

Vickery Meadow Management Corporation

Financial Statements and
Independent Auditors' Report

December 31, 2018 and 2017

Malnory, McNeal & Company, PC

Certified Public Accountants

Mark W. Malnory, CPA
Johnna W. McNeal, CPA
Beverly Smith, CPA
James R. Smith, CPA

Members of
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
AICPA Governmental Audit Quality Center

Elizabeth Hamm, CPA
E.J. Musharbash, CPA
Les S. Malnory, CPA

VICKERY MEADOW MANAGEMENT CORPORATION

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Statements of Cash Receipts and Disbursements for the years ended December 31, 2018 and 2017	3
Notes to Financial Statements	4 - 7

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Independent Auditors' Report

Board of Trustees
Vickery Meadow Management Corporation

We have audited the accompanying statements of cash receipts and disbursements of Vickery Meadow Management Corporation (a Texas non-profit corporation) for the years ended December 31, 2018 and 2017, 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 the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit 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 in the first paragraph present fairly, in all material respects, the statements of cash receipts and disbursements of Vickery Meadow Management Corporation for the years ended December 31, 2018 and 2017, in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

A handwritten signature in blue ink that reads "Kelly M. P. Cuyper PC". The signature is written in a cursive style with a large, stylized initial "K".

Dallas, Texas
March 27, 2019

VICKERY MEADOW MANAGEMENT CORPORATION
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEARS ENDED DECEMBER 31,

	2018	2017
Cash receipts		
Net service plan year tax receipts	\$ 645,683	\$ 570,497
Restricted tax receipts released	132,474	110,538
Interest and dividend income	7,918	3,478
Tax assessment refunds	(2,006)	(2,466)
	784,069	682,047
Cash disbursements		
Administrative	60,662	67,871
Park Lane Place improvements	50,000	50,000
Midtown Park improvements	27,737	10,841
Community service	10,822	11,875
Safety and security	248,739	267,216
Property standard	76,773	84,678
Public relations	49,316	46,038
Economic development	2,147	1,395
Capital improvements	36,000	6,355
Insurance and audit	13,399	14,224
	575,595	560,493
Restricted tax receipts received	-	132,474
Restricted tax receipts released	(132,474)	(110,538)
	76,000	143,490
Increase (decrease) in cash		
Cash at beginning of year	474,685	331,195
Cash at end of year	\$ 550,685	\$ 474,685

The accompanying notes are an integral part of these financial statements.

VICKERY MEADOW MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Vickery Meadow Management Corporation (“VMMC” or the “Organization”) was incorporated under the Texas Non-Profit Corporation Act on March 4, 1993, for purposes of promoting and managing the area known as Vickery Meadow Public Improvement District (the “District”).

In 1993, the owners of real property within the proposed District delivered to the City of Dallas (the “City”) a petition to create the District. On June 23, 1993, the City Council of the City of Dallas approved the petition and authorized the creation of the District, under Chapter 372 of the Texas Local Government Code (the “Act”) with Resolution No. 93-2502. The District has been successively renewed in accordance with the Act, the current of which was passed June 25, 2008 with Resolution No. 08-1867. That resolution provided for a District dissolution date of December 31, 2015. On April 1, 2015, VMMC, representing owners of real property within the proposed District, delivered a petition to the City which was approved on August 12, 2015 with Resolution 15-1474 re-establishing the District with an effective date of January 1, 2016. The District shall automatically dissolve December 31, 2022, unless the District is renewed through the petition and approval process as provided by law and is scheduled to automatically dissolve December 31, 2025.

The District is managed by VMMC, a private nonprofit corporation. A cooperative relationship between the City and the private sector exists in which the City Council reviews and approves annually the service plan and assessment plan, determines and levy assessments and VMMC is responsible for managing and implementing the Service Plan of the District.

The purpose of the District is to supplement and enhance services provided within the District, but not to replace or supplant existing City services. Services and improvements provided in the District include enhanced security and public safety, neighborhood improvements, landscaping, trash/litter removal, graffiti control, marketing and promotional activities, recreation programming, cultural enhancements, economic development, Midtown Park and Park Lane area improvements, business recruitment to promote the area as the Vickery Meadow District, and related expenses incurred in establishing, administering, and operating the District as authorized by the Act.

The funding of operations, approved by the City, is paid from assessments on the real property within the District. The assessment levied for 2018 and 2017, respectively, was \$0.05 per \$100 of appraised value by the Dallas Central Appraisal District for the “Standard Service Area” and \$0.10 per \$100 of appraised value for the “Premium Service Area.” The premium service area provides more security services, community programming, and marketing services due to greater density and demand on services than the standard service area. Future assessment rates will be set by the Dallas City Council and shall not exceed \$0.15 per \$100 of appraisal value. The Dallas County Tax Office provides assessment collection services for the District.

VICKERY MEADOW MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management Contract

The respective City Resolutions establishing the District provide for the City to enter into a contract with VMMC whereby VMMC provides management, accounting, and other services for the District. Subject to finalization, this contract, as renewed and authorized by the City Council on September 12, 2018, will terminate December 31, 2022, or upon dissolution of the District.

Basis of Accounting

The Organization prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements. The Board and management believe the cash basis most effectively measures the activity of the Organization's mission.

Cash

The Organization maintains its cash balances in checking and money market accounts at a financial institution in Dallas, Texas, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or its investments.

Receipts

All tax assessment receipts are considered to be available for unrestricted use and are recognized as collected from the taxing authorities. Cash receipts in 2018 and 2017 include \$0 and \$132,474, respectively, in collections related to the current tax year assessment period to be used for subsequent year service plan disbursements.

In-Kind Contributions

The Organization received in-kind rent for the use of office and storage space valued at \$18,000 and \$17,100 for the years ended December 31, 2018 and 2017, respectively. The in-kind rent and related expense amounts are not recognized in the accompanying financial statements.

Federal Income Tax

VMMC is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for Federal income taxes has been recorded in the accompanying financial statements. In addition, VMMC has been classified as an organization that is not a private foundation. There was no unrelated business income or known Federal excise taxes for the year ended December 31, 2018. VMMC's federal Return of Organization Exempt from Income Tax (Form 990) for 2015, 2016, and 2017 are open to examination by the IRS for a period of three years from the date the returns are filed.

VICKERY MEADOW MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for Uncertainty in Income Taxes

Management has concluded that any tax provisions that would not meet the more-likely-than-not criterion of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740-10, Accounting for Income Taxes, would be immaterial to the financial statement taken as whole. Accordingly, the accompanying financial statement does not include

any provision of uncertain tax positions, and no related interest or penalties have been recorded in the operating statement.

Financial Instruments

The Organization's financial instruments consist of cash only. It is the Board's opinion that the Organization is not exposed to significant interest rate or credit risk arising from the instrument. Unless otherwise noted, the fair value of the financial instrument is the market value of the financial instrument, and approximates their carrying value.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. NET ASSETS

The Organization classifies its net assets into two categories as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be used for any purpose or designated for specific purposes by action of the board of trustees.

Temporarily Restricted – Net assets the use of which is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. Temporarily restricted net assets include tax assessment receipts received in a calendar year that are designated for the subsequent year service plan.

Net asset balances are as follows as of December 31:

Unrestricted	\$	<u>2018</u> 543,045	\$	<u>2017</u> 334,571
Temporarily restricted:				
Tax receipts		-		132,474
Donor stipulations		<u>7,640</u>		<u>7,640</u>
Total temporarily restricted		<u>7,640</u>		<u>140,114</u>
Total Net Assets	\$	<u><u>550,685</u></u>	\$	<u><u>474,685</u></u>

VICKERY MEADOW MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

3. COLLECTION FEES

Collection fees, which are netted against tax assessment revenue, are charged at the rate of \$2.75 per parcel, which is paid to Dallas County for its collection services.

4. TRANSACTIONS WITH AFFILIATES

During the years ended December 31, 2018 and 2017, the Organization paid \$50,000 and \$50,000, respectively, for security reimbursements to a company of which a member of the board of trustees is employed.

5. COMMITMENTS

The Organization enters into various agreements for goods and services in the ordinary course of providing the various programs and other activities.

6. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 27, 2019, the date the financial statements were available to be issued.