

January 22, 2012

Board of Directors
DeSoto PID #1/ Candle Meadow
DeSoto, Texas 75115

Re: DeSoto PID #1/ Candle Meadow Homeowners Association
October 2011 Financial Statement

Dear Board Member:

Please find enclosed your October 2011 Financial Statements. The following is a brief overview of key information contained in this report package.

BALANCE SHEET

Cash available at month's end is \$41,439.61 reported for 3 accounts: operating account managed by PMG and two Board-controlled money market accounts. This is a decrease from prior month of \$27,921.77. Accounts Receivable is \$240.00. Other assets include \$5,588.67 prepaid insurance. Accounts payable at month's end was \$0.00.

INCOME STATEMENT (Cash Basis)

The Association had income for the month of \$1,105.32 which included \$1,102.50 Regular Assessments, and \$2.73 Interest Income. Expenses for the month totaled \$29,186.99, which left the Association with a net loss for the month of \$28,081.67, and a year-to-date net loss of \$28,081.67.

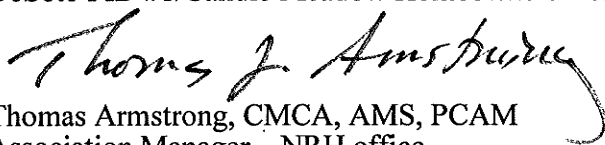
NOTES OF INTEREST

- Bank charge \$75.00 was for 3 wire transfers from Chase bank.
- Copy and postage expense \$454.68 was primarily for notice of 10/20/11 Election Meeting, custom ballots and handouts.
- Meeting cost \$300.00 was for 2 police officers for 3 hours, and \$60.00 room rental.
- Irrigation expense \$2,837.25 was to replace 3 backflow preventers that were apparently stolen.
- Capital Improvement cost of \$11,080.90 was for swimming pool re-plastering and tile replacement.

If you have any questions regarding these reports, please feel free to call me at 682-325-5353.

Sincerely,

PRINCIPAL MANAGEMENT GROUP,
DeSoto PID #1/Candle Meadow Homeowners Association



Thomas Armstrong, CMCA, AMS, PCAM
Association Manager – NRH office

Enclosure

Balance Sheet Report
DeSoto PID #1/Candle Meadow
As of October 31, 2011

	<u>Balance</u> <u>Oct 31, 2011</u>	<u>Balance</u> <u>Sep 30, 2011</u>	<u>Change</u>
<u>Assets</u>			
Current Assets			
10002 - Operating FAB #3138	2,486.47	10,268.82	(7,782.35)
10300 - Chase BOD #5919	38,048.44	38,071.76	(23.32)
10301 - Chase BOD #2673	904.70	21,020.80	(20,116.10)
11000 - Accounts Receivable	240.00	240.00	0.00
Total Current Assets	41,679.61	69,601.38	(27,921.77)
Other Assets			
14700 - Prepaid Insurance	5,588.67	6,118.25	(529.58)
Total Other Assets	5,588.67	6,118.25	(529.58)
Total Assets	47,268.28	75,719.63	(28,451.35)
<u>Liabilities</u>			
Current Liabilities			
20100 - Accounts Payable - Trade	0.00	369.68	(369.68)
20124 - Prepaid Assessments	236.00	236.00	0.00
Total Current Liabilities	236.00	605.68	(369.68)
Other Liabilities			
21001 - Other Escrowed Fees	240.00	240.00	0.00
Total Other Liabilities	240.00	240.00	0.00
Total Liabilities	476.00	845.68	(369.68)
<u>Owners' Equity</u>			
30150 - DeSoto PID Contribution	728,418.92	728,418.92	0.00

Balance Sheet Report
DeSoto PID #1/Candle Meadow
 As of October 31, 2011

<u>Owners' Equity</u>	<u>Balance Oct 31, 2011</u>	<u>Balance Sep 30, 2011</u>	<u>Change</u>
Equity			
30700 - Retained Earnings	(653,544.97)	(653,544.97)	0.00
Total Equity	74,873.95	74,873.95	0.00
Total Owners' Equity	74,873.95	74,873.95	0.00
Net Income / (Loss)	(28,081.67)	0.00	(28,081.67)
Total Liabilities and Equity	47,268.28	75,719.63	(28,451.35)

Income Statement Report
DeSoto PID #1/Candle Meadow
 October 01, 2011 thru October 31, 2011

	Current Period		Year to Date (1 month)		Annual Budget
	Actual	Budget	Actual	Budget	
Income					
Scheduled Income					
40000 - Regular Assessment	1,102.59	19,272.00	1,102.59	19,272.00	231,258.00
Total Scheduled Income	1,102.59	19,272.00	1,102.59	19,272.00	231,258.00
Miscellaneous Income					
43000 - Interest Income	2.73	0.00	2.73	0.00	0.00
Total Miscellaneous Income	2.73	0.00	2.73	0.00	0.00
Total Income	1,105.32	19,272.00	1,105.32	19,272.00	231,258.00
Expense					
Administrative Expenses					
50010 - Answering Service	0.00	0.00	0.00	0.00	60.00
50070 - Bank/Check Charges	75.00	50.00	75.00	50.00	600.00
50085 - Collection Services Appraisal District	0.00	0.00	0.00	0.00	1,375.00
50110 - Copies & Postage	454.68	100.00	454.68	100.00	2,520.00
50120 - Data Processing	0.00	20.00	0.00	20.00	500.00
50210 - Rental/Storage	5.10	30.00	5.10	30.00	650.00
50250 - Licenses/Permits/Inspection Fees	0.00	8.00	0.00	8.00	100.00
50270 - Meetings	300.00	0.00	300.00	0.00	400.00
50300 - Supplies - Administrative	44.72	0.00	44.72	0.00	0.00
50340 - Printing/Newsletter	0.00	0.00	0.00	0.00	1,040.00
50350 - Holiday Decorations	0.00	0.00	0.00	0.00	1,200.00
50355 - Social Committee	0.00	4,000.00	0.00	4,000.00	8,000.00
50400 - Member Relations	25.00	0.00	25.00	0.00	0.00
50450 - Advertising	0.00	0.00	0.00	0.00	400.00
Total Administrative Expenses	904.50	4,208.00	904.50	4,208.00	16,845.00
Professional Services					
50001 - Accounting/Audit	0.00	0.00	0.00	0.00	1,500.00
50244 - Legal Fees-Non Collections	520.00	0.00	520.00	0.00	3,500.00

Income Statement Report
DeSoto PID #1/Candle Meadow
 October 01, 2011 thru October 31, 2011

	Current Period			Year to Date (1 month)			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
Expense							
Professional Services							
51000 - Management Fees	1,500.40	1,364.00	136.40	1,500.40	1,364.00	136.40	16,368.00
Total Professional Services	2,020.40	1,364.00	656.40	2,020.40	1,364.00	656.40	21,368.00
Taxes and Insurance							
52020 - Directors and Officers Liability	0.00	0.00	0.00	0.00	0.00	0.00	1,760.00
52030 - Fidelity Bonds	0.00	0.00	0.00	0.00	0.00	0.00	155.00
52040 - Property/General Insurance	529.58	0.00	529.58	529.58	0.00	529.58	3,950.00
52070 - Umbrella Liability Insurance	0.00	0.00	0.00	0.00	0.00	0.00	1,000.00
81040 - Property Taxes	0.00	0.00	0.00	0.00	0.00	0.00	10.00
Total Taxes and Insurance	529.58	0.00	529.58	529.58	0.00	529.58	6,875.00
Payroll and Related Benefits							
53030 - Workers' Comp Insurance	0.00	0.00	0.00	0.00	0.00	0.00	265.00
Total Payroll and Related Benefits	0.00	0.00	0.00	0.00	0.00	0.00	265.00
Utilities							
60000 - Electricity	213.90	650.00	(436.10)	213.90	650.00	(436.10)	9,100.00
60040 - Telephone / Faxes	220.91	115.00	105.91	220.91	115.00	105.91	1,380.00
60060 - Water/Sewer	3,271.96	1,625.00	1,646.96	3,271.96	1,625.00	1,646.96	22,750.00
Total Utilities	3,706.77	2,390.00	1,316.77	3,706.77	2,390.00	1,316.77	33,230.00
Contracts							
65200 - Lawn Maintenance Contract	3,855.00	4,570.00	(715.00)	3,855.00	4,570.00	(715.00)	54,840.00
65400 - Pools/Jacuzzis Contract	1,529.04	732.00	797.04	1,529.04	732.00	797.04	9,325.00
65425 - Pool Monitoring Contract	1,302.00	1,302.00	0.00	1,302.00	1,302.00	0.00	20,500.00
65440 - Internet for Video Monitoring	0.00	30.00	(30.00)	0.00	30.00	(30.00)	360.00
65510 - Access/Video Equipment	0.00	0.00	0.00	0.00	0.00	0.00	950.00
65600 - Porter Service Contract	1,103.00	1,300.00	(197.00)	1,103.00	1,300.00	(197.00)	15,600.00
Total Contracts	7,789.04	7,934.00	(144.96)	7,789.04	7,934.00	(144.96)	101,575.00

Income Statement Report
DeSoto PID #1/Candle Meadow
 October 01, 2011 thru October 31, 2011

	Current Period			Year to Date (1 month)			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
Expense							
Repairs & Maintenance							
70080 - Common Area Maintenance	0.00	500.00	(500.00)	0.00	500.00	(500.00)	1,000.00
70110 - Electrical	0.00	500.00	(500.00)	0.00	500.00	(500.00)	1,000.00
70140 - Fence/Gates/Walls	49.00	500.00	(451.00)	49.00	500.00	(451.00)	1,000.00
70220 - Landscaping / Seasonal	0.00	500.00	(500.00)	0.00	500.00	(500.00)	1,000.00
70240 - Lights/Bulbs	0.00	0.00	0.00	0.00	0.00	0.00	300.00
70290 - Pest Control	0.00	0.00	0.00	0.00	0.00	0.00	300.00
70300 - Plumbing	0.00	250.00	(250.00)	0.00	250.00	(250.00)	1,000.00
70311 - Swimming Pool	230.58	500.00	(269.42)	230.58	500.00	(269.42)	1,000.00
70314 - Pool Chemicals	0.00	0.00	0.00	0.00	0.00	0.00	1,500.00
70350 - Sprinkler / Irrigation Repair	2,837.25	500.00	2,337.25	2,837.25	500.00	2,337.25	1,000.00
Total Repairs & Maintenance	3,116.83	3,250.00	(133.17)	3,116.83	3,250.00	(133.17)	9,100.00
Other Expenses							
70335 - Signs	38.97	0.00	38.97	38.97	0.00	38.97	0.00
Total Other Expenses	38.97	0.00	38.97	38.97	0.00	38.97	0.00
Capital Improvements							
90010 - Capital Improvement	0.00	0.00	0.00	0.00	0.00	0.00	13,900.00
90210 - Capital Improvement - Pools/Jacuzzis	11,080.90	0.00	11,080.90	11,080.90	0.00	11,080.90	0.00
Total Capital Improvements	11,080.90	0.00	11,080.90	11,080.90	0.00	11,080.90	13,900.00
Reserve Contributions							
90600 - Restricted Replacement Reserve	0.00	0.00	0.00	0.00	0.00	0.00	28,100.00
Total Reserve Contributions	0.00	0.00	0.00	0.00	0.00	0.00	28,100.00
Total Expense	29,186.99	19,146.00	10,040.99	29,186.99	19,146.00	10,040.99	231,258.00
Net Income / (Loss)	(28,081.67)	126.00	(28,207.67)	(28,081.67)	126.00	(28,207.67)	0.00