

# PRITCHETT, DLUSKY, SAXE & KELLER, LTD.



## CERTIFIED PUBLIC ACCOUNTANTS

John E. Pritchett (1917 - 1997)  
Ronald F. Saxe (1940 - 1997)  
Thomas P. Dlusky, CPA, CFP (Inactive)

1621 West First Avenue • P.O. Box 163400  
Columbus, Ohio 43216-3400  
(614) 481-8051 • Fax (614) 486-0546  
www.pdskcpa.com

Douglas S. Saxe, CPA  
William J. Keller, CPA, MBA  
R. Tyler Abbruzzese, CPA

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Muirfield Association, Inc.

#### Report on the Financial Statements

We have audited the accompanying financial statements of Muirfield Association, Inc. (an Ohio nonprofit organization), which comprise the balance sheet as of December 31, 2012, and related statements of revenues, expenses and changes in fund balances and cash flows for the years ending December 31, 2012 and 2011, and the related notes to the financial statements.

#### Management's Responsibility 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Muirfield Association, Inc. as of December 31, 2012, and the results of its operations and its cash flows for the years ended December 31, 2012 and 2011 in conformity with accounting principles generally accepted in the United States of America.

#### Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements be presented to supplement the basic financial statements. Such 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. 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 the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Report on Summarized Comparative Information

We have previously audited the Muirfield Association, Inc.'s December 31, 2011 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated March 6, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Pritchett, Dlusky, Saxe & Keller, Ltd.*

March 6, 2013

PDS & K

**MUIRFIELD ASSOCIATION, INC.**

**BALANCE SHEET**

December 31, 2012

	2012			2011 Total (for Comparative Purposes Only)
	General Fund	Common Property Fund	Total	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	\$ 1,819,937	\$ -0-	\$ 1,819,937	\$ 1,509,046
Assessments receivable, net of allowance for doubtful accounts of \$52,500 and \$75,000 in 2012 and 2011, respectively	2,063,671	-0-	2,063,671	2,045,949
Prepaid expenses and other	31,955	-0-	31,955	33,479
<b>Total current assets</b>	<b>\$ 3,915,563</b>	<b>\$ -0-</b>	<b>\$ 3,915,563</b>	<b>\$ 3,588,474</b>
<b>Property and equipment</b>				
Donated property	\$ -0-	\$ 4,600,000	\$ 4,600,000	\$ 4,600,000
Building	-0-	365,101	365,101	365,101
Furniture, fixtures and equipment	2,702,612	-0-	2,702,612	2,679,294
<b>Total property and equipment</b>	<b>\$ 2,702,612</b>	<b>\$ 4,965,101</b>	<b>\$ 7,667,713</b>	<b>\$ 7,644,395</b>
Less accumulated depreciation	1,936,336	2,681,504	4,617,840	4,456,644
<b>Net property and equipment</b>	<b>\$ 766,276</b>	<b>\$ 2,283,597</b>	<b>\$ 3,049,873</b>	<b>\$ 3,187,751</b>
<b>Total assets</b>	<b>\$ 4,681,839</b>	<b>\$ 2,283,597</b>	<b>\$ 6,965,436</b>	<b>\$ 6,776,225</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued expenses	\$ 151,296	\$ -0-	\$ 151,296	\$ 155,545
<b>Total liabilities</b>	<b>\$ 151,296</b>	<b>\$ -0-</b>	<b>\$ 151,296</b>	<b>\$ 155,545</b>
<b>Fund balances</b>				
General	\$ 4,530,543	\$ -0-	\$ 4,530,543	\$ 4,318,626
Common Property Fund balance	-0-	2,051,697	2,051,697	2,070,154
Initial membership assessments	-0-	231,900	231,900	231,900
<b>Total fund balances</b>	<b>\$ 4,530,543</b>	<b>\$ 2,283,597</b>	<b>\$ 6,814,140</b>	<b>\$ 6,620,680</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,681,839</b>	<b>\$ 2,283,597</b>	<b>\$ 6,965,436</b>	<b>\$ 6,776,225</b>

See accountant's report and the accompanying notes to the financial statements.

**MUIRFIELD ASSOCIATION, INC.**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES**

For the Years Ended December 31, 2012 and 2011

	General Fund		Common Property Fund		Total All Funds	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Assessments	\$ 1,938,450	\$ 1,946,729	\$ -0-	\$ -0-	\$ 1,938,450	\$ 1,946,729
Interest income	24,233	35,352	-0-	-0-	24,233	35,352
Other income	130,069	95,352	-0-	-0-	130,069	95,352
<b>Total revenues</b>	<b>\$ 2,092,752</b>	<b>\$ 2,077,433</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 2,092,752</b>	<b>\$ 2,077,433</b>
<b>Expenses</b>						
Property care	\$ 937,158	\$ 941,035	\$ -0-	\$ -0-	\$ 937,158	\$ 941,035
Concession stands	393	-0-	-0-	-0-	393	-0-
Swim and tennis center	226,934	296,479	-0-	-0-	226,934	296,479
<b>Total administrative expenses</b>	<b>\$ 1,164,485</b>	<b>\$ 1,237,514</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 1,164,485</b>	<b>\$ 1,237,514</b>
Administrative						
Personnel	\$ 291,755	\$ 274,236	\$ -0-	\$ -0-	\$ 291,755	\$ 274,236
Depreciation and amortization	169,971	181,889	18,457	18,457	188,428	200,346
Real estate taxes	97,667	90,182	-0-	-0-	97,667	90,182
Insurance	44,208	41,976	-0-	-0-	44,208	41,976
Uncollectible accounts	6,619	19,296	-0-	-0-	6,619	19,296
Other	106,130	70,415	-0-	-0-	106,130	70,415
<b>Total administrative expenses</b>	<b>\$ 716,350</b>	<b>\$ 677,994</b>	<b>\$ 18,457</b>	<b>\$ 18,457</b>	<b>\$ 734,807</b>	<b>\$ 696,451</b>
<b>Total expenses</b>	<b>\$ 1,880,835</b>	<b>\$ 1,915,508</b>	<b>\$ 18,457</b>	<b>\$ 18,457</b>	<b>\$ 1,899,292</b>	<b>\$ 1,933,965</b>
<b>Excess revenues or (expenses)</b>	<b>\$ 211,917</b>	<b>\$ 161,925</b>	<b>\$ (18,457)</b>	<b>\$ (18,457)</b>	<b>\$ 193,460</b>	<b>\$ 143,468</b>
<b>Beginning fund balances</b>	<b>4,318,626</b>	<b>4,156,701</b>	<b>2,302,054</b>	<b>2,320,511</b>	<b>6,620,680</b>	<b>6,477,212</b>
<b>Ending fund balances</b>	<b>\$ 4,530,543</b>	<b>\$ 4,318,626</b>	<b>\$ 2,283,597</b>	<b>\$ 2,302,054</b>	<b>\$ 6,814,140</b>	<b>\$ 6,620,680</b>

See accountant's report and the accompanying notes to the financial statements.

**MUIRFIELD ASSOCIATION, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities:</b>		
Excess of revenues over (under) expenses	\$ 193,460	\$ 143,468
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation and amortization	188,428	200,346
(Gain) loss on disposal of equipment	(6,660)	647
(Increase) decrease in:		
Assessments receivable	(17,722)	(149,586)
Prepaid expenses and other	1,524	(4,362)
Increase (decrease) in:		
Accounts payable and accrued expenses	(4,249)	38,748
<b>Net cash provided by operating activities</b>	<u>\$ 354,781</u>	<u>\$ 229,261</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of property and equipment	\$ 13,000	\$ -0-
Purchase of property and equipment	(56,890)	(100,798)
<b>Net cash used in investing activities</b>	<u>\$ (43,890)</u>	<u>\$ (100,798)</u>
<b>Increase in cash</b>	\$ 310,891	\$ 128,463
<b>Cash at beginning of year</b>	<u>1,509,046</u>	<u>1,380,583</u>
<b>Cash at the end of year</b>	<u>\$ 1,819,937</u>	<u>\$ 1,509,046</u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the year for:		
Interest	<u>\$ -0-</u>	<u>\$ -0-</u>
Income taxes	<u>\$ 2,145</u>	<u>\$ -0-</u>

See accountant's report and the accompanying notes to the financial statements.

**MUIRFIELD ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF ORGANIZATION**

Muirfield Association, Inc. (the Association) is a statutory condominium association incorporated in the State of Ohio on February 10, 1975 to promote the common benefit and social welfare of the residents of Muirfield Village. The association is responsible for owning, operating, maintaining, and administering the common property and certain other assets of Muirfield Village. Muirfield Village is a residential community of 2,372 residential lots, of which there are 13 undeveloped lots, 2 lots under construction, and 2,357 homes located on approximately 1,380 acres in Dublin, Ohio.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** - The Association follows the financial reporting guidelines established for common interest realty associations as issued by the American Institute of Certified Public Accountants.

**Fund Accounting** - The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observation 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:

**The General Fund** – This fund is used to account for activities related to promoting the recreation, health, enjoyment and welfare of the residents of Muirfield Village and to pay the administrative costs of the Association.

**The Common Property Fund** – This fund is used to account for initial membership assessments and depreciation related to the Association's property and facilities: the use of the related property and equipment is restricted for the purpose of promoting the social welfare of the residents of Muirfield Village.

**Assessments** - Assessments are reported on the accrual basis of accounting and consist of initial assessments and annual operating assessments. The initial assessments of \$100 per member are nonrefundable, but are transferable, and are recorded in the Common Property Fund. The annual operating assessments are currently \$2.25 per \$1,000 of property valuation, as defined, subject to a minimum assessment of \$50 per property owner, and are recorded in the General Fund. The annual assessment is intended to cover recurring operating expenses and repairs and replacements. The Board of Trustees can increase assessments to a maximum of \$3 per \$1,000 of property valuation, and assessments may be further increased upon the approval of at least two-thirds of the Association members. Any excess assessments at year-end are retained by the Association for use in the succeeding year.

**Accounts Receivable** - The Association carries its accounts receivable at cost less an allowance for doubtful accounts. If the owner shall fail to pay any installment of the annual charge within thirty (30) days following the issuance of the statement therefore, the same shall be deemed delinquent and will bear interest at the rate of eight (8%) percent per annum until paid. If the owner of any assessable unit shall fail to pay the annual charge or any installment thereof within ninety (90) days following the date of issuance of the statement therefore, the Association shall have the right to sue such owner for a personal judgment, and, in addition, shall have the right to enforce the lien, hereinafter imposed. The amount due by such owner shall include the unpaid annual charge or installment thereof as well as the cost of such proceedings, including reasonable attorneys' fees, and the aforesaid interest. In the event an appropriate court refuses jurisdiction of a proceeding to enforce said lien or finds said lien to be unenforceable, invalid, or ineffective then the Association shall have the right to sell the property at public or private sale in satisfaction of the amounts then owing. Every aspect of the sale including the method, manner, time, place and terms shall be commercially reasonable. The Association shall give such owner reasonable notice (by registered mail or by publication in a newspaper of general circulation in each of Franklin and Delaware counties) of such sale at least thirty (30) days prior to such sale, and if such sale is to be public such notice shall contain date, time and place of sale.

**Use of 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.

**Uncertain Tax Positions** - The Association has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with guidance established by the Financial Accounting Standards Board ("FASB") and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Association.

**Reclassifications** - Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**NOTE 3 – PROPERTY AND EQUIPMENT**

Muirfield Village Co. and its predecessor, Muirfield Ltd., Able Developers and 44 Associates and Muirfield Greene Company have donated property to the Association. These entities are collectively referred to as the Developers. This property was accepted and declared common property by the Association. Certain portions of the pathways constructed by the Developers and donated to the Association are located within easements or public rights-of-way. Donated land is recorded at values established by the City of Dublin pursuant to ordinances establishing fair values for park fees. Other donated property is valued at the estimated costs incurred by the Developers. Donated common property consists of the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Land and improvements	\$ 2,656,281	\$ 2,656,281
Building	204,550	204,550
Pathways, bridges and roads	655,626	655,626
Swimming pools, tennis courts and related equipment	1,067,547	1,067,547
Furniture and equipment	15,996	15,996
<b>Total</b>	<u>\$ 4,600,000</u>	<u>\$ 4,600,000</u>

