - PO Box 3081, CAREFREE, AZ, 85377, USA - - Date of Taking Office: 11/08/2023
Secretary: Paul Mahoney - PO Box 3081, CAREFREE, AZ, 85377, USA - - Date of Taking Office: 11/08/2023
Treasurer: Paul Mahoney - PO Box 3081, CAREFREE, AZ, 85377, USA - - Date of Taking Office: 11/08/2023
Vice-President: Joe Hegener - PO Box 3081, CAREFREE, AZ, 85377, USA - - Date of Taking Office: 11/08/2023

SIGNATURE

President: Michael Olley - 05/31/2024

Arizona Corporation Commission - RECEIVED: 5/31/2024
Arizona Corporation Commission - PENDING: 5/31/2024

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DESERT RANCH HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023
AND FOR THE YEAR THEN ENDED

BUTLER PLC HANSEN

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DESERT RANCH HOMEOWNERS ASSOCIATION

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BUTLER PLC HANSEN
CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Directors of
Desert Ranch Homeowners Association

Management is responsible for the accompanying financial statements of Desert Ranch Homeowners Association (an Arizona corporation), which comprise the statement of assets, liabilities and members' equity – modified cash basis as of December 31, 2023, and the related statement of revenues, expenses and changes in members' equity – modified cash basis for the year then ended, and the related notes to the financial statements in accordance with the modified cash basis of accounting, and for determining that the modified cash 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 American Institute of Certified Public Accountants.

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. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash financial reporting framework, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Butler Hansen, PLC

Gilbert, Arizona
May 28, 2024

"Your prosperity is our number-one priority"

DESERT RANCH HOMEOWNERS ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES AND MEMBERS' EQUITY - MODIFIED CASH BASIS
DECEMBER 31, 2023

	OPERATING FUND	REPLACEMENT FUND	TOTAL
ASSETS			
Cash	$ 5,107	$ 31,404	$ 36,511
Restricted Cash	12,502	-	12,502
Interfund Balance	(7,975)	7,975	-
TOTAL ASSETS	$ 9,634	$ 39,379	$ 49,013
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
Prepaid Assessments	$ 100	$ -	$ 100
Deposits	12,502	-	12,502
TOTAL LIABILITIES	12,602	-	12,602
MEMBERS' EQUITY			
Operating Fund	(2,968)	-	(2,968)
Replacement Fund	-	39,379	39,379
TOTAL MEMBERS' EQUITY	(2,968)	39,379	36,411
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 9,634	$ 39,379	$ 49,013

See accompanying notes to the financial statements.

DESERT RANCH HOMEOWNERS ASSOCIATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN MEMBERS' EQUITY - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUES			
Assessments	$ 13,437	$ -	$ 13,437
Road Funds	5,765	-	5,765
Late Fee	213	-	213
Miscellaneous Income	5,500	25	5,525
Builders' Fees	2,005	5,000	7,005
Legal Fee Reimbursement	220	-	220
TOTAL REVENUES	27,140	5,025	32,165
EXPENSES			
ADMINISTRATIVE			
Administrative Fees	1,461	-	1,461
Legal Fees - General	12,451	-	12,451
Annual Meeting & Mailbox	244	25	269
Zoom Fees	150	-	150
Corporate Commission	20	-	20
CPA Services	585	-	585
TOTAL ADMINISTRATIVE	14,911	25	14,936
CONTRACT SERVICES			
Management Contract	2,350	-	2,350
TOTAL CONTRACT SERVICES	2,350	-	2,350
TOTAL EXPENSES	17,261	25	17,286
EXCESS REVENUES (EXPENSES)	9,879	5,000	14,879
MEMBERS' EQUITY BEGINNING OF YEAR	(7,082)	28,614	21,532
TRANSFERS BETWEEN FUNDS	(5,765)	5,765	-
MEMBERS' EQUITY END OF YEAR	$ (2,968)	$ 39,379	$ 36,411

See accompanying notes to the financial statements.

DESERT RANCH HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - NATURE OF THE ORGANIZATION

Desert Ranch Homeowners Association (the "Association"), a non-stock homeowners association, was incorporated on October 4, 2006, under the general non-profit laws of the State of Arizona. The Association was established to provide management, maintenance and preservation of the common areas and other property owned by the Association or property placed under its jurisdiction. The Association consists of 34 single family homes, and is located in Scottsdale, Arizona. There is a Board of Directors elected by the member homeowners. The Board of Directors acts as the managing agent for the Association.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting
The Association's general records and the accompanying financial statements are prepared using the modified cash method of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. These financial statements have been modified to report liabilities for prepaid assessments and deposits.

Fund Accounting
The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes using the following funds established according to their nature and purpose:

Operating Fund
The Operating Fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund
The Replacement Fund is used to account for the use and accumulation of funds for future major repairs and replacements.

Cash and Cash Equivalents
The Association considers cash in operating bank accounts, money market accounts, cash on hand, and certificates of deposit, purchased with original maturity dates of three months, or less, as cash and cash equivalents. Certificates of deposit and financial instruments, with original maturities, at date of purchase, of more than three months, are classified as certificates of deposit.

Fair Value of Financial Instruments
Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments (none of which are held for trading purposes), approximate the carrying values of such amounts.

Prepaid Assessments and Revenue Recognition
Payments received by the Association prior to the assessment due date are properly not recognized as revenue until the corresponding assessment is made by the Association.

DESERT RANCH HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Common Property
Certain land areas were contributed by the developer, upon completion of the project, at no cost to the Association, which are not reflected in the financial statements. The contributed areas consist of streets, landscape and landscape rights-of-way, which can never be sold or subdivided. The Association has not placed a value on these assets.

Property and Equipment
In accordance with American Institute of Certified Public Accountants guidelines, the Association capitalizes all common real property to which it has title or other evidence of ownership and either:

(1) can dispose of the property, at the discretion of its Board of Directors, for cash or claims to cash and it can retain the proceeds,

- or -

(2) the property is used to generate significant cash flows from the members on the basis of usage.

The Association capitalizes all personal property it acquires. Purchased property and equipment is recorded at cost and depreciated utilizing various acceptable methods over the useful lives of the property and equipment.

Date of Management's Review
Subsequent events have been evaluated through May 28, 2024, which is the date the financial statements were available to be issued.

NOTE 3 - MAINTENANCE ASSESSMENTS AND EXPENSES

Association members are subject to annual assessments to provide funds for the Association's operating expenses and future major repairs and replacements. During 2023, the annual assessment for improved lots in parcels 511 and 711 was $447.90, payable annually. The annual assessment for unimproved lots in parcel 711 was $149.29, payable annually. During 2023, the lots in parcel 711 were also subject to a separate road reserve annual assessment. The road reserve assessment for the improved lots was $302, payable annually. The road reserve assessment for the unimproved lots was $101, payable annually. Excess assessments at year end are retained by the Association for use in future periods. There is a maximum annual assessment defined in the Association's governing documents.

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Association's primary source of revenue is member assessments, which are earned on assessable lots or parcels located within a small geographic area. Member assessments and related receivables are subject to significant concentration of credit risk, given that they are primarily from a small geographical area, which can be impacted by similar economic conditions. Member assessments may be secured by liens upon a member's property or legal judgements. The Association monitors the collectability of these receivables and pursues collection as needed. Should the Association's collection efforts be unsuccessful, the Association could incur losses up to the full amount due. Management routinely assesses the collectability of these receivables and provides for an allowance for doubtful accounts.

DESERT RANCH HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 - CONCENTRATION OF CREDIT RISK (CONTINUED)

The Association places its cash deposits and investments with financial institutions that have Federal Deposit Insurance Corporation (FDIC) coverage. At various times, deposits with these financial institutions, designated as cash, cash equivalents and investments, may exceed insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC), or other types of insurance programs.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

The Association enters into various contracts for management, landscape and other services. Generally, all contracts are for one year terms and can be canceled by either party with 30 to 90 day notifications.

NOTE 6 - INCOME TAXES

The Association files its income tax return as a homeowners association, in accordance with Internal Revenue Code Section 528. Under that Section, the Association is not taxed on uniform assessments to members and other income received from Association members solely as a function of their membership in the Association. The Association is taxed on its investment income and other non-exempt function income. The Association had a federal and state tax liability of $0 and $50, respectively, for the year ended December 31, 2023. Federal and state income taxes disbursed in the current year for the prior year were $0 and $50, respectively.

NOTE 7 - UNCERTAIN TAX POSITIONS

The Association accounts for uncertain tax positions, if any, in accordance with FASB Accounting Standards Codification Section 740. In accordance with these professional standards, the Association recognizes tax positions only to the extent that Management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes that it has no uncertain tax position for the year ending December 31, 2023.

The Association believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Association's financial condition, net income or cash flows. Accordingly, the Association has not recorded any reserves, or related accruals for interest and penalties for uncertain tax provisions at December 31, 2023.

The Association is subject to routine audits by taxing jurisdictions; however, there are no audits currently in progress for any tax periods. The Association believes it is no longer subject to income tax examinations by U.S. federal tax authorities for years before 2021, or by Arizona state tax authorities for years before 2020.

NOTE 8 - REPLACEMENT FUND

The Association accumulates funds for future major repairs and replacements; at December 31, 2023, these funds were $39,379 and are held in separate accounts and are generally not available for operating purposes.

DESERT RANCH HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - REPLACEMENT FUND (CONTINUED)

The Association's Board of Directors has not engaged a firm to conduct a study to estimate the remaining useful lives and replacements costs of the common property components. Accordingly, amounts designated for future major repairs and replacements may not be adequate to meet future needs. If additional funds are needed, however, the Association may increase regular assessments up to the maximum annual assessment, levy special assessments subject to member approval, borrow the funds necessary, subject to member approval, or may delay major repairs and replacements until funds are available.

NOTE 9 - RESTRICTED CASH

For the year ended December 31, 2023, the Association has designated $12,502 of the Operating Funds to be held for repayment of deposits.