Village of Jefferson Residents' Association

Financial Statements

December 31, 2012 & 2011

Enrolled to Practice before the Internal Revenue Service
WILBURN S. HINCH, INC.
Bookkeeping & Tax Service
118 South Main
De Soto, Missouri 63020

TIMOTHY W. HINCH
Office Phone: (636)586-5258 Fax: (636)586-9840
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ACCOUNTANT'S COMPILATION REPORT

March 11, 2013

Board of Directors
Village of Jefferson Residents' Association
P.O. Box 248
Barnhart, MO 63012

Ladies & Gentlemen:

We have compiled the accompanying statements of assets, liabilities, and fund balances – modified cash basis of Village of Jefferson Residents' Association as of December 31, 2011 and 2012, and the related statements of revenues, expenses, and change in fund balance – modified cash basis, and cash flow – modified cash basis for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The American Institute of Certified Public Accountants has determined that supplementary information about future major repairs and replacements of common property is required to supplement, but not required to be a part of, the basic financial statements. The Village of Jefferson Residents; Association has not presented this supplementary information.

Sincerely yours,

Timothy W. Hinch, E. A.

VILLAGE OF JEFFERSON RESIDENTS' ASSOCIATION

Statement of Assets, Liabilities, and Fund Balances-Modified Cash Basis

ASSETS

	December 31, 2012	December 31, 2011
Current Assets		
Cash	$ 90,210.95	$ 66,328.44
Property and Equiptment	$ 16,039.08	$ 15,697.08
Total Assets	$ 106,250.03	$ 82,025.52

LIABILITIES AND FUND BALANCE

Current Liabilities		
Credit Cards	$ -	$ -
Payroll Taxes Withheld	$ 2,133.21	
	$ 2,133.21	$ -
Fund Balance	$ 104,116.82	$ 82,025.52
Total Liabilities and Fund Balances	$ 106,250.03	$ 82,025.52

See notes to financial statements and accountant's compilation report.

VILLAGE OF JEFFERSON RESIDENTS' ASSOCIATION

Statement of Revenues, Expenses, and Change in Fund Balance - Modified Cash Basis

	For the Years Ended December 31,			
	2012			2011
	General Account	Activity Account	Total	Total
Revenues				
Assessments Collected	$ 199,208.42	$ -	$ 199,208.42	$ 134,631.60
Assessments - delinquent fees	$ 28,684.80	$ -	$ 28,684.80	$ 5,368.39
Attorney Fees Collected	$ 6,912.87	$ -	$ 6,912.87	$ 40.97
Services	$ -	$ -	$ -	$ -
Newsletter Income	$ -	$ -	$ -	$ -
Pool Guest/Parties/	$ -	$ 979.28	$ 979.28	$ 979.28
Interest	$ 119.42		$ 119.42	$ 74.43
Miscellaneous	$ 4,279.92	$ -	$ 4,279.92	$ 3,156.09
	$ 239,205.43	$ 979.28	$ 240,184.71	$ 144,250.76
Expenses				
Accounting fees	$ 925.00	$ -	$ 925.00	$ 125.00
Attorney fees	$ 20,118.10	$ -	$ 20,118.10	$ 5,354.57
Capital Improvements	$ 1,148.76	$ -	$ 1,148.76	$ 9,060.30
Collection Fees	$ 28,134.43	$ -	$ 28,134.43	$ 15.00
Common Ground Maintenance	$ 20,401.56	$ -	$ 20,401.56	$ 23,923.23
Depreciation	$ 224.00	$ -	$ 224.00	$ 342.00
Electric Dusk to Dawn	$ 9,926.15	$ -	$ 9,926.15	$ 9,004.68
Equipment Purchased	$ -	$ -	$ -	$ 650.00
Equipment Repair & Maintenance	$ 2,213.53	$ -	$ 2,213.53	$ 5,104.13
Insurance	$ 11,593.87	$ -	$ 11,593.87	$ 16,417.00
Miscellaneous	$ 4,740.90	$ -	$ 4,740.90	$ 1,755.78
Newsletter	$ -	$ -	$ -	$ -
Office Supplies & Telephone	$ 5,596.76	$ -	$ 5,596.76	$ 4,530.03
Payroll Expense	$ 31,911.59	$ -	$ 31,911.59	$ 28,526.09
Pool Maintenance & Supplies	$ 148.53		$ 148.53	$ 15,103.08
Pool Management Contract	$ -	$ -	$ -	$ 30,775.00
Pool Utilities	$ 1,270.51	$ -	$ 1,270.51	$ 4,941.39
Road Repairs	$ 73,168.42	$ -	$ 73,168.42	$ 3,714.23
Snow Removal	$ 5,035.00	$ -	$ 5,035.00	$ 26,668.58
Sales Taxes	$ 68.13	$ -	$ 68.13	$ 90.82
Taxes	$ 386.88	$ -	$ 386.88	$ 300.27
Web Site	$ 621.80	$ -	$ 621.80	$ 1,400.00
	$ 217,633.92	$ -	$ 217,633.92	$ 187,801.18
Net Revenues Less (Expenses)			$ 22,550.79	$ (43,550.42)

See notes to financial statements and accountant's compilation report.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Village of Jefferson Residents' Association was incorporated June 1, 1974 in the State of Missouri. The Association is responsible for the operation and maintenance of the common property within the development. The development consists of 583 residential units located in Jefferson County, Missouri.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Accounting

The Association maintains its accounts using fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. The operating fund is used to account for financial resources available for the general operations of the Association.

Basis of Accounting

The Association's policy is to prepare its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The modified cash basis of accounting reports income when received; and expenses when paid expenses when paid, except for capitalization of fixed assets and the related depreciation expense.

Cash and Cash Equivalents

For purpose of the cash flows statement, the Association considers all short-term investments with a maturity of three months or less to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DECEMBER 31, 2012 AND 2011

Member Assessments

Association members are subject to annual assessments to provide funds for the Association's operating expenses, future capital acquisitions and major repairs and replacements. 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.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association. Assets acquired by purchase or exchange that can be sold or disposed of at the discretion of the association are capitalized. When an asset is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss resulting there from is recognized in income currently. Normal repairs and maintenance are charged to expense as incurred.

	2012	2011
Land - Common Ground	$ 16,039.08	$ 16,039.08
Equipment	$ 15,525.00	$ 15,525.00
	$ 31,564.00	$ 31,564.08
Less: Accumulated Depreciation	$ (15,525.00)	$ (15,525.00)
	$ 16,039.08	$ 16,039.08

NOTE 2 - CASH

	2012	2011
At December 31, the cash consisted of:		
Operating account - Checking	$ 61,115.85	$ 74,439.61
Certificates of Deposit	$ 28,419.30	$ 28,302.49
Activity Account	$ 675.80	$ 2,139.63
	$ 90,210.95	$ 104,881.73

NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2012 AND 2011

NOTE 3 - MAJOR REPAIRS AND REPLACEMENT

The Association has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of cost 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, or delay major repairs and replacements until funds are available. The effect on future assessments hs not been determined.

NOTE 4 - INCOME TAXES

Pursuant to the Internal Revenue Code, the Association has the option to file as an exempt organization or as a subchapter C corporation. For the years ended December 31, 2012 and 2011, the Association elected to file as an exempt organization. The Association is taxed only on non-membership income, such as interest income. For the years ended December 31, 2012 and 2011, the Association reported federal and state income taxes of $183.00 and $32.00 respectively.