

**NOTTINGHAM COUNTRY COMMUNITY  
IMPROVEMENT ASSOCIATION, INC.**

FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members  
Nottingham Country Community Association, Inc.

### ***Opinion***

We have audited the accompanying financial statements of Nottingham Country Community Association, Inc. (the Association), which comprise the balance sheet as of December 31, 2021, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nottingham Country Community Association, Inc. as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Omission of Required Supplementary Information about Future Major Repairs and Replacements***

Management has omitted the Schedule of Future Major Repairs and Replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

*Cox CPA Services, Inc.*

Cox CPA Services, Inc.  
Houston, Texas  
October 18, 2022

**NOTTINGHAM COUNTRY COMMUNITY IMPROVEMENT ASSOCIATION, INC.**

BALANCE SHEET

December 31, 2021

**ASSETS**

**Current Assets**

Cash	\$	843,640
Certificates of deposit		528,399
Certificate of deposit, designated		138,017
Assessments receivable, net of an allowance for doubtful accounts of \$31,500		30,126
Prepaid expenses		<u>37,740</u>
TOTAL CURRENT ASSETS		1,577,922

**Property and Equipment**

Land		<u>110,579</u>
TOTAL ASSETS	\$	<u><u>1,688,501</u></u>

**LIABILITIES AND FUND BALANCES**

**Current Liabilities**

Accounts payable	\$	22,916
Prepaid assessments		<u>299,717</u>
TOTAL LIABILITIES		322,633

FUND BALANCE		<u>1,365,868</u>
TOTAL LIABILITIES AND FUND BALANCE	\$	<u><u>1,688,501</u></u>

See accompanying notes to financial statements.

**NOTTINGHAM COUNTRY COMMUNITY IMPROVEMENT ASSOCIATION, INC.**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES**  
For the Year Ended December 31, 2021

**REVENUES**

Assessments - operating	\$	639,194
Assessment - community service		54,556
Interest income		8,738
Other income		56,400
<b>TOTAL REVENUES</b>		<u>758,888</u>

**EXPENSES**

Administrative		30,908
Alley repairs		115,000
Community activities		6,039
Insurance		19,567
Irrigation repairs		6,635
Landscaping		89,125
Legal and professional		43,769
Maintenance and repair		9,646
Management		66,446
Patrol		305,865
Pest control		10,350
Utilities		9,927
<b>TOTAL EXPENSES</b>		<u>713,277</u>

**EXCESS (DEFICIT) OF REVENUES OVER EXPENSES** 45,611

**BEGINNING FUND BALANCE** 1,320,257

**ENDING FUND BALANCE** \$ 1,365,868

See accompanying notes to financial statements.

**NOTTINGHAM COUNTRY COMMUNITY IMPROVEMENT ASSOCIATION, INC.**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2021

**CASH FLOWS FROM OPERATING ACTIVITIES**

Excess (deficit) of revenues over expenses	\$	45,611
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Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:

(Increase) decrease in:

Assessments receivable	(4,945)
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Prepaid expenses	(1,880)
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Increase (decrease) in:

Accounts payable	13,090
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Prepaid assessments	(3,331)
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<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>48,545</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Certificates of deposit-purchases and reinvestment of interest income	<u>97,568</u>
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<b>NET INCREASE (DECREASE) IN CASH</b>	146,113
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<b>CASH AT BEGINNING OF YEAR</b>	<u>697,527</u>
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<b>CASH AT END OF YEAR</b>	<u><u>\$ 843,640</u></u>
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**SUPPLEMENTAL DISCLOSURE**

Income taxes paid	\$	-
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Interest paid	\$	-
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See accompanying notes to financial statements.

**NOTTINGHAM COUNTRY COMMUNITY IMPROVEMENT ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

**NOTE A—NATURE OF ORGANIZATION**

Nottingham Country Community Improvement Association, Inc. (“the Association”) is a homeowners association organized as a Texas non-profit corporation on July 5, 1972 to provide for the promotion, improvement and protection of the health and safety, property rights, recreation, facilities maintenance and preservation of the common property, and social and general welfare of the homeowners and residents of Nottingham Country single family residential areas as recorded in the Official Records of Harris County, Texas. The Association consists of 2,313 residential lots.

**NOTE B—DATE OF MANAGEMENT’S REVIEW**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 18, 2022, the date that the financial statements were available to be issued.

**NOTE C—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when the obligations are incurred.

Member Assessments

Association members are subject to assessments to provide funds for the Association’s operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association’s policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are thirty days or more delinquent. Management analyzes the collectability of assessments receivable on a regular basis and allows for bad debt expense for those it feels are not collectible. Any excess assessments at year end are retained by the Association for use in the succeeding year.

Cash and Cash Equivalents

The Association considers all short-term investments with a maturity of three months or less to be cash equivalents.

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. The Association capitalizes personal property at cost and depreciates it using the straight-line method over the estimated useful life.

**NOTTINGHAM COUNTRY COMMUNITY IMPROVEMENT ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

**NOTE C—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Prepaid Assessments

Prepaid assessments represent payments received from association members during the current year which relate to assessments for the subsequent year.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Concentration of Credit Risk

The Association maintains a majority of its cash balances at one financial institution. Accounts at this institution are secured by the Federal Deposit Insurance Corporation up to \$250,000. There was approximately \$68,258 of uninsured balances as of December 31, 2021.

**NOTE D—INCOME TAXES**

The Association was granted tax exempt status from Federal income tax under Section 501 (c) (4) of the Internal Revenue Service Code. Under this form the organization, all income other than unrelated business income is exempt, including interest income. Information return Form 990 is required to be filed each year. Accordingly, no provision for federal tax is made in the financial statements.

The Association recognizes and discloses its tax positions in accordance with accounting standards which requires the disclosure of uncertain tax positions and related penalties and interest recognized in the financial examination by a taxing authority. Accordingly, no related penalties or interest were recognized in the financial statements.

The tax years ending 2019, 2020 and 2021 are still open to audit.

**NOTE E—FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association's governing documents do not require that funds be accumulated for future major repairs and replacements, but such determination can be made by the Board of Directors. The Association had a replacement study performed in 2004 to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The Association has not updated the study nor followed the guidelines for allocations therefore a supplemental schedule is not included. The effect on future assessments has not been determined at this time.

**NOTTINGHAM COUNTRY COMMUNITY IMPROVEMENT ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

**NOTE E—FUTURE MAJOR REPAIRS AND REPLACEMENTS – continued**

When replacement funds are needed to meet future needs for major repairs and replacements, the Association has the right to increase regular assessments (pending approval of 60% of the homeowners) or delay major repair and replacements until funds are available.