

Michael A. Arnold, PLLC

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CERTIFIED PUBLIC ACCOUNTANT

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ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Bahia Bay Property Owners Association
Rockport, Texas

We have compiled the accompanying statement of assets, liabilities and equity-cash basis of Bahia Bay Property Owners Association (a homeowners association) as of June 30, 2016, and the related statement of revenues and expenses-cash basis for the one and six months then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statement are in accordance with the cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's assets, liabilities, equity revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Bahia Bay Property Owners Association.

The supplementary information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basis financial statements. The supplementary information has been compiled from information that is the representation of management. I have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

A handwritten signature in black ink that reads "Michael A. Arnold, PLLC". The signature is written in a cursive, flowing style.

Michael A. Arnold, PLLC

Spring Branch, Texas
August 1, 2016

**BAHIA BAY PROPERTY OWNERS ASSOC.
STATEMENT OF ASSETS, LIABILITIES AND
EQUITY - CASH BASIS
As of June 30, 2016**

ASSETS

Cash - Operating - Wells Fargo 7206	\$	58,910.00
Cash - Canal Fund - Wells Fargo		23,455.30
Cash - Vanguard		<u>40,792.63</u>

TOTAL ASSETS	\$	<u>123,157.93</u>
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LIABILITIES AND FUND BALANCES

LIABILITIES

Deferred Rev.-Prepaid Sp Assm	\$	<u>3.00</u>
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Total Liabilities		<u>3.00</u>
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Fund Equity

Fund Balance		<u>123,154.93</u>
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Total Fund Equity		<u>123,154.93</u>
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TOTAL LIABILITIES AND FUND EQUITY	\$	<u>123,157.93</u>
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BAHIA BAY PROPERTY OWNERS ASSOC.
STATEMENT OF REVENUES AND EXPENSES-CASH BASIS
For the 1 Month and 6 Months Ended June 30, 2016

	1 Month Ended June 30, 2016	6 Months Ended June 30, 2016
Revenues		
Maintenance Fees	\$ 0.00	\$ 34,809.00
Canal Fees	0.00	14,268.00
Special Assessment Funds	573.00	65,016.00
Interest Income	0.00	38.00
Late Fees	200.00	350.00
Other Income	<u>0.00</u>	<u>400.00</u>
Total Revenues	<u>773.00</u>	<u>114,881.00</u>
Operating Expenses		
Utilities		
Electricity	121.36	789.02
Water & Sewer	<u>30.11</u>	<u>174.38</u>
Total Utilities	<u>151.47</u>	<u>963.40</u>
Repairs & Maintenance		
Lawn Maintenance	300.00	1,200.00
General Maint. Materials/Sup.	3,500.00	3,522.94
Canal Maintenance/Water Tests	4,000.00	4,000.00
Bulkhead Repairs	<u>3,700.00</u>	<u>54,346.00</u>
Total Repairs & Maintenance	<u>11,500.00</u>	<u>63,068.94</u>
Administrative Expenses		
Professional Fees	100.00	600.00
Taxes	0.00	48.46
Bank Charges	7.00	40.50
Administrative Expenses	<u>0.00</u>	<u>1,605.80</u>
Total Administrative Expense	<u>107.00</u>	<u>2,294.76</u>
Total Operating Expenses	<u>11,758.47</u>	<u>66,327.10</u>
Excess of Revenues Over (Under) Expenses	<u>\$ (10,985.47)</u>	<u>\$ 48,553.90</u>

BAHIA BAY PROPERTY OWNERS ASSOC.
BUDGET REPORT - CASH BASIS
Schedule 1

	Actual 6 Months Ended June 30, 2016	Budget 6 Months June 30, 2016	Variance	Total Annual Budget	Budget Remaining
Revenues					
Maintenance Fees	\$ 34,809.00	\$ 17,404.50	\$ 17,404.50	\$ 34,809.00	\$ 0.00
Canal Fees	14,268.00	7,134.00	7,134.00	14,268.00	0.00
Special Assessment Funds	65,016.00	33,025.50	31,990.50	66,051.00	1,035.00
Interest Income	38.00	0.00	38.00	0.00	(38.00)
Late Fees	350.00	0.00	350.00	0.00	(350.00)
Other Income	400.00	0.00	400.00	0.00	(400.00)
Total Revenues	<u>114,881.00</u>	<u>57,564.00</u>	<u>57,317.00</u>	<u>115,128.00</u>	<u>247.00</u>
Operating Expenses					
Payroll Costs					
Utilities					
Electricity	789.02	1,000.02	211.00	2,000.00	1,210.98
Water & Sewer	174.38	900.00	725.62	1,800.00	1,625.62
Total Utilities	<u>963.40</u>	<u>1,900.02</u>	<u>936.62</u>	<u>3,800.00</u>	<u>2,836.60</u>
Contract Services					
Repairs & Maintenance					
Lawn Maintenance	1,200.00	4,000.02	2,800.02	8,000.00	6,800.00
General Maint. Materials/Su	3,522.94	1,252.02	(2,270.92)	2,504.00	(1,018.94)
Landscaping	0.00	400.02	400.02	800.00	800.00
Sign/Watch Program	0.00	250.02	250.02	500.00	500.00
Canal Maintenance/Water T	4,000.00	3,000.00	(1,000.00)	6,000.00	2,000.00
Bulkhead Repairs	54,346.00	40,159.50	(14,186.50)	80,319.00	25,973.00
Total Repairs & Mainte	<u>63,068.94</u>	<u>49,061.58</u>	<u>(14,007.36)</u>	<u>98,123.00</u>	<u>35,054.06</u>
Administrative Expenses					
Insurance	0.00	2,138.52	2,138.52	4,277.00	4,277.00
Legal	0.00	1,750.02	1,750.02	3,500.00	3,500.00
Professional Fees	600.00	750.00	150.00	1,500.00	900.00
Social	0.00	124.98	124.98	250.00	250.00
Web Page	0.00	124.98	124.98	250.00	250.00
Taxes	48.46	75.00	26.54	150.00	101.54
Bank Charges	40.50	75.00	34.50	150.00	109.50
Administrative Expenses	1,605.80	1,564.02	(41.78)	3,128.00	1,522.20
Total Administrative Ex	<u>2,294.76</u>	<u>6,602.52</u>	<u>4,307.76</u>	<u>13,205.00</u>	<u>10,910.24</u>

See Accountants' Compilation Report

BAHIA BAY PROPERTY OWNERS ASSOC.
BUDGET REPORT - CASH BASIS
Schedule 1

	Actual 6 Months Ended June 30, 2016	Budget 6 Months June 30, 2016	Variance	Total Annual Budget	Budget Remaining
Total Operating Expenses	<u>66,327.10</u>	<u>57,564.12</u>	<u>(8,762.98)</u>	<u>115,128.00</u>	<u>48,800.90</u>
Excess of Revenues Over (Under) Expenses	<u>\$ 48,553.90</u>	<u>\$ (0.12)</u>	<u>\$ 48,554.02</u>	<u>\$ 0.00</u>	<u>\$ (48,553.90)</u>