

Ginsburg & Dwaileebe CPAs LLP

Certified Public Accountants and Consultants

STATEMENTS D'ARCY RANCH OWNERS ASSOCIATION
FINANCIAL STATEMENTS
DECEMBER 31, 2009
AND
ACCOUNTANTS' COMPILATION REPORT

ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors
D'arcy Ranch Owners Association
Chandler, Arizona

We have compiled the accompanying balance sheet - cash basis - of D'arcy Ranch Owners Association, as of December 31, 2009, and the related statements of revenues, expenses, and changes in fund balance - cash basis - for the year ended December 31, 2009, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

As described in Note 2, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The American Institute of Certified Public Accountants has determined that supplementary information about future major repairs and replacements of common property is required to supplement, but not required to be a part of, the basic financial statements. D'arcy Ranch Owners Association has not presented this supplementary information.

Ginsburg & Dwaileebe CPAs, LLP

Ginsburg & Dwaileebe CPAs, LLP
Mesa, Arizona
April 19, 2010

D'ARCY RANCH OWNERS ASSOCIATION
 BALANCE SHEET - CASH BASIS
 DECEMBER 31, 2009

ASSETS

	Operating Fund	Replacement Fund	Total
ASSETS			
Cash	\$ 8,499	\$ 25,873	\$ 34,372
TOTAL ASSETS	8,499	25,873	34,372

FUND BALANCES

FUND BALANCES	8,499	25,873	34,372
TOTAL FUND BALANCES	\$ 8,499	\$ 25,873	\$ 34,372

See accountants' compilation report. The accompanying notes
 are an integral part of these financial statements.

D'ARCY RANCH OWNERS ASSOCIATION
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
 CASH BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Operating Fund	Replacement Fund	Total
REVENUES			
Homeowner assessments	\$ 68,427	\$ 4,296	\$ 72,723
Interest - bank accounts	-	136	136
Late fees	615	-	615
Miscellaneous	1,207	-	1,207
Fines	460	-	460
TOTAL REVENUES	70,709	4,432	75,141
EXPENSES			
Utilities	8,947	-	8,947
Maintenance	900	-	900
Landscape grounds	27,341	-	27,341
Administrative	26,231	-	26,231
Major repairs and replacements	-	14,375	14,375
TOTAL EXPENSES	63,419	14,375	77,794
Excess of Revenues over (under) Expenses	7,290	(9,943)	(2,653)
Fund Balances, Beginning of Year	1,209	35,817	37,026
Fund Balances, End of Year	\$ 8,499	\$ 25,873	\$ 34,372

See accountants' compilation report. The accompanying notes
 are an integral part of these financial statements.

D'ARCY RANCH OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 1: NATURE AND ORGANIZATION

D'arcy Ranch Owners Association, (the "Association"), a non-stock homeowner association, was incorporated on September 3, 1993 under the general non-profit laws of the State of Arizona and was organized for the purposes of maintaining common areas, holding title to property and maintaining architectural control. The Association consists of 256 units located in Chandler, Arizona. There is a board of directors that is elected by the member homeowners.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The Association's financial statements are prepared on the cash basis of accounting; accordingly, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred. Consequently, accounts receivable due from homeowners, deferred revenues and accrued expenses are not included in the financial statements.

Fund Accounting

The Association's governing documents provide certain guidelines for governing 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 designated for future major repairs and replacements.

Cash

Cash listed as operating is available for current operations and is not bound by any restriction or designation. Cash listed as reserves is designated for future major repairs and replacements and is generally not available for current operations. The Association considers all highly liquid investments with an original maturity of three months or less to be cash.

See accountants' compilation report.

D'ARCY RANCH OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Homeowner Assessments

Association members are subject to assessments to provide funds for the Association's operating expenses and future major repairs and replacements. The Association's policy is to assess late fees and, if necessary, retain legal counsel and place liens on the properties of the homeowners whose assessments are delinquent. Any excess assessments at year-end are retained by the Association for use in the succeeding year. Maintenance assessments were \$263 per unit for the year, payable in equal quarterly installments.

Income Taxes

The Association files its income tax return as a homeowner's association in accordance with Internal Revenue Code Section 528 using Form 1120-H. Under that Section, the Association is not taxed on uniform assessments to members and other income received from Association members solely as a function of their membership in the Association. The Association is taxed at the rate of 30% on its nonexempt function income, which includes interest income.

Arizona income tax is based on the federal taxable income at 6.968% after adding the Form 1120-H \$100 specific deduction and deducting any net disbursements carryover from prior year.

NOTE 3: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association is setting aside funds for future major repairs and replacements, as required by the governing documents, based on funding requirements determined by the Board of Directors. The Association has not had a professional reserve study. The funds set aside each year are generated from member assessments and other net revenues, and are periodically transferred from the operating checking account into segregated reserve cash accounts.

Actual expenditures may vary from the estimated funding amounts determined by the Board of Directors and variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, the Association may increase regular assessments, levy special assessments or delay major repairs and replacements until funds are available.

See accountants' compilation report.