Vickery Meadow Public Improvement District

Financial Statements and
Independent Auditors' Report
December 31, 2021

VICKERY MEADOW PUBLIC IMPROVEMENT DISTRICT

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Malnory, McNeal & Company, PC
Certified Public Accountants

Mark W. Malnory, CPA
Johnna W. McNeal, CPA
Les S. Malnory, CPA
E.J. Musharbash, 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
Matthew Doyle, CPA
Yvonne Yu, CPA
Imran Zamani, CPA

Independent Auditors' Report

Board of Directors
Vickery Meadow Management Corporation

Opinion

We have audited the accompanying financial statements of Vickery Meadow Public Improvement District (the "District"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, statement of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vickery Meadow Public Improvement District as of December 31, 2021, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vickery Meadow Public Improvement District and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Vickery Meadow Public Improvement District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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5016 McKinney Avenue, Suite 100 Dallas, Texas 75205 Telephone: 214-559-0784 Facsimile: 214-915-8423
1711 Clarksville Street Paris, Texas 75460 Telephone: 903-784-6700 Facsimile: 903-761-6934
www.MalnoryMcNeal.com

Auditors' Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material is there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Vickey Meadow Public Improvement District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Vickery Meadow Public Improvement District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Dallas, Texas
April XX, 2022

Vickery Meadow Public Improvement District
Statement of Financial Position
December 31, 2021

Assets

Current Assets		
Cash	$	1,289,404
Tax assessments receivable		1,140,243
Other assets		2,906
Total current assets		2,432,553
Total Assets	$	2,432,553

Liabilities and Net Assets

Current Liabilities		
Tax assessments - deferred revenue	$	1,140,243
Total current liabilities		1,140,243
Net Assets		
Net assets without donor restrictions		1,292,310
Net assets with donor restrictions		-
Total net assets		1,292,310
Total Liabilities and Net Assets	$	2,432,553

Vickery Meadow Public Improvement District
Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2021

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Revenues:			
Assessments	$ 1,077,698	$ -	$ 1,077,698
Interest income	7,496	-	7,496
Less: City and county fees	(18,154)	-	(18,154)
Total Revenues	1,067,040	-	1,067,040
Expenses			
Program	637,802	-	637,802
Supporting	110,472	-	110,472
Fundraising	-	-	-
Total expenses	748,274	-	748,274
Changes in Net Assets	318,766	-	318,766
Net Assets at beginning of year	973,544	-	973,544
Net Assets at end of year	$ 1,292,310	$ -	$ 1,292,310

See Independent Auditor's Report and Notes to Financial Statements

Vickery Meadow Public Improvement District
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program	Management & General	Fundraising	Total
Administrative	$ -	$ 93,089	$ -	$ 93,089
Park Lane Place improvements	50,000	-	-	50,000
Midtown Park improvements	34,094	-	-	34,094
Community service	7,955	-	-	7,955
Safety and security	339,710	-	-	339,710
Property standard	92,075	-	-	92,075
Public relations	62,414	-	-	62,414
Economic development	10,703	-	-	10,703
Capital improvements	40,851	-	-	40,851
Insurance and audit	-	17,383	-	17,383
Total functional expenses	$ 637,802	$ 110,472	$ -	$ 748,274

See Independent Auditor's Report and Notes to Financial Statements

Vickery Meadow Public Improvement District
Statement of Cash Flows
For the Year of December 31, 2021

Cash flows from operating activities		
Changes in net assets	$	318,766
Adjustments to reconcile changes in net assets to cash provided by (used in) operating activities		
Changes in operating assets and liabilities		
(Increase) decrease in tax assessments receivable		(167,375)
(Increase) decrease in other assets		248
Increase (decrease) in tax assessments - deferred revenue		184,954
Net cash provided by (used in) operating activities		336,593
Net increase (decrease) in cash		336,593
Cash and cash equivalents at beginning of year		952,811
Cash and cash equivalents at end of year	$	1,289,404

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").

Vickery Meadow Public Improvement 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. Unless the District is renewed through the petition and approval process as provided by law the District is scheduled to automatically dissolve December 31, 2022.

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 2021 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Vickery Meadow Public Improvement District (continued)

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.

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. 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 in accordance with accounting principles generally accepted in the United States of America. The accompanying financial statements include only the accounts of the District and do not include any accounts related to the other activities of VMMC.

Basis of Financial Statements Presentation

For reporting purposes, resources are classified into two net asset categories according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time or subject to donor-imposed stipulations that are to be maintained permanently. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of operations, as net assets are released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets without donor restrictions. There were no net assets with donor restrictions as of December 31, 2021.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash & Concentration of Credit Risk

The Organization maintains its cash balances in checking and money market accounts at a financial institution in Dallas, Texas, which at times may exceed insured limits. Accounts at the Institution are insured by the Federal Deposit Insurance Corporation up to $250,000. The Organization has not incurred losses related to its cash and believes it is not exposed to any significant credit risk on cash.

Revenue Recognition

Revenue is recognized for the year as the Organization satisfies performance obligations under its service plan, in an amount that reflects the council approved consideration that it expects to receive in exchange for those projects or services. The annual amount and timing of revenue recognition varies based on the nature of the projects or services provided and the terms and conditions of the service plan.

Performance obligations are determined based on the nature of the projects or services provided by the Organization in accordance with the service plan. Revenue for performance obligations satisfied over time is recognized ratably over the period based on time elapsed. The Organization believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue for performance obligations satisfied at a point in time is generally recognized when the projects or services are provided to residents or property owners at a single point in time and the Organization does not believe it is required to provide additional services related to that transaction. The Organization's revenue streams do not have significant financing components.

Property Assessment, Assessments Receivable, Assessments Allocable, and Revenue

The District presents an annual Service Plan and Assessment Plan to the City in September of each year. After due process and upon adoption, the City levies a property assessment against property in the District and provides for collection of the assessment to be used by the District for the approved services and improvements to property in the District during the following calendar year.

The District records property assessments as a receivable when levied by the City and a corresponding offset to tax assessments – deferred revenue. The Dallas County Assessment Office (the "County") mails property assessment statements to the property owners in October of each year, which are due and payable on October 1, and are delinquent if not paid on or before January 31. No allowance for uncollectible assessments is established because delinquent assessments are considered fully collectible. As collections are received by the County, they were remitted to the District through September 30, 2018. Effective October 1, 2018, collections were remitted to the City to be remitted to the District upon approved request. Assessments allocable are recognized as revenue without donor restrictions as of January 1 each year to

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Assessment, Assessments Receivable, Assessments Allocable, and Revenue (continued)

correspond to the approved Service Plan's provision for services and improvements for the calendar year. The 2021 tax assessment levy receivable as of December 31, 2021 is $1,140,244.

Functional Allocation of Expenses

The costs of providing the Organization's various programs, fundraising, management and general have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program, fundraising, management and general categories based on the specific identification of costs or approximate percentage of time and other methods.

Federal Income Tax Status

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, 2020. VMMC's federal Return of Organization Exempt from Income Tax (Form 990) for 2018, 2019, and 2020 are open to examination by the IRS for a period of three years from the date the returns are filed.

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 a whole. Accordingly, the accompanying financial statements do not include any provision of uncertain tax positions, and no related interest or penalties have been recorded in the operating statements.

Concentration of Revenue Sources

The District's revenue is totally derived from annual assessments levied by the City. The current level of the District's operations and programs may be impacted if the City's annual assessment is not levied.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date are total financial assets of $2,429,647.

The District manages its liquidity and reserves following three guiding principles: operating with a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

3. VALUE CHANGES

Value changes occur when a property owner within the District disputes their original tax assessment amount and, as a result of negotiation and or litigation between owners and Dallas Central Appraisal District, the original assessment is increased or reduced. Any resulting changes in assessed valuation and related property assessment amounts may change amounts remitted from the County or result in refunds issued by the District.

4. COLLECTION FEES AND INTEREST

Collection fees retained by the County for the 2020 levy in the amount of $8,303 are netted against assessment collections received from the County by the City in January 2021 for its collection services during 2020. The 2021 collection fees will be netted against collections received in 2022.

The City reimbursed the City General Fund for administrative costs incurred for the day-to-day accounting responsibilities, administrative, and operational oversight of the District form the assessment collections received from the County in the amount of $9,851 for the year ended December 31, 2021.

In addition to remitting the net assessment collections received from the County, the City paid the District interest of $711.

5. SERVICES

Services provided by the District are made in accordance with the annual Service Plan approved by the City as reported in the accompanying statements of activities and changes in net assets.

6. TRANSACTIONS WITH AFFILIATES

During the year ended December 31, 2021, the Organization paid $50,000 for security reimbursements to a company of which a member of the board of trustees is employed.

The Organization paid $34,094 for lighting reimbursements to a company of which a member of the board of trustees is an owner.

The Organization reimbursed $2,329 to a member of the board of trustees for meeting and event expenses, as well as a bonus paid to the former Executive Director.

The Organization paid $11,566 to relatives of a member of the board of trustees for work done for the renewal process and administrative work.

The Organization paid $250 to a relative of a member board of trustees for work done for the renewal process.

The Organization paid $65 to a member of the board of trustees for work contributed to the renewal process.

The Organization paid $12,321 to the new Executive Director for moving allowance and benefits reimbursement that were not related to regular payroll.

7. COMMITMENTS

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

The Organization leases office space from a third party. The following is a summary of the approximate minimum future rentals, excluding contingent rentals, under a noncancelable operating lease that had been entered into by the Organization as of December 31, 2021:

December 31,	2022	$	18,260
	2023		18,704
	2024		3,128
	2025		-
	2026		-
	Thereafter		-
		$	40,092

8. COVID-19

The COVID-19 pandemic sweeping across the country has resulted in mandatory closure of many businesses resulting in layoffs of much of the workforce. The economic effects of those closures are not yet known but could potentially affect the Organization.

9. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April XX, 2022, the date the financial statements were available to be issued.