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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, 2015, and related statements of revenues, expenses and changes in fund balances and cash flows for the years ending December 31, 2015 and 2014, 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, 2015, and the results of its operations and its cash flows for the years ended December 31, 2015 and 2014 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 on page 13 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, 2014 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated March 13, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Pritchett, Dlusky, Saxe & Keller, Ltd.

March 21, 2016

MUIRFIELD ASSOCIATION, INC.

Balance Sheet

December 31, 2015

	2015			2014 Total (for Comparative Purposes Only)
	General Fund	Common Property Fund	Total	
ASSETS				
Current assets				
Cash - undesignated	\$ 2,545,453	\$ -0-	\$ 2,545,453	\$ 2,250,834
Cash – designated for Estates reserves	31,161	-0-	31,161	18,697
Cash – designated for Country Club Estates reserves	4,002	-0-	4,002	2,380
Assessments receivable, net of allowance for doubtful accounts of \$28,000 and \$52,500 in 2015 and 2014, respectively	2,086,908	-0-	2,086,908	2,054,601
Prepaid expenses and other	92,649	-0-	92,649	128,568
Total current assets	\$ 4,760,173	\$ -0-	\$ 4,760,173	\$ 4,455,080
Property and equipment				
Donated property	\$ -0-	\$ 4,582,855	\$ 4,582,855	\$ 4,600,000
Building	-0-	365,101	365,101	365,101
Construction in progress	16,405	-0-	16,405	-0-
Furniture, fixtures and equipment	2,664,663	-0-	2,664,663	2,643,912
Total property and equipment	\$ 2,681,068	\$ 4,947,956	\$ 7,629,024	\$ 7,609,013
Less accumulated depreciation	2,007,048	2,719,730	4,726,778	4,662,631
Net property and equipment	\$ 674,020	\$ 2,228,226	\$ 2,902,246	\$ 2,946,382
Total assets	\$ 5,434,193	\$ 2,228,226	\$ 7,662,419	\$ 7,401,462
LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable and accrued expenses	\$ 101,863	\$ -0-	\$ 101,863	\$ 118,160
Total current liabilities	\$ 101,863	\$ -0-	\$ 101,863	\$ 118,160
Estates reserve	37,375	-0-	37,375	24,917
Country Club Estates reserve	4,800	-0-	4,800	3,200
Total liabilities	\$ 144,038	\$ -0-	\$ 144,038	\$ 146,277
Fund balances				
General	\$ 5,290,155	\$ -0-	\$ 5,290,155	\$ 5,008,502
Common Property				
Fund balance	-0-	1,996,326	1,996,326	2,014,783
Initial membership assessments	-0-	231,900	231,900	231,900
Total fund balances	\$ 5,290,155	\$ 2,228,226	\$ 7,518,381	\$ 7,255,185
Total liabilities and fund balances	\$ 5,434,193	\$ 2,228,226	\$ 7,662,419	\$ 7,401,462

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, 2015 and 2014

	General Fund		Common Property Fund		Total All Funds	
	2015	2014	2015	2014	2015	2014
Revenues						
Assessments	\$ 2,012,041	\$ 2,004,167	\$ -0-	\$ -0-	\$ 2,012,041	\$ 2,004,167
Interest income	12,533	11,560	-0-	-0-	12,533	11,560
Other income	171,872	242,987	-0-	-0-	171,872	242,987
Total revenues	\$ 2,196,446	\$ 2,258,714	\$ -0-	\$ -0-	\$ 2,196,446	\$ 2,258,714
Expenses						
Property care	\$ 966,824	\$ 921,549	\$ -0-	\$ -0-	\$ 966,824	\$ 921,549
Concession stands	13,594	10,107	-0-	-0-	13,594	10,107
Swim and tennis center	247,492	242,851	-0-	-0-	247,492	242,851
Total property care	\$ 1,227,910	\$ 1,174,507	\$ -0-	\$ -0-	\$ 1,227,910	\$ 1,174,507
Administrative						
Personnel	\$ 394,054	\$ 354,296	\$ -0-	\$ -0-	\$ 394,054	\$ 354,296
Depreciation and amortization	124,997	136,377	18,457	18,457	143,454	154,834
Real estate taxes	64,472	63,972	-0-	-0-	64,472	63,972
Insurance	47,942	46,731	-0-	-0-	47,942	46,731
Uncollectible accounts	(26,316)	50,341	-0-	-0-	(26,316)	50,341
Other	81,734	81,498	-0-	-0-	81,734	81,498
Total administrative expenses	\$ 686,883	\$ 733,215	\$ 18,457	\$ 18,457	\$ 705,340	\$ 751,672
Total expenses	\$ 1,914,793	\$ 1,907,722	\$ 18,457	\$ 18,457	\$ 1,933,250	\$ 1,926,179
Excess revenues or (expenses)	\$ 281,653	\$ 350,992	\$ (18,457)	\$ (18,457)	\$ 263,196	\$ 332,535
Beginning fund balances	5,008,502	4,657,510	2,246,683	2,265,140	7,255,185	6,922,650
Ending fund balances	\$ 5,290,155	\$ 5,008,502	\$ 2,228,226	\$ 2,246,683	\$ 7,518,381	\$ 7,255,185

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Excess of revenues over (under) expenses	\$ 263,196	\$ 332,535
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	143,454	154,834
Loss (gain) on disposal of equipment	935	(9,938)
Provision for bad debts	(26,316)	50,341
(Increase) decrease in:		
Assessments receivable	(5,991)	(32,642)
Prepaid expenses and other	35,919	(96,233)
Increase (decrease) in:		
Accounts payable and accrued expenses	(16,297)	(17,661)
Estates reserve	12,458	12,459
Country Club reserve	<u>1,600</u>	<u>1,600</u>
Net cash provided by operating activities	\$408,958	\$395,295
Cash flows from investing activities:		
Proceeds from sale of property and equipment	\$ -0-	\$ 9,938
Purchase of property and equipment	<u>(100,253)</u>	<u>(123,741)</u>
Net cash used in investing activities	\$(100,253)	\$(113,803)
Increase in cash	\$ 308,705	\$ 281,492
Cash at beginning of year	<u>2,271,911</u>	<u>1,990,419</u>
Cash at the end of year	<u>\$ 2,580,616</u>	<u>\$ 2,271,911</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	<u>\$ -0-</u>	<u>\$ -0-</u>
Income taxes	<u>\$ 541</u>	<u>\$ 1,642</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 9 undeveloped lots, 2 lots under construction, and 2,361 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.

NOTES 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2015 and 2014:

	2015	2014
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	1,066,397	1,067,547
Furniture and equipment	-0-	15,996
Total	\$ 4,582,854	\$ 4,600,000

Other property and equipment is recorded at cost. When property and equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the account, with the resulting gain or loss reflected in excess of revenues (expenses). The Association provides for depreciation on the straight-line method over the estimated useful lives of the applicable assets, ranging from 3 to 40 years. The Association's Board of Trustees has the power and authority to convey common property land for use as a public roadway or pedestrian walkway or to a utility company for utility-related purposes. Any other conveyances of common property require the approval of two-thirds of the voting members of the Association.

NOTE 4 - INCOME TAXES

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year ended December 31, 2015. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property. Net nonexempt function income, which includes earned interest and revenues received from nonmembers, is taxed at 30% by the federal government. The income tax liability on taxable net non-exempt function income for the years ending December 31, 2015 and 2014 is \$4,429 and \$261.

The federal income tax returns of the Association for the years ended December 31, 2014, 2013, and 2012 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

NOTE 5 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future estimated major repairs and replacements. The Association funds actual major repair and replacement expenditures from excess general fund assessments as expenditures are incurred.

The Association engaged an independent engineer who conducted a study in May 2012 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 operating fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the operating fund may not be adequate to meet future needs. If additional funds are needed, however, the Board of Trustees has the right to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

NOTE 6 – CONCENTRATION OF CREDIT RISK FOR CASH HELD IN BANK

The Association maintains cash balances in excess of \$250,000 in banks, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2015, the Association's uninsured cash balances totaled \$1,100,377. It is the opinion of management that the solvency of the referenced financial institution is not of particular concern at this time.

NOTE 7 – DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 21, 2016, the date that financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Supplementary Information on Future Major Repairs and Replacements (Unaudited) December 31, 2015

An independent engineer conducted a study in May 2012 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. The estimated current replacement costs do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

The following table is based on the study and presents significant information about the components of common property and furniture, fixtures, and equipment.

<u>Components</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Components Continued...</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Current Replacement Costs</u>
Site					
Seal parking & basketball areas & small roads	4 to 20	\$ 63,450	Truck replacement	7 to 19	60,000
Repair asphalt parking lots	4 to 20	26,250	Backhoe replacement	9	45,000
Mill and fill parking areas	11	140,300	Electric panel replacement	3 to 13	10,000
Paint site fences	5 to 20	20,000	Hot tub equipment	7 to 17	13,000
Erosion control	6 to 16	15,000	Replace Holbrook pool electric and chemical equipment	1 to 17	9,000
Replace fencing	3 to 13	144,000	Trackhoe	3 to 18	120,000
Bridge improvements	2 to 20	35,000	Skidshear	3 to 18	40,000
Building exterior			Amenities		
Replace office and maintenance roof shingles	18	19,500	Replace walking path bridges	2 to 20	71,250
Paint office and maintenance shop walls	7 to 15	13,200	Replace Memorial Rd gazebo	11	55,000
Holbrook pool buildings painting	6 to 16	8,400	Replace Memorial Rd gazebo roof	2	3,500
Holbrook pool reroofing	6	14,000	Replace the large gazebo	20	75,000
Glick Rd pool building painting	4 to 14	6,720	Replace the large gazebo roof	20	9,000
Glick Rd pool building reroofing	5	35,000	Repair the Glick Rd tennis courts	5 to 20	90,000
T1-11 siding replacement over all buildings	3 to 18	3,060	Repair the Holbrook tennis courts	3 to 18	60,000
Paint sheds and gazebos	2 to 20	7,000	Pool interior repairs	11	8,000
Reroof sheds and gazebos	1 to 16	48,000	Pool apron repairs	9 to 17	16,000
Building interior			Pool equipment	8 to 18	4,000
Redecorate offices	6 to 16	20,000	Replace the playground equipment	14	225,000
Upgrade office furniture	13	10,000	Replace pool furniture	2 to 20	47,500
Re-carpet office	6 to 18	18,000	Other		
Mechanical			Upgrade smaller guard house	3 to 13	4,000
Glick Rd pool heater replacement	11	12,000	Upgrade larger guard house	4 to 14	10,000
Holbrook pool heater replacement	11	12,000	Replacement of stone columns/signs at entrances	4 to 19	15,000
Replace office furnace	16	4,000	Upgrade reserve study	6 to 16	7,500
Replace office air conditioner	2 to 20	6,000	Maintenance shop expansion	3	150,000
Replace maintenance shop heaters	11	2,000	Contingency	1 to 4	100,000
Holbrook snack shop equipment replacement	10 to 20	3,000			
Glick Rd snack shop equipment replacement	9 to 19	3,000			
Replace Glick Rd pool chemical and electrical equipment	5 to 15	3,000	Total		\$ 2,415,630
Cushman replacement	1 to 20	400,000			
Mower replacement	2 to 19	76,000			

See independent accountant's report.