

# **Padre Isles Property Owners Association**

Financial Statements and Report

May 31, 2020

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Certified Public Accountants

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### Accountant's Compilation Report

Marvin Jones  
Padre Isles Property Owners Association  
Corpus Christi, TX, United States of America

Management is responsible for the accompanying financial statements of Padre Isles Property Owners Association (the Company), which comprise the balance sheet as of May 31, 2020, and the related statements of income and retained earnings for the five months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed the 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.

Management has elected to omit substantially all the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

*Gowland, Streatly, Morales & Co. PLLC*

Gowland, Streatly, Morales & Co PLLC  
Corpus Christi, TX

June 03, 2020

**Padre Isles Property Owners Association**

Balance Sheet

As of May 31, 2020

|  | <b>2020</b>   |
|--|---------------|
|  | <b>\$</b>     |
| <b>Assets</b>  |               |
| <b>Current Assets</b>                                |               |
| <b>Cash and Cash Equivalents</b>                     |               |
| <b>Cash</b>  |               |
| American Bank Builders Deposit                       | \$ 83,788     |
| Petty Cash   | 100           |
| American Bank Operating 3820                         | 276,489       |
| Bill.com Payments Processing                         | (33,920)      |
| <b>Total Cash</b>                                    | 326,457       |
| <b>Cash Equivalents</b>                              |               |
| Cash & Equivalents HPO LTD                           | 814,509       |
| Restricted Cash Current                              | 8,066,176     |
| <b>Total</b>   | 8,880,685     |
| <b>Short-term Investments</b>                        |               |
| <b>Marketable Securities, current</b>                |               |
| American Funds Bond Fd                               | 997,860       |
| Dodge & Cox Income Fund                              | 755,604       |
| Vanguard Fixed Income ST                             | 321,090       |
| American Century SM Cap Fund                         | 82,327        |
| Dodge & Cox Stk Fd                                   | 259,222       |
| Fidelity Advisor Ser Sm Cap Fun                      | 143,106       |
| Growth Fund America Cl                               | 300,386       |
| <b>Total Marketable Securities, current</b>          | 2,859,596     |
| <b>Receivables, net</b>                              |               |
| Accounts Receivable, gross                           | 674,557       |
| Allowance for Doubtful Accounts Receivable           | (199,166)     |
| <b>Total</b>   | 475,391       |
| Prepaid Expense                                      | 24,860        |
| <b>Total Current Assets</b>                          | 12,566,989    |
| <b>Assets, Noncurrent</b>                            |               |
| <b>Property, Plant and Equipment, net</b>            |               |
| Property, Plant and Equipment                        | 148,710       |
| Accumulated Depreciation, Depletion and Amortization | (141,818)     |
| <b>Total Property, Plant and Equipment, net</b>      | 6,893         |
| <b>Total Assets</b>                                  | \$ 12,573,881 |

[See Accountant's compilation report]  
**Padre Isles Property Owners Association**  
 Balance Sheet  
 As of May 31, 2020

**Liabilities and Equity**

**Liabilities**

**Liabilities, current**

|                  |       |
|------------------|-------|
| Accounts Payable | 3,342 |
|------------------|-------|

**Deferred Revenue and Credits, current**

|                           |        |
|---------------------------|--------|
| Prepaid Owner Assessments | 10,925 |
|---------------------------|--------|

**Other Liabilities, current**

|                                |        |
|--------------------------------|--------|
| Contractor Refundable Deposits | 52,335 |
|--------------------------------|--------|

|                                   |               |
|-----------------------------------|---------------|
| <b>Total Liabilities, current</b> | <b>66,602</b> |
|-----------------------------------|---------------|

**Equity**

**Retained Earnings (Deficit)**

|                         |           |
|-------------------------|-----------|
| Unrestricted Net Assets | 2,048,873 |
|-------------------------|-----------|

|                                   |         |
|-----------------------------------|---------|
| Unrealized Investment Gain (Loss) | 105,065 |
|-----------------------------------|---------|

|                   |           |
|-------------------|-----------|
| Net Income (Loss) | 1,839,174 |
|-------------------|-----------|

|  |                  |
|--|------------------|
| <b>Total Retained Earnings (Deficit)</b> | <b>3,993,113</b> |
|--|------------------|

**Preferred Stock**

|                                 |           |
|---------------------------------|-----------|
| Fund Balance - Oprtns & Slf Ins | 8,514,167 |
|---------------------------------|-----------|

|                     |                   |
|---------------------|-------------------|
| <b>Total Equity</b> | <b>12,507,280</b> |
|---------------------|-------------------|

|                                     |           |                   |
|-------------------------------------|-----------|-------------------|
| <b>Total Liabilities and Equity</b> | <b>\$</b> | <b>12,573,881</b> |
|-------------------------------------|-----------|-------------------|

|  |          |
|--|----------|
| Unrealized Investment Gain (Loss) change from last month | \$93,382 |
|--|----------|

Padre Isles Property Owners Association  
Statement of Income  
As of May 31, 2020

|  | TOTAL                      |                     |                      |                |
|--|----------------------------|---------------------|----------------------|----------------|
|  | May 20                     | Budget              | \$ Over/Under Budget | % of Budget    |
| <b>Income</b>                          |                            |                     |                      |                |
| Finance Charges                        |                            | 23,000.00           | -23,000.00           | 0.0%           |
| Credit Card Convenience Fees           |                            | 0.00                | 0.00                 | 0.0%           |
| Compliance Fees                        | 50.00                      | 0.00                | 50.00                | 100.0%         |
| Assessments                            | 1,932,286.23               | 1,914,576.00        | 17,710.23            | 100.93%        |
| Lot Mowing Assessment Collected        |                            | 0.00                | 0.00                 | 0.0%           |
| Garden Maint Collected                 | 150.00                     | 0.00                | 150.00               | 100.0%         |
| Investment Income                      | 130,633.04                 | 0.00                | 130,633.04           | 100.0%         |
| ACC, Decal & Transfer Fees             | 36,489.40                  | 104,286.60          | -67,797.20           | 34.99%         |
| Billish Park - City of CC Contribution | 361,226.21                 | 0.00                | 361,226.21           | 100.0%         |
| Miscellaneous Income                   |                            | 0.00                | 0.00                 | 0.0%           |
| Mooring Fee                            |                            | 0.00                | 0.00                 | 0.0%           |
| <b>Total Income</b>                    | <u>2,460,834.88</u>        | <u>2,041,862.60</u> | <u>418,972.28</u>    | <u>120.52%</u> |
| <b>Gross Profit</b>                    | <u>2,460,834.88</u>        | <u>2,041,862.60</u> | <u>418,972.28</u>    | <u>120.52%</u> |
| <b>Expense</b>                         |                            |                     |                      |                |
| ACC Compliance                         |                            | 0.00                | 0.00                 | 0.0%           |
| Accounting/Auditing                    | 12,641.37                  | 45,859.00           | -33,217.63           | 27.57%         |
| Balloting Expense                      | 15,122.74                  | 8,500.00            | 6,622.74             | 177.92%        |
| Board/Annual Meeting                   | 1,575.00                   | 5,304.00            | -3,729.00            | 29.7%          |
| Investment Fees                        |                            | 10,000.00           | -10,000.00           | 0.0%           |
| POA Building Maintenance               | 440.00                     | 12,000.00           | -11,560.00           | 3.67%          |
| Bulkhead Repair                        | 167,174.00                 | 600,000.00          | -432,826.00          | 27.86%         |
| Canal Cleanup                          |                            | 5,000.00            | -5,000.00            | 0.0%           |
| Canal Dredging                         |                            | 250,000.00          | -250,000.00          | 0.0%           |
| Common Area Maintenance                | 96,882.74                  | 264,521.00          | -167,638.26          | 36.63%         |
| Billish Park Special Project           |                            | 0.00                | 0.00                 | 0.0%           |
| Billish Park Maintenance               | 24,619.24                  | 60,000.00           | -35,380.76           | 41.03%         |
| Billish Park Irrigation                | 5,443.80                   | 0.00                | 5,443.80             | 100.0%         |
| Billish Park Playground                | 6,846.50                   | 0.00                | 6,846.50             | 100.0%         |
| Computer Expense/IT                    | 26,907.84                  | 27,565.00           | -657.16              | 97.62%         |
| Contract Labor                         | 15,391.17                  | 14,000.00           | 1,391.17             | 109.94%        |
| Miscellaneous Expense                  |                            | 0.00                | 0.00                 | 0.0%           |
| Collection Expense                     | 2,500.00                   | 0.00                | 2,500.00             | 100.0%         |
| Insurance Expense                      | 63,383.85                  | 54,145.00           | 9,238.85             | 117.06%        |
| Legal Fees                             | 20,917.75                  | 37,000.00           | -16,082.25           | 56.53%         |
| Collection Fees                        |                            | 6,000.00            | -6,000.00            | 0.0%           |
| Subscription Expense                   | 278.99                     | 0.00                | 278.99               | 100.0%         |
| Bank & Credit Card Fees                | 15,023.12                  | 13,200.00           | 1,823.12             | 113.81%        |
| Special Projects                       |                            | 2,000.00            | -2,000.00            | 0.0%           |
| Office Supplies                        | 12,083.66                  | 7,000.00            | 5,083.66             | 172.62%        |
| Payroll Expenses                       | 123,885.36                 | 355,515.00          | -231,629.64          | 34.85%         |
| Postage and Delivery                   | 1,055.37                   | 10,000.00           | -8,944.63            | 10.55%         |
| Newsletter Expense                     |                            | 5,000.00            | -5,000.00            | 0.0%           |
| Property Taxes                         |                            | 8,000.00            | -8,000.00            | 0.0%           |
| Office Machine Contracts               | 2,760.11                   | 10,000.00           | -7,239.89            | 27.6%          |
| Telephone Expense                      | 1,000.55                   | 5,000.00            | -3,999.45            | 20.01%         |
| Web Site Expense                       |                            | 6,000.00            | -6,000.00            | 0.0%           |
| Mileage Expense                        | 32.20                      | 5,600.00            | -5,567.80            | 0.58%          |
| Utilities                              | 2,825.92                   | 6,000.00            | -3,174.08            | 47.1%          |
| Security Alarm                         | 319.18                     | 1,000.00            | -680.82              | 31.92%         |
| Water Inspections                      |                            | 35,000.00           | -35,000.00           | 0.0%           |
| Aerator Reimbursements                 | 2,550.00                   | 9,120.00            | -6,570.00            | 27.96%         |
| <b>Total Expense</b>                   | <u>621,660.46</u>          | <u>1,878,329.00</u> | <u>-1,256,668.54</u> | <u>33.1%</u>   |
| <b>Net Income</b>                      | <u><u>1,839,174.42</u></u> |                     |                      |                |