

RANCHO VENTANA RV RESORT COMMUNITY ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023



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, 2023, and the related statements of revenues, expenses, and changes in fund balance (deficit) 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. Such 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
November 7, 2024

Rancho Ventana RV Resort Community Association, Inc.
Balance Sheet
December 31, 2023

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 19,193	\$ 139,977	\$ 159,170
Investments	50,874	383,264	434,138
Assessments receivable (net of allowance for doubtful accounts of \$2,000)	15,004	-	15,004
Prepaid expenses	11,698	-	11,698
Lot #210 and lot #211	14,500	-	14,500
Due from (to) other fund	(27,074)	27,074	-
 TOTAL ASSETS	 <u>\$ 84,195</u>	 <u>\$ 550,315</u>	 <u>\$ 634,510</u>
 LIABILITIES			
Accounts payable	\$ 8,470	\$ -	\$ 8,470
Income taxes payable	2,988	-	2,988
Gate openers	1,718	-	1,718
Prepaid assessments	78,356	-	78,356
 TOTAL LIABILITIES	 <u>91,532</u>	 <u>-</u>	 <u>91,532</u>
 FUND BALANCE (DEFICIT)	 (7,337)	 550,315	 542,978
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 84,195</u>	 <u>\$ 550,315</u>	 <u>\$ 634,510</u>

See accompanying notes and accountant's report.

Rancho Ventana RV Resort Community Association, Inc.
Statement of Revenues, Expenses and Changes in Fund Balance (Deficit)
Year Ended December 31, 2023

	Operating Fund	Replacement Fund	Total
REVENUES			
Regular assessments	\$ 273,720	\$ 6,000	\$ 279,720
Other income	3,551	-	3,551
Interest	2,030	14,794	16,824
TOTAL REVENUES	279,301	20,794	300,095
EXPENSES			
Administration			
Wages and salaries	121,681	-	121,681
Payroll taxes	3,894	-	3,894
Workers compensation	5,996	-	5,996
Insurance	17,357	-	17,357
Office supplies	3,557	-	3,557
Professional fees	2,600	-	2,600
Bad debts	3,430	-	3,430
Income taxes	3,954	-	3,954
Other administration	11,293	-	11,293
Total Administration	173,762	-	173,762
Maintenance			
Landscape	6,410	-	6,410
Pool and spa	3,609	-	3,609
Other maintenance	12,258	30,112	42,370
Total Maintenance	22,277	30,112	52,389
Utilities			
Electricity	17,659	-	17,659
Gas	24,334	-	24,334
Refuse	9,129	-	9,129
Cable TV	31,580	-	31,580
Water	16,480	-	16,480
Telephone	878	-	878
Total Utilities	100,060	-	100,060
TOTAL EXPENSES	296,099	30,112	326,211
Excess revenues or (expenses)	(16,798)	(9,318)	(26,116)
Beginning fund balances	9,461	559,633	569,094
ENDING FUND BALANCE (DEFICIT)	\$ (7,337)	\$ 550,315	\$ 542,978

See accompanying notes and accountant's report.

Rancho Ventana RV Resort Community Association, Inc.
Statement of Cash Flows
Year Ended December 31, 2023

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess revenues or (expenses)	\$ (16,798)	\$ (9,318)	\$ (26,116)
Adjustments to reconcile excess revenues or (expenses) to cash provided (used) by operating activities:			
(Increase) decrease in assets:			
Assessments receivable	(790)	-	(790)
Prepaid expenses	(6,109)	-	(6,109)
Increase (decrease) in liabilities:			
Accounts payable	(1,149)	-	(1,149)
Income taxes payable	2,988	-	2,988
Gate openers	350	-	350
Payroll liabilities	(99)	-	(99)
Prepaid assessments	(2,378)	-	(2,378)
Total adjustments	<u>(7,187)</u>	<u>-</u>	<u>(7,187)</u>
Net cash flows used by operating activities	<u>(23,985)</u>	<u>(9,318)</u>	<u>(33,303)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(2,029)	(14,734)	(16,763)
Net cash flows used by investing activities	<u>(2,029)</u>	<u>(14,734)</u>	<u>(16,763)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interfund borrowings	19,142	(19,142)	-
Net cash flows provided (used) by financing activities	<u>19,142</u>	<u>(19,142)</u>	<u>-</u>
Net decrease in cash	<u>(6,872)</u>	<u>(43,194)</u>	<u>(50,066)</u>
Cash at beginning of year	26,065	183,171	209,236
Cash at end of year	<u><u>\$ 19,193</u></u>	<u><u>\$ 139,977</u></u>	<u><u>\$ 159,170</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Income taxes	<u><u>\$ 800</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 800</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 212 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 November 7, 2024, 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 Board included \$20,000 in the 2024 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 income tax payments of \$800 in 2023.

The Internal Revenue Service and the California Franchise Tax Board can examine income tax returns up to three and four years, respectively. As of December 31, 2023, the Association believes it is no longer subject to income tax examinations by taxing authorities for years prior to 2019.

Note 6. Assessments Receivable

Monthly assessments to owners were \$111 for 2023. Of that amount, approximately \$2 was designated to the Replacement Fund per the budget, for a total annual budgeted allocation of \$6,000. 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, 2023, the Association had regular assessments receivable of \$17,004. The Association uses the allowance method to estimate uncollectible accounts. The allowance for doubtful accounts was \$2,000 at December 31, 2023.

Note 7. Investments

The Association's investments include three certificates of deposit totaling \$434,138 which were held at two financial institutions. The certificates were carried at cost and mature in May 2024 and March 2025.

Note 8. Lots

The Association owns two lots of the total 212 residential lots. The Association uses one lot for maintenance equipment and storage and the other lot is available to rent. The lots have been recorded at cost.

Rancho Ventana RV Resort Community Association, Inc.
Supplementary Information on Future Major Repairs and Replacements
December 31, 2023
(Compiled)

The Board of Directors had a study conducted in 2006 by an independent professional to estimate the remaining useful lives and the replacement costs of the components of common property. Thereafter, the Board of Directors annually reviews the component details of the 2006 study and makes adjustments accordingly. The estimated costs from the 2006 study have also been adjusted each year by the Board of Directors to arrive at estimated current replacement costs. The following table is based on the 2006 study with annual adjustments for costs and changes for the remaining useful lives and presents significant information about the components of common property.

<u>Components</u>	<u>Estimated Remaining Useful Life</u>	<u>Estimated Current Replacement Costs</u>	<u>Components of Fund Balance at 12-31-23</u>
Building	0 - 10	\$ 300,555	\$ 241,392
Perimeter walls	5 - 15	35,937	32,330
Entry gates	9 - 15	23,500	21,969
Vinyl fencing	15	53,000	48,319
Retention ponds	50	5,000	3,831
Streets and curbs	50	170,000	75,258
Electrical	10 - 45	52,000	30,531
Pool, spa and furniture	4 - 20	95,870	21,548
Sundeck canopies	20	25,000	-
Maintenance shop	18	12,000	4,279
Maintenance equipment	1 - 25	31,349	13,852
Infrastructure	75	85,000	42,720
WiFi and security	8 - 10	16,500	12,489
Common area	2	2,500	1,797
		<u>\$ 908,211</u>	<u>\$ 550,315</u>