

RANCHO VENTANA RV RESORT COMMUNITY ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021



SCOTTCORPORATION
A PROFESSIONAL ACCOUNTANCY CORPORATION

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of Rancho Ventana RV Resort Community Association, Inc.

We have reviewed the accompanying financial statements of Rancho Ventana RV Resort Community Association, Inc., which comprise the balance sheet as of December 31, 2021, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion. We are required to be independent of Rancho Ventana RV Resort Community Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 8 be presented to supplement the basic financial statements. Such information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management. We have compiled the supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on it.



Scott Corporation, APAC
Rancho Mirage, CA
June 5, 2022

Rancho Ventana RV Resort Community Association, Inc.
Balance Sheet
December 31, 2021

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 61,280	\$ 184,746	\$ 246,026
Investments	48,420	364,591	413,011
Assessments receivable (net of allowance for doubtful accounts of \$2,000)	13,031	-	13,031
Other receivables	923	-	923
Prepaid expenses	5,149	-	5,149
Lot #210	6,000	-	6,000
Due from (to) other fund	(6,366)	6,366	-
 TOTAL ASSETS	 <u>\$ 128,437</u>	 <u>\$ 555,703</u>	 <u>\$ 684,140</u>
 LIABILITIES			
Accounts payable	\$ 7,449	\$ -	\$ 7,449
Payroll liabilities	10,033	-	10,033
Prepaid assessments	77,116	-	77,116
 TOTAL LIABILITIES	 <u>94,598</u>	 <u>-</u>	 <u>94,598</u>
 FUND BALANCES	 33,839	 555,703	 589,542
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 128,437</u>	 <u>\$ 555,703</u>	 <u>\$ 684,140</u>

See accompanying notes and accountant's report.

Rancho Ventana RV Resort Community Association, Inc.
Statement of Revenues, Expenses and Changes in Fund Balances
Year Ended December 31, 2021

	Operating Fund	Replacement Fund	Total
REVENUES			
Regular assessments	\$ 237,996	\$ 37,992	\$ 275,988
Other income	704	-	704
Interest	349	3,415	3,764
TOTAL REVENUES	<u>239,049</u>	<u>41,407</u>	<u>280,456</u>
EXPENSES			
Administration			
Wages and salaries	105,075	-	105,075
Payroll taxes	7,017	-	7,017
Workers compensation	7,982	-	7,982
Insurance	13,960	-	13,960
Office supplies	3,253	-	3,253
Professional fees	2,825	-	2,825
Bad debts	2,000	-	2,000
Other administration	9,868	-	9,868
Total Administration	<u>151,980</u>	<u>-</u>	<u>151,980</u>
Maintenance			
Landscape	6,340	-	6,340
Pool and spa	2,775	-	2,775
Other maintenance	8,893	5,642	14,535
Total Maintenance	<u>18,008</u>	<u>5,642</u>	<u>23,650</u>
Utilities			
Electricity	14,705	-	14,705
Gas	13,748	-	13,748
Refuse	6,782	-	6,782
Cable TV	17,970	-	17,970
Water	12,464	-	12,464
Telephone	736	-	736
Total Utilities	<u>66,405</u>	<u>-</u>	<u>66,405</u>
TOTAL EXPENSES	<u>236,393</u>	<u>5,642</u>	<u>242,035</u>
Excess revenues over expenses	<u>2,656</u>	<u>35,765</u>	<u>38,421</u>
Beginning fund balances	<u>31,183</u>	<u>519,938</u>	<u>551,121</u>
ENDING FUND BALANCES	<u><u>\$ 33,839</u></u>	<u><u>\$ 555,703</u></u>	<u><u>\$ 589,542</u></u>

See accompanying notes and accountant's report.

Rancho Ventana RV Resort Community Association, Inc.
Statement of Cash Flows
Year Ended December 31, 2021

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess revenues over expenses	\$ 2,656	\$ 35,765	\$ 38,421
Adjustments to reconcile excess revenues over expenses to cash provided (used) by operating activities:			
Provision for bad debts	2,000	-	2,000
(Increase) decrease in assets:			
Assessments receivable	(4,860)	-	(4,860)
Other receivable	(923)	-	(923)
Prepaid expenses	(534)	-	(534)
Increase (decrease) in liabilities:			
Accounts payable	920	-	920
Income taxes payable	(413)	-	(413)
Payroll liabilities	8,447	-	8,447
Prepaid assessments	6,263	-	6,263
Total adjustments	<u>10,900</u>	<u>-</u>	<u>10,900</u>
Net cash flows provided by operating activities	<u>13,556</u>	<u>35,765</u>	<u>49,321</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Increase in investments	(325)	(3,243)	(3,568)
Net cash flows used by investing activities	<u>(325)</u>	<u>(3,243)</u>	<u>(3,568)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interfund borrowings	(5,490)	5,490	-
Net cash flows provided (used) by financing activities	<u>(5,490)</u>	<u>5,490</u>	<u>-</u>
Net Increase in cash	<u>7,741</u>	<u>38,012</u>	<u>45,753</u>
Cash at beginning of year	53,539	146,734	200,273
Cash at end of year	<u><u>\$ 61,280</u></u>	<u><u>\$ 184,746</u></u>	<u><u>\$ 246,026</u></u>

See accompanying notes and accountant's report.

Rancho Ventana RV Resort Community Association, Inc.

Notes to Financial Statements

Note 1. Organization

Rancho Ventana RV Resort Community Association, Inc. ("Association") was incorporated on March 25, 1997 under the Nonprofit Mutual Benefit Corporation law of the State of California. The Association, located in Blythe, California, is a planned development whose primary purpose is to provide for the preservation, maintenance, and architectural control of the common area within the Association, which has 211 residential lots.

Note 2. Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 5, 2022, the date the financial statements were available to be issued.

Note 3. Summary of Significant Accounting Policies

Fund Accounting. The Association uses fund accounting on an accrual basis, which requires that funds such as operating funds and funds designated for future major repairs and replacements be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the Board of Directors and Property Manager. Disbursements from the replacement fund generally may be made only for designated purposes.

Property and Equipment. Personal property, equipment and real property acquired by the Association are recorded at cost and depreciated using the straight-line method of depreciation over their estimated useful lives.

Common Area Property. Real property and common areas acquired from the developer and related improvements to such property are not recognized as assets on the Association's financial statements. Expenditures for major repairs and replacements are accounted for as replacement fund expenditures for the purpose of financial reporting.

Assessments. Assessments from members are the principal source of revenues for the Association. Assessments are recognized as revenue when due. Assessments received in advance of the due date are treated as deferred income in the liability section of the balance sheet. These amounts are recognized as revenue when the assessment becomes due.

Cash and Cash Equivalents. For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, funds on deposit with financial institutions, and investments with original maturities of three months or less.

Rancho Ventana RV Resort Community Association, Inc.

Notes to Financial Statements

Note 3. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments. The carrying amounts of cash and cash equivalents, assessments receivable, other current assets, accounts payable, prepaid assessments and accrued expenses approximate fair value because of the short maturity of those instruments.

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of 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.

Note 4. Future Major Repairs and Replacements

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate bank accounts and generally are not available for expenditures for normal operations. The Board of Directors had a study conducted in 2006 to estimate the remaining useful lives and the current replacement costs of the components of common property that the Board of Directors updates. The table on page 8, included in the compiled supplementary information on Future Major Repairs and Replacements, is based on the study and includes the annual percentage cost increases determined by the Board.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of replacement costs and considering amounts previously accumulated in the Replacement Fund. The study indicates a 2022 funding recommendation of \$40,849. The Board included \$40,947 in the 2022 budget.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. Except in certain emergency situations, increased regular assessments greater than 20% of the preceding year's regular assessments or special assessments greater than 5% of the annual budget must be approved by the members.

Rancho Ventana RV Resort Community Association, Inc.

Notes to Financial Statements

Note 5. Federal and State Income Taxes

The Association qualifies as an exempt membership corporation for both Federal and State income taxes. Accordingly, a tax liability is only incurred on income from nonmember sources such as interest income. The Association incurred no income tax payments in 2021.

As of December 31, 2021, the Association believes it is no longer subject to income tax examinations by taxing authorities for years prior to 2017.

Note 6. Assessments Receivable

Monthly assessments to owners were \$109 for 2021. Of that amount, approximately \$15 was designated to the Replacement Fund. The Board of Directors determines the annual budget and assessments of owners.

The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are in arrears. At December 31, 2021, the Association had regular assessments receivable of \$15,031. The Association uses the allowance method to estimate uncollectible accounts. The allowance for doubtful accounts was \$2,000 at December 31, 2021.

Note 7. Investments

The Association's investments include three certificates of deposit totaling \$413,011 which were held at two financial institutions. The certificates were carried at cost and mature in May 2022 and March 2023.

Rancho Ventana RV Resort Community Association, Inc.
 Supplementary Information on Future Major Repairs and Replacements
 December 31, 2021
 (Compiled)

The Board of Directors had a study conducted in 2006 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimated costs from the 2006 study have been increased each year by a percentage to arrive at estimated current replacement costs. The current year increase was 2%. The following table is based on the 2006 study with annual increases for costs and changes for remaining useful lives and presents significant information about the components of common property.

Components	Estimated Remaining Useful Life	Estimated Current Replacement Costs	2022 Recommended Funding	Components of Fund Balance at 12-31-21
Building	1 - 18	\$ 358,500	\$ 19,946	\$ 239,179
Perimeter walls	5 - 10	36,757	569	33,819
Entry gates	7 - 10	26,466	463	22,043
Vinyl fencing	15	56,271	558	47,905
Retention ponds	25	5,273	14	4,933
Streets and curbs	40	196,072	3,059	73,713
Electrical	4 - 20	52,017	1,115	30,619
Pool, spa and furniture	3 - 9	70,912	5,956	21,590
Sundeck canopies	9	32,753	3,305	3,009
Maintenance shop	15	11,261	484	3,999
Maintenance equipment	1 - 8	32,016	2,241	19,054
Infrastructure	28	84,462	1,510	42,176
WiFi and security	4 - 10	19,584	1,066	12,290
Common area	2	2,500	563	1,374
		<u>\$ 984,844</u>	<u>\$ 40,849</u>	<u>\$ 555,703</u>