

Padre Isles Property Owners Association

Financial Statements and Report

October 31, 2023

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Accountant's Compilation Report

Drew Diggins
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 October 31, 2023, and the related statements of income and retained earnings for the ten 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, Morales, & Smith, PLLC

Gowland, Morales & Smith PLLC
Corpus Christi, TX

November 10, 2023

Padre Isles Property Owners Association

Balance Sheet
As of October 31, 2023

| Assets | | |
|--|----------------------|--|
| Current Assets | | |
| Cash and Cash Equivalents | | |
| Cash | | |
| American Bank Operating 3820 | 262,054 | |
| HPO Cash | 49,817 | |
| Bill.com Payments Processing | - | |
| Total Cash | 311,871 | |
| Cash Equivalents | | |
| HPO Certificate of Deposit | 10,379,300 | |
| Total Cash Equivalents | 10,379,300 | |
| Prepaid Expenses | | |
| Prepaid Insurance | 47,293 | |
| Total Prepaid Expenses | 47,293 | |
| Short-term Investments | | |
| Marketable Securities, current | | |
| American Funds Bond Fd | 767,806 | |
| Dodge & Cox Income Fund | 611,181 | |
| Vanguard Fixed Income ST | - | |
| American Century SM Cap Fund | 116,267 | |
| Dodge & Cox Stk Fd | 357,084 | |
| Fidelity Advisor Ser Sm Cap Fun | 166,665 | |
| Growth Fund America CI | 327,340 | |
| Total Marketable Securities, current | 2,346,342 | |
| Inventory | | |
| Bulkhead Material Inventory | 65,000 | |
| Total Inventory | 65,000 | |
| Receivables, net | | |
| Accounts Receivable, Assessments & Fees | 238,981 | |
| Accounts Receivable, Trade | - | |
| Total Receivables, net | 238,981 | |
| Total Current Assets | 13,388,787 | |
| Assets, Noncurrent | | |
| Non-Current Receivables | 358,063 | |
| Allowance for Doubtful Accounts Receivable | (199,166) | |
| Total Assets, Noncurrent | 158,897 | |
| Property, Plant and Equipment, net | | |
| Property, Plant and Equipment | 148,710 | |
| Accumulated Depreciation, Depletion and Amortization | (144,003) | |
| Total Property, Plant and Equipment, net | 4,707 | |
| Total Assets | \$ 13,552,391 | |

Padre Isles Property Owners Association

Balance Sheet
As of October 31, 2023

Liabilities and Equity

Liabilities

Liabilities, current

Accounts Payable 68,675

Deferred Revenue and Credits, current

Prepaid Owner Assessments 3,869

Other Liabilities, current

Withholding Tax for Aerator Payments -

Contractor Refundable Deposits 3,700

Total Liabilities, current 76,244

Equity

Retained Earnings (Deficit)

Unrealized Investment Gain (Loss) 98,029

Net Income (Loss) 830,715

Fund Balance 12,547,403

Total Equity 13,476,146

Total Liabilities and Equity \$ 13,552,391

Unrealized Investment Gain (Loss) change from last month (42,050.93)

Padre Isles Property Owners Association

Oct-23 Income Statement

| REVENUE | Oct-23 | 2023 YTD Actual | 2023 YTD Budget | \$ Over/Under YTD Budget | 2023 Annual Budget | Proj 2023 Expenditures |
|--|----------------|------------------|------------------|--------------------------|--------------------|------------------------|
| Operating Revenue | | | | | | |
| Assessments | 0 | 2,073,400 | 2,084,000 | -10,600 | 2,084,000 | 2,073,400 |
| Miscellaneous Revenue | | | | | | |
| ACC Applications | 1,500 | 12,850 | 16,667 | -3,817 | 20,000 | 15,420 |
| Decal Sales | 708 | 28,051 | 18,750 | 9,301 | 22,500 | 33,661 |
| Resale Certificate Fee | 900 | 11,100 | 12,500 | -1,400 | 15,000 | 13,320 |
| Transfer Fees | 1,700 | 22,700 | 41,667 | -18,967 | 50,000 | 27,240 |
| Finance Charges | 7,488 | 36,695 | 16,667 | 20,029 | 20,000 | 44,034 |
| Misc Revenue, Other | 200 | 4,560 | 2,083 | 2,477 | 2,500 | 5,472 |
| Total Operating Revenue | 12,496 | 2,189,356 | 2,192,333 | (2,977) | 2,214,000 | 2,212,547 |
| Non-Operating Revenue | | | | | | |
| Billish Park - City of CC Contribution | 0 | 14,700 | 14,700 | 0 | 14,700 | 14,700 |
| Investment Income | 50,585 | 233,517 | 108,333 | 125,183 | 130,000 | 280,220 |
| Total Non-Operating Revenue | 50,585 | 248,217 | 123,033 | 125,183 | 144,700 | 294,920 |
| Total Revenue | 63,081 | 2,437,573 | 2,315,367 | 122,206 | 2,358,700 | 2,507,467 |
| EXPENSE | | | | | | |
| Routine Operations | | | | | | |
| Bulkheads & Canals | | | | | | |
| Bulkhead Inspection (ACC App) | 1,175 | 15,825 | 11,046 | 4,779 | 13,256 | 18,990 |
| Bulkhead Inspection | 750 | 8,180 | 11,046 | -2,866 | 13,256 | 9,816 |
| Bulkhead / Drill & Probe | 2,240 | 9,745 | 18,109 | -8,364 | 21,731 | 11,694 |
| Bulkhead Panel Repair | 250,000 | 251,590 | 16,096 | 235,494 | 19,316 | 301,908 |
| Bulkhead Washout/Screen | 15,450 | 69,850 | 48,296 | 21,554 | 57,956 | 83,820 |
| Bulkhead Tieback Repair | 500 | 17,500 | 18,109 | -609 | 21,731 | 21,000 |
| Bulkhead Repair/Manta Ray Install | 3,000 | 7,500 | 528,901 | -521,401 | 634,682 | 9,000 |
| Bulkhead Drain Install | 0 | 385 | 48,296 | -47,911 | 57,956 | 462 |
| Bulkhead Caps Repair | 29,740 | 303,965 | 32,196 | 271,769 | 38,636 | 364,758 |
| Canal Dredging | 0 | 0 | - | 0 | | 0 |
| Canal Cleanup | 586 | 11,884 | 6,987 | 4,898 | 8,384 | 14,261 |
| Bulkhead Repairs, Total | 303,441 | 696,424 | 739,083 | -42,659 | 886,900 | 835,709 |
| Billish Park | | | | | | |
| Billish Park Lawn Maintenance | 4,250 | 45,878 | 43,740 | 2,139 | 52,488 | 55,054 |
| Billish Park Irrigation | 0 | 0 | 6,667 | -6,667 | 8,000 | 0 |
| Billish Park Playground | 0 | 0 | 4,167 | -4,167 | 5,000 | 0 |
| Billish Park General Maintenance | 155 | 2,149 | 2,500 | -351 | 3,000 | 2,578 |
| Billish Park Special Project | 0 | 0 | 5,000 | -5,000 | 6,000 | 0 |
| Billish Park, Total | 4,405 | 48,027 | 62,073 | -14,046 | 74,488 | 57,632 |
| Common Area Maintenance | | | | | | |
| Common Area Mowing/Trimming | 6,833 | 75,608 | 81,028 | -5,419 | 97,233 | 90,730 |
| Boat Ramp Wash/Maintenance | 3,845 | 41,754 | 40,903 | 851 | 49,083 | 50,105 |
| Common Area Special Projects | 0 | 47,507 | 41,667 | 5,841 | 50,000 | 57,009 |
| Water Inspections | 6,500 | 28,139 | 28,750 | -611 | 34,500 | 33,766 |
| Aerator Reimbursements | 0 | 8,640 | 14,400 | -5,760 | 17,280 | 10,368 |
| Aerator Repair/Maintenance | 934 | 1,581 | 0 | 1,581 | 2,500 | 1,897 |
| Security Expense | 0 | 394 | 2,083 | -1,690 | 2,500 | 473 |
| Dumpster / Trash Service | 0 | 3,537 | 5,180 | -1,643 | 6,215 | 4,244 |
| Misc. Common Area | 3,618 | 8,199 | 5,576 | 2,622 | 6,691 | 9,838 |
| Common Area Maintenance, Total | 21,730 | 215,358 | 219,586 | -4,228 | 266,004 | 258,430 |
| Cost of Routine Operations, Total | 329,576 | 959,809 | 1,020,743 | -60,933 | 1,227,391 | 1,151,771 |

| | Oct-23 | 2023 YTD Actual | 2023 YTD Budget | \$ Over/Under YTD Budget | 2023 Annual Budget | Projected 2023 Annual Expenditures |
|--|-----------------|------------------|------------------|--------------------------|--------------------|------------------------------------|
| G&A | | | | | | |
| Office Expense | | | | | | |
| Payroll Expenses | 22,183 | 257,152 | 333,333 | -76,181 | 400,000 | 308,582 |
| Computer Expense/IT | 1,345 | 10,223 | 9,610 | 613 | 11,532 | 12,267 |
| Contract Labor | 4,408 | 43,388 | 13,333 | 30,054 | 16,000 | 52,065 |
| POA Building Maintenance | 800 | 2,477 | 3,333 | -856 | 4,000 | 2,973 |
| Postage and Delivery | 0 | 5,500 | 8,250 | -2,750 | 9,900 | 6,600 |
| Office Machine Contracts | 1,228 | 9,863 | 7,867 | 1,997 | 9,440 | 11,836 |
| Property Taxes | 1,750 | 3,043 | 1,848 | 1,195 | 2,218 | 3,652 |
| Office Supplies | 1,677 | 6,949 | 10,417 | -3,468 | 12,500 | 8,338 |
| Utilities | 0 | | | | | |
| Electricity | 663 | 4,006 | 3,958 | 47 | 4,750 | 4,807 |
| Water / Sewer / Trash | 233 | 3,062 | 6,000 | -2,938 | 7,200 | 3,674 |
| Internet | 143 | 1,419 | 1,370 | 49 | 1,644 | 1,703 |
| Web Site Expense | 200 | 2,000 | 2,250 | -250 | 2,700 | 2,400 |
| Mileage Expense | 1,000 | 9,077 | 11,250 | -2,173 | 13,500 | 10,892 |
| Telephone Expense | 255 | 2,496 | 2,584 | -88 | 3,100 | 2,995 |
| Security Alarm | 0 | 2,990 | 2,639 | 350 | 3,167 | 3,588 |
| Bad Debt Expense | 2,266 | 1,858 | 12,500 | -10,642 | 15,000 | 2,229 |
| Subscription Expense | 0 | 991 | 271 | 720 | 325 | 1,189 |
| Miscellaneous Expense | 401 | 17,314 | 4,167 | 13,147 | 5,000 | 20,776 |
| Office Expense, Total | 38,551 | 383,806 | 434,980 | -51,174 | 521,976 | 460,567 |
| Association Fees & 3rd Party Expenses | | | | | | |
| Community Engagement | 0 | 0 | 4,167 | -4,167 | 5,000 | 0 |
| Insurance Expense | 9,269 | 84,448 | 106,108 | -21,660 | 127,329 | 101,337 |
| Balloting Expense | 0 | 14,477 | 13,333 | 1,144 | 16,000 | 17,373 |
| Board/Annual Meeting | 466 | 8,443 | 4,167 | 4,277 | 5,000 | 10,132 |
| Boat Rental | 0 | 310 | 1,600 | -1,290 | 1,920 | 372 |
| Credit Card Fees | 388 | 20,541 | 16,667 | 3,874 | 20,000 | 24,649 |
| Bank Fees | 90 | 1,398 | 2,083 | -685 | 2,500 | 1,677 |
| Collection Fees | 0 | 2,000 | 11,667 | -9,667 | 14,000 | 2,400 |
| Association Fees, Total | 10,213 | 131,617 | 159,791 | -28,174 | 191,749 | 157,940 |
| Professional Fees | | | | | | |
| Accounting | 10,018 | 55,661 | 50,000 | 5,661 | 60,000 | 66,793 |
| Audit | 0 | 9,700 | 10,417 | -717 | 12,500 | 11,640 |
| Legal Fees | 82 | 56,056 | 41,667 | 14,389 | 50,000 | 67,267 |
| Investment Fees | 2,649 | 10,209 | 8,333 | 1,876 | 10,000 | 12,251 |
| Professional Fees, Total | 12,749 | 131,626 | 110,417 | 21,210 | 132,500 | 157,951 |
| G&A, Total | 61,513 | 647,049 | 705,187 | -58,139 | 846,225 | 776,458 |
| Total Expense | 391,089 | 1,606,858 | 1,725,930 | -119,072 | 2,073,616 | 1,928,229 |
| Net Income | -328,008 | 830,715 | 589,437 | 241,278 | 285,084 | 579,238 |

{See Accountant's compilation report}

Depreciation Expense is not recorded on a monthly basis but rather at the end of the year when the audit is performed.