

FIRETHORNE COMMUNITY ASSOCIATION, INC.  
REPORT ON AUDIT OF  
FINANCIAL STATEMENTS

For the Year Ended  
December 31, 2023

Nagesh & Associates, PLLC  
Certified Public Accountants



FIRETHORNE COMMUNITY ASSOCIATION, INC.

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
of FIRETHORNE COMMUNITY ASSOCIATION, INC.

### **Opinion**

We have audited the accompanying financial statements of FIRETHORNE COMMUNITY ASSOCIATION, INC. (the "Association"), which comprise the Balance Sheet as of December 31, 2023, and the related Statement of Assessments, Revenues and Expenses, and Changes in Fund Balances and Statement of 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 the Association, as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the Association's December 31, 2022, financial statements, and our report dated July 26, 2023, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material aspects, with the audited financial statements from which it has been derived.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

## **Auditors' 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 auditors' 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 of the Association 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.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules on pages 14 through 18, as identified in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Disclaimer of Opinion on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Supplementary Information on Future Major Repairs and Replacements on page 13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Nagesh & Associates, PLLC*

Houston, Texas

April 03, 2024

*Nagesh & Associates, PLLC*  
*Certified Public Accountants*

FIRETHORNE COMMUNITY ASSOCIATION, INC.

BALANCE SHEETS

As of December 31, 2023

With Summarized Comparative Information as of December 31, 2022

	Operating Fund	Replacement Fund	Gated Section 25/26 Fund	Gated Section 16 Fund	Property Fund	Totals 31-Dec-23	Summarized Totals 31-Dec-22
<b>ASSETS</b>							
Cash and cash equivalents	\$1,238,826	\$1,721,780	\$23,639	\$4,077	-	\$2,988,322	\$6,640,866
Certificates of Deposit	-	4,267,586	-	-	-	4,267,586	-
Accounts receivable residents	106,915	-	-	-	-	106,915	106,950
Allowance for doubtful accounts	(2,636)	-	-	-	-	(2,636)	(2,636)
Accrued interest	-	89,039	-	-	-	89,039	-
Prepaid expenses	61,408	-	-	-	-	61,408	49,759
Due from other funds	24,989	-	-	-	-	24,989	-
<b>Total current assets</b>	<b>1,429,502</b>	<b>6,078,405</b>	<b>23,639</b>	<b>4,077</b>	<b>-</b>	<b>7,535,623</b>	<b>6,794,939</b>
<b>Property and equipment</b>							
Land	-	-	-	-	\$389,764	389,764	389,764
Building	-	-	-	-	654,911	654,911	654,911
Accumulated depreciation	-	-	-	-	(27,288)	(27,288)	(5,458)
<b>Total property and equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,017,387</b>	<b>1,017,387</b>	<b>1,039,217</b>
<b>Total assets</b>	<b>\$1,429,502</b>	<b>\$6,078,405</b>	<b>\$23,639</b>	<b>\$4,077</b>	<b>\$1,017,387</b>	<b>\$8,553,010</b>	<b>\$7,834,156</b>
<b>LIABILITIES AND FUND BALANCE</b>							
Accounts payable	\$165,304	-	-	-	-	\$165,304	\$139,199
ARC pool deposit	205,000	-	-	-	-	205,000	230,000
Prepaid assessments	407,760	-	-	-	-	407,760	813,218
Due to other funds	-	-	\$22,406	\$2,583	-	24,989	-
<b>Total liabilities</b>	<b>778,064</b>	<b>-</b>	<b>22,406</b>	<b>2,583</b>	<b>-</b>	<b>803,053</b>	<b>1,182,417</b>
<b>Fund balance</b>	<b>651,438</b>	<b>\$6,078,405</b>	<b>1,233</b>	<b>1,494</b>	<b>\$1,017,387</b>	<b>7,749,957</b>	<b>6,651,739</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$1,429,502</b>	<b>\$6,078,405</b>	<b>\$23,639</b>	<b>\$4,077</b>	<b>\$1,017,387</b>	<b>\$8,553,010</b>	<b>\$7,834,156</b>

*The accompanying notes are an integral  
part of these financial statements.*

**FIRETHORNE COMMUNITY ASSOCIATION, INC.**  
**STATEMENTS OF ASSESSMENTS, REVENUES AND EXPENSES,**  
**AND CHANGES IN FUND BALANCES**  
**For The Year Ended December 31, 2023**  
**With Summarized Comparative Information for the Year Ended December 31, 2022**

	Operating Fund	Replacement Fund	Gated Section 25/26 Fund	Gated Section 16 Fund	Property Fund	Totals 31-Dec-23	Summarized Totals 31-Dec-22
<b>Assessments and revenues</b>							
Maintenance fees - residents	\$2,842,400	-	-	-	-	\$2,842,400	\$2,652,000
Maintenance fees - builder	-	-	-	-	-	-	23,200
East side special assessments	-	-	\$44,825	-	-	44,825	40,750
West 16 special assessments	-	-	-	\$8,400	-	8,400	8,400
North Fort Bend Water District	223,497	-	-	-	-	223,497	-
Late fees and interest	30,618	-	-	-	-	30,618	13,572
Investment income	-	\$151,557	30	-	-	151,587	21,526
Attorney fees assessed to home owners	57,773	-	-	-	-	57,773	14,146
Pool and plot plan review	4,475	-	-	-	-	4,475	1,025
Clubhouse rental	42,400	-	-	-	-	42,400	23,850
Miscellaneous income	5,414	-	-	-	-	5,414	43,562
Insurance claim	-	-	-	-	-	-	68,234
<b>Total revenues</b>	<b>3,206,577</b>	<b>151,557</b>	<b>44,855</b>	<b>8,400</b>	<b>-</b>	<b>3,411,389</b>	<b>2,910,265</b>
<b>Operating expenses</b>							
Repairs and maintenance	899,119	-	-	-	-	899,119	1,052,508
Professional services	412,238	-	-	-	-	412,238	319,141
Utilities	441,649	-	-	-	-	441,649	431,497
Security	219,199	-	-	-	-	219,199	219,571
Committees and special events	38,692	-	-	-	-	38,692	28,813
Gated Section	-	-	67,231	9,514	-	76,745	47,730
Other expenses	161,242	-	41	-	\$21,830	183,113	96,365
Capital improvements and replacements	-	42,416	-	-	-	42,416	(14,997)
<b>Total expenses</b>	<b>2,172,139</b>	<b>42,416</b>	<b>67,272</b>	<b>9,514</b>	<b>21,830</b>	<b>2,313,171</b>	<b>2,180,628</b>
<b>Amount before interfund transfers</b>	<b>1,034,438</b>	<b>109,141</b>	<b>(22,417)</b>	<b>(1,114)</b>	<b>(21,830)</b>	<b>1,098,218</b>	<b>729,637</b>
Interfund transfers	(2,417,035)	2,417,035	-	-	-	-	-
<b>Total replacement fund</b>	<b>(2,417,035)</b>	<b>2,417,035</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue over (under) expenses</b>	<b>(1,382,597)</b>	<b>2,526,176</b>	<b>(22,417)</b>	<b>(1,114)</b>	<b>(21,830)</b>	<b>1,098,218</b>	<b>729,637</b>
Fund balance, beginning of the year	2,034,035	3,552,229	23,650	2,608	1,039,217	6,651,739	5,922,102
<b>Fund balance, end of the year</b>	<b>\$651,438</b>	<b>\$6,078,405</b>	<b>\$1,233</b>	<b>\$1,494</b>	<b>\$1,017,387</b>	<b>\$7,749,957</b>	<b>\$6,651,739</b>

*The accompanying notes are an integral  
part of these financial statements.*

FIRETHORNE COMMUNITY ASSOCIATION, INC.  
STATEMENTS OF CASH FLOWS  
For The Year Ended December 31, 2023  
With Summarized Comparative Information for the Year Ended December 31, 2022

	Operating Fund	Replacement Fund	Gated Section 25/26 Fund	Gated Section 16 Fund	Property Fund	Totals 31-Dec-23	Summarized Totals 31-Dec-22
<b>Cash flow from (to) operations</b>							
Assessments and revenues							
over (under) expenses	(\$1,382,597)	\$2,526,176	(\$22,417)	(\$1,114)	(\$21,830)	\$1,098,218	\$729,637
<b>Adjustments to reconcile assessments and revenues over (under) expenses to cash flow from operations</b>							
Depreciation	-	-	-	-	21,830	21,830	5,458
Accounts receivable	35	-	-	-	-	35	(50,663)
Accrued interest	-	(89,039)	-	-	-	(89,039)	-
Prepaid expenses	(11,649)	-	-	-	-	(11,649)	-
Accounts payable	26,105	-	-	-	-	26,105	137,590
Swimming pool deposits	(25,000)	-	-	-	-	(25,000)	(20,000)
Prepaid assessments	(405,458)	-	-	-	-	(405,458)	74,863
Interfund balances	(24,989)	-	22,406	2,583	-	-	-
<b>Total cash flow from (to) operations</b>	<b>(1,823,553)</b>	<b>2,437,137</b>	<b>(11)</b>	<b>1,469</b>	<b>-</b>	<b>615,042</b>	<b>876,885</b>
<b>Investment activities</b>							
Investment in Certificate of deposits	-	(4,267,586)	-	-	-	(4,267,586)	-
Purchase Land from developer	-	-	-	-	-	-	(389,764)
Purchase Building from developer	-	-	-	-	-	-	(654,911)
<b>Total investing activities</b>	<b>-</b>	<b>(4,267,586)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,267,586)</b>	<b>(1,044,675)</b>
<b>Increase (decrease) in cash</b>	<b>(1,823,553)</b>	<b>(1,830,449)</b>	<b>(11)</b>	<b>1,469</b>	<b>-</b>	<b>(3,652,544)</b>	<b>(167,790)</b>
Cash and cash equivalents, beginning of the year	3,062,379	3,552,229	23,650	2,608	-	6,640,866	6,808,656
<b>Cash and cash equivalents, end of the year</b>	<b>\$1,238,826</b>	<b>\$1,721,780</b>	<b>\$23,639</b>	<b>\$4,077</b>	<b>-</b>	<b>\$2,988,322</b>	<b>\$6,640,866</b>

*The accompanying notes are an integral  
part of these financial statements.*



**FIRETHORNE COMMUNITY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

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**1. NATURE OF ORGANIZATION**

FIRETHORNE COMMUNITY ASSOCIATION, INC. (the "Association") was incorporated in the State of Texas as a not-for-profit corporation on August 3, 2004. The Association is organized for the purposes of providing for maintenance, preservation, and architectural control of the residences and common properties within Firethorne subdivision consisting of 3,344 lots in Fort Bend County, Texas. The Association is to promote the recreation, health, safety, and welfare of the owners, residents, and tenants of the subdivision.

**2. DATE OF MANAGEMENT REVIEW**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 03, 2024, the date that the financial statements were available to be issued.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**FUND ACCOUNTING**

The Association's governing documents provide certain guidelines for 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 in the following funds established according to their nature and purpose:

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

Replacement Fund – This fund is used to accumulate financial resources for future major repairs and replacements.

Gated Section 25/26 Fund – This fund is used to accumulate financial resources designated for maintenance and repair of the private streets within the Section 25/26 neighborhood with limited access gates.

Property Fund – This fund is used to account for financial resources of property, furniture and equipment.

**FIRETHORNE COMMUNITY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**MEMBER ASSESSMENTS – MAINTENANCE FEES**

Association members are subject to annual assessments to provide funds for the Association's operating expenses and major repairs and replacements. The assessments, or maintenance fees assessed, are based on an annual budget as adopted by the Board of Directors (the "Board") pursuant to the governing documents of the Association.

**EAST SIDE SPECIAL ASSESSMENTS**

Owners of lots within the gated Section 25/26 east side neighborhood are subject to an additional annual neighborhood assessment to the Association. The neighborhood assessments for the years ended December 31, 2023, and 2022, were \$275 and \$250, respectively, per lot, reflected as "East side special assessments" on the financial statements.

**WEST 16 SPECIAL ASSESSMENTS**

Owners of lots within the gated Section West 16 neighborhood are subject to an additional annual neighborhood assessment from the Association. The neighborhood assessments for the years ended December 31, 2023, and 2022, were \$200 and \$200, respectively, per lot, reflected as "West 16 special assessments" on the financial statements.

**REVENUE RECOGNITION – ASSESSMENTS**

Assessment revenue for member assessments, east side special assessments, and west 16 special assessments are recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to these assessments are satisfied over time on a daily pro-rata basis using the input method. Any excess assessments over expenses at year end are retained by the Association for use in the succeeding year or transferred to the replacement fund.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**MEMBER ASSESSMENTS - MAJOR REPAIRS AND REPLACEMENT EXPENSES**

Special assessments and the amounts designated by the governing documents of the Association or the Board for major repairs and replacement expenses are recorded as Contract Liability for the following items:

- a. Amounts assessed separately from amounts assessed for normal operations,
- b. Funds that are part of the current period assessments but designated in the budget as amounts for payment of future replacement expenses, and
- c. Funds that are part of the current period assessments but designated by the Board as funds for the payment of future replacement expenses.

The performance obligations related to the member assessments – major repairs and replacement expenses are satisfied when these funds are expended for their designated purpose.

During the year ended December 31, 2023, the Association transferred \$2,417,035 from its operating fund to replacement fund. The amounts are considered part of prior period assessments and not part of the current period operating revenues, and accordingly are presented in statements of changes in Fund balance.

**ACCOUNTS RECEIVABLE AND ALLOWANCE FOR ADJUSTMENTS AND WRITE-OFFS**

The Association's accounts receivable represents payments due from delinquent homeowners. The Association seeks to collect these balances through its collection efforts, including filing liens and legal actions against these homeowners. The collection of these amounts will be affected by the foreclosure of liens superior to the Association's lien, such as mortgage liens, delinquent property tax liens and bankruptcies by the homeowners.

At December 31, 2023, and 2022, the Association had accounts receivable of \$106,915 and \$106,950. Generally accepted accounting principles require that management estimate the accounts that may have to be written off, provide an allowance for doubtful accounts, and include that allowance as bad debts expense each year. As of December 31, 2023, and 2022, the Association has provided an allowance for doubtful accounts in the amount of \$2,636.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CAPITALIZATION POLICY**

In accordance with industry standards, real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements. Property not capitalized consists of approximately 12-acre lake, a pool, tennis court, and volleyball court. The Association is responsible for maintenance and preservation the common property. The governing documents of the Association do not have any restriction on the sale of these assets. The Association capitalizes personal property at cost and depreciates it using the straight-line method over its estimated useful life.

**PROPERTY AND EQUIPMENT**

The Association capitalizes all property and equipment to which it has title or other evidence of ownership with the exception of real property directly associated with the homes. Property and equipment acquired by the Association are recorded at cost. The Association depreciates building over its estimated useful life of 30 years using the straight-line method of depreciation.

**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.

**CASH AND CASH EQUIVALENTS**

For the purposes of reporting cash flows, the Association considers all highly liquid investments purchased with an original maturity of three months or less as cash and cash equivalents in the accompanying balance sheet. The Association has interest bearing deposits in financial institutions that maintained FDIC insurance in full for all accounts and limited coverage up to \$250,000 per financial institution. The portion of deposits in excess of this amount is not subject to such insurance and represents a credit risk to the Association.

**FIRETHORNE COMMUNITY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

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**4. FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association's governing documents do not require funds to be accumulated for future major repairs and replacements. The Board, at its discretion, has chosen to establish a fund for this purpose. As of December 31, 2023, the Association had \$6,078,405 accumulated for future major repairs and replacements. These funds are held in a separate account and are generally not available for operating expenses.

The Association engaged an independent engineer who conducted a study in July 2023 to estimate the remaining useful lives and the replacement costs of the common property components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. The amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments, borrow, or it may delay major repairs and replacements until funds are available.

**5. POOL DEPOSIT**

The Association requires pool builders to deposit five thousand dollars (\$5,000) to cover any damages by the pool builder to Association property or resident's property. The amounts are refunded to the pool builder upon successful completion of the pool, and appropriate request from the pool builder.

**6. SUMMARIZED COMPARATIVE INFORMATION**

The financial statements include certain prior-year summarized comparative information in total, but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

**FIRETHORNE COMMUNITY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

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**7. FEDERAL INCOME TAX**

The Internal Revenue Service (the “IRS”) has granted the Association tax-exempt status as a not-for-profit social welfare organization, pursuant to Internal Revenue Code (“IRC”) Section 501(c)(4). Accordingly, the Association is exempt from federal income tax except on any “unrelated business income.”

Because of its federal 501(c)(4) status, the Association is also exempt from Texas sales and use tax on its purchases, and from Texas franchise tax.

Annually, the Association files Form 990 – Return of Organization Exempt from Income Tax, with the IRS. The Association is not required to file any Texas tax returns.

The Association is subject to audit by both federal and state taxing authorities. Returns and tax status for 2023, 2022, 2021, and 2020, remain open to examination. The Association believes that it complies with the requirements of IRC Section 501(c)(4), and that accordingly, no significant tax liability would result from any such audits.

Nagesh & Associates, P.C.  
Certified Public Accountants

**SUPPLEMENTAL SCHEDULES**

Nagesh & Associates, PLLC  
Certified Public Accountants

**FIRETHORNE COMMUNITY ASSOCIATION, INC.**  
**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS**  
**AND REPLACEMENTS (UNAUDITED)**  
**For the Year Ended December 31, 2023**

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An independent engineer conducted a study in July 27, 2023, to estimate the remaining useful lives and the replacement costs of the components of common property.

Replacement costs were based on estimated costs to repair or replace the common property at the time of the study and assume a 3.50% annual inflation rate between the date of the study and the date that the components will require repair or replacement. The Board has not designated a specific amount of funds for each separate component of common property.

The following information is based on the study and presents significant information about the components of common property. The complete report is available from management.

<b>Components</b>	<b>Estimated Remaining Useful Life (Years)</b>	<b>Estimated Current Replacement Cost</b>	<b>Replacement Fund Balance at December 31, 2023</b>
Property site elements	3 to 30+	7,963,678	
Building elements	2 to 25	1,303,540	
Pool elements	2 to 25	1,064,785	
<b>Totals</b>		<b>\$10,332,003</b>	<b>\$6,078,405</b>



**FIRETHORNE COMMUNITY ASSOCIATION, INC.**  
**ANALYSIS OF ASSESSMENTS, REVENUES, AND EXPENSES**  
**AS A PERCENTAGE OF TOTAL ASSESSMENTS AND REVENUES**  
**For The Year Ended December 31, 2023**

	Amount	Per Year	Percentage
<b>Assessments and revenues</b>			
Maintenance fees - residents	\$2,842,400	850.00	83.32%
East side special assessments	44,825	275.00	1.31%
West 16 special assessments	8,400	200.00	0.25%
Late fees and interest	30,618	9.16	0.90%
Investment income	151,587	45.33	4.44%
Attorney fees assessed to home owners	57,773	17.28	1.69%
Pool and plot plan review	4,475	1.34	0.13%
Clubhouse rental	42,400	12.68	1.24%
Miscellaneous income	5,414	1.62	0.16%
<b>Total assessments and revenues</b>	<b>3,411,389</b>	<b>1,020.15</b>	<b>100.00%</b>
<b>Repairs and maintenance</b>			
General maintenance	34,161	10.22	1.00%
Parks and trails	12,439	3.72	0.36%
Sprinkler system	56,736	16.97	1.66%
Pool maintenance and repairs	227,461	68.02	6.67%
Lake and fountain	4,057	1.21	0.12%
Landscape	373,953	111.83	10.96%
Pest control	32,856	9.83	0.96%
Community center	112,319	33.59	3.29%
Fitness area, tennis court, and volleyball court	28,298	8.46	0.83%
Building	16,839	5.04	0.49%
<b>Total repairs and maintenance</b>	<b>899,119</b>	<b>268.88</b>	<b>26.36%</b>
<b>Professional services</b>			
Accounting	48,078	14.38	1.41%
Billing	38,380	11.48	1.13%
Audit and tax	3,000	0.90	0.09%
Legal fees	95,145	28.45	2.79%
Administrative services	173,871	51.99	5.10%
Wages and payroll taxes	43,359	12.97	1.27%
ARC reviews	4,481	1.34	0.13%
Other services	5,924	1.77	0.17%
<b>Total professional services</b>	<b>412,238</b>	<b>123.28</b>	<b>12.08%</b>

**FIRETHORNE COMMUNITY ASSOCIATION, INC.**  
**ANALYSIS OF ASSESSMENTS, REVENUES, AND EXPENSES**  
**AS A PERCENTAGE OF TOTAL ASSESSMENTS AND REVENUES**  
**For The Year Ended December 31, 2023**

	Amount	Per Year	Percentage
<b>Utilities</b>			
Electricity	290,826	86.97	8.53%
Telephone	14,021	4.19	0.41%
Water	133,821	40.02	3.92%
Gas	2,981	0.89	0.09%
<b>Total utilities</b>	<b>441,649</b>	<b>132.07</b>	<b>12.95%</b>
<b>Security</b>	<b>219,199</b>	<b>65.55</b>	<b>6.43%</b>
<b>Committees and special events</b>	<b>38,692</b>	<b>11.57</b>	<b>1.13%</b>
<b>Gated Section</b>	<b>76,745</b>	<b>22.95</b>	<b>2.25%</b>
<b>Other expenses</b>			
Administrative expenses	16,557	4.95	0.49%
Insurance	49,358	14.76	1.45%
Property taxes	6,102	1.82	0.18%
Depreciation	21,830	6.53	0.64%
Bad debt expense	2,301	0.69	0.07%
Miscellaneous expenses	86,965	26.01	2.55%
<b>Total other expenses</b>	<b>183,113</b>	<b>54.76</b>	<b>5.37%</b>
<b>Capital improvements and replacements</b>	<b>42,416</b>	<b>12.68</b>	<b>1.24%</b>
<b>Total expenses</b>	<b>2,313,171</b>	<b>691.74</b>	<b>67.81%</b>
<b>Net assessments, revenues over expenses</b>	<b>\$1,098,218</b>	<b>\$328.41</b>	<b>32.19%</b>

*The foregoing notes are an integral  
part of these financial statements.*

**FIRETHORNE COMMUNITY ASSOCIATION, INC.**  
**Analysis of Assessments and Expenses**  
**For The Years Ended December 31, 2023 and 2022**

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
<b>Assessments and revenues</b>		
Maintenance fees - residents	\$2,842,400	\$2,652,000
Maintenance fees - builder	-	23,200
East side special assessments	44,825	40,750
West 16 special assessments	8,400	8,400
North Fort Bend Water District	223,497	-
Late fees and interest	30,618	13,572
Investment income	151,587	21,526
Attorney fees assessed to home owners	57,773	14,146
Pool and plot plan review	4,475	1,025
Clubhouse rental	42,400	23,850
Miscellaneous income	5,414	43,562
Insurance claim	-	68,234
<b>Total assessments and revenues</b>	<b>3,411,389</b>	<b>2,910,265</b>
<b>Repairs and maintenance</b>		
General maintenance	34,161	58,843
Parks and trails	12,439	17,939
Sprinkler system	56,736	42,146
Pool maintenance and repairs	227,461	268,950
Lake and fountain	4,057	13,263
Landscape	373,953	497,513
Pest control	32,856	30,081
Community center	112,319	76,292
Fitness area, tennis court, and volleyball court	28,298	32,205
Insurance claim expenses	-	6,485
Building	16,839	8,791
<b>Total repairs and maintenance</b>	<b>899,119</b>	<b>1,052,508</b>
<b>Professional services</b>		
Accounting	48,078	49,092
Billing	38,380	21,744
Audit and tax	3,000	3,650
Legal fees	95,145	27,173
Administrative services	173,871	170,346
Wages and payroll taxes	43,359	35,161
ARC reviews	4,481	10,280
Other services	5,924	1,695
<b>Total professional services</b>	<b>412,238</b>	<b>319,141</b>

**FIRETHORNE COMMUNITY ASSOCIATION, INC.**  
**Analysis of Assessments and Expenses**  
**For The Years Ended December 31, 2023 and 2022**

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
<b>Utilities</b>		
Electricity	290,826	286,919
Telephone	14,021	10,153
Water	133,821	133,005
Gas	2,981	1,420
<b>Total utilities</b>	<b>441,649</b>	<b>431,497</b>
<b>Security</b>	<b>219,199</b>	<b>219,571</b>
<b>Committees and special events</b>	<b>38,692</b>	<b>28,813</b>
<b>Gated Section</b>	<b>76,745</b>	<b>47,730</b>
<b>Other expenses</b>		
Administrative expenses	16,557	7,055
Insurance	49,358	46,484
Property taxes	6,102	8,299
Depreciation	21,830	5,458
Bad debt expense	2,301	12,825
Miscellaneous expenses	86,965	16,244
<b>Total other expenses</b>	<b>183,113</b>	<b>96,365</b>
<b>Capital improvements and replacements</b>	<b>42,416</b>	<b>-</b>
<b>Total expenses</b>	<b>2,313,171</b>	<b>2,195,625</b>
<b>Net assessments, revenues over (under) expenses</b>	<b>\$1,098,218</b>	<b>\$714,640</b>

***The foregoing notes are an integral part of these financial statements.***

**FIRETHORNE COMMUNITY ASSOCIATION, INC.**  
**ANALYSIS OF CAPITAL IMPROVEMENT AND REPLACEMENT EXPENSES**  
**For The Years Ended December 31, 2023 and 2022**

	<u>31-Dec-23</u>	<u>31-Dec-22</u>
<b>Replacement fund balance, beginning of the year</b>	<b>\$3,552,229</b>	<b>\$2,619,109</b>
<b>Additions to fund balance</b>		
Transfers from operating fund	2,417,035	921,441
Investment income	151,557	11,679
<b>Total additions</b>	<b>2,568,592</b>	<b>933,120</b>
<b>Reductions from fund balance</b>		
Pool furniture and equipment	12,693	-
Fitness center	29,723	-
<b>Total expenses</b>	<b>42,416</b>	<b>-</b>
<b>Replacement fund balance, end of the year</b>	<b>\$6,078,405</b>	<b>\$3,552,229</b>

***The foregoing notes are an integral  
part of these financial statements.***