

***SUMMERLIN WEST COMMUNITY ASSOCIATION***  
***FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION***  
***DECEMBER 31, 2025***



**HILBURN & LEIN, CPAs**  
A PROFESSIONAL CORPORATION

SUMMERLIN WEST COMMUNITY ASSOCIATION

DECEMBER 31, 2025

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**HILBURN & LEIN, CPAs**  
A PROFESSIONAL CORPORATION

Gary W. Lein, CPA  
Shareholder

Greg M. Sinacori, CPA  
Shareholder

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Members of  
Summerlin West Community Association  
Las Vegas, Nevada

***Opinion***

We have audited the accompanying financial statements of Summerlin West Community Association, which comprise the balance sheet as of December 31, 2025, and the related statements of revenues and expenses, and changes in fund balance 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 Summerlin West Community Association as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in conformity 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 Summerlin West Community Association and to meet our other 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.

***Future Major Repairs and Replacements***

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed in Note 6 are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to that matter.

***Responsibilities of Management 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, 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 Summerlin West Community Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are 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 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 are considered material if 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 Summerlin West Community Association'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Summerlin West Community Association'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.

***Disclaimer of Opinion on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Schedule of Reserve Analysis on page 15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Summerlin West Community Association  
May 13, 2026  
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***Other Matters***

The Schedule of Revenues and Expenses - Budget and Actual on pages 16 and 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Handwritten signature in black ink that reads "H. & P. CPA's". The signature is written in a cursive, somewhat stylized font.

Las Vegas, Nevada  
May 13, 2026

**SUMMERLIN WEST COMMUNITY ASSOCIATION  
BALANCE SHEET  
DECEMBER 31, 2025**

ASSETS

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	SBA OPERATING FUND	SBA RESERVE FUND	TOTAL
Cash - Notes 3 and 4	\$ 1,407,529	\$ 28,395	\$ 900	\$ 14,827	\$ 42,580	\$ 1,494,231
Certificates of Deposit - Note 4	1,400,000	1,039,047	442,653	-	250,000	3,131,700
Investments - Note 11	708,331	2,311,707	757,672	-	335,140	4,112,850
Assessments Receivable, Net of Allowance for Credit Losses of \$485,728	379,318	-	-	-	-	379,318
Prepaid Federal Income Tax - Note 5	525	-	-	-	-	525
Prepaid Expenses	39,535	-	-	-	-	39,535
<b>TOTAL ASSETS</b>	<b>\$ 3,935,238</b>	<b>\$ 3,379,149</b>	<b>\$ 1,201,225</b>	<b>\$ 14,827</b>	<b>\$ 627,720</b>	<b>\$ 9,158,159</b>

LIABILITIES AND FUND BALANCES

Accounts Payable	\$ 107,362	\$ 7,150	\$ -	\$ 291	\$ -	\$ 114,803
Prepaid Assessments	1,489,999	-	-	-	-	1,489,999
Contract Liability - Note 2	-	3,371,999	-	-	608,825	3,980,824
<b>TOTAL LIABILITIES</b>	<b>1,597,361</b>	<b>3,379,149</b>	<b>-</b>	<b>291</b>	<b>608,825</b>	<b>5,585,626</b>
<b>FUND BALANCES</b>	<b>2,337,877</b>	<b>-</b>	<b>1,201,225</b>	<b>14,536</b>	<b>18,895</b>	<b>3,572,533</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,935,238</b>	<b>\$ 3,379,149</b>	<b>\$ 1,201,225</b>	<b>\$ 14,827</b>	<b>\$ 627,720</b>	<b>\$ 9,158,159</b>

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

**SUMMERLIN WEST COMMUNITY ASSOCIATION**  
**STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	SBA OPERATING FUND	SBA RESERVE FUND	TOTAL
<b>REVENUES</b>						
Residential Assessments	\$ 8,216,180	\$ 280,959	\$ 175,000	\$ 113,280	\$ -	\$ 8,785,419
Non-Residential						
Assessments - Note 7	2,363,220	-	-	-	-	2,363,220
Late and Collection Fees	216,137	-	-	-	-	216,137
Fines and Penalties	17,691	-	-	-	-	17,691
Credit Losses	(64,501)	-	-	(2,840)	-	(67,341)
Interest Income	77,120	124,498	52,878	-	24,173	278,669
Working Capital Fees - Note 2	84,360	-	-	-	-	84,360
Lease Income - Note 8	29,834	-	-	-	-	29,834
Credit Card Rebate Rewards	9,043	-	-	-	-	9,043
Water District Rebate	12,265	3,026	-	-	-	15,291
Other Income	33,463	-	-	-	-	33,463
	<u>10,994,812</u>	<u>408,483</u>	<u>227,878</u>	<u>110,440</u>	<u>24,173</u>	<u>11,765,786</u>
<b>EXPENSES</b>						
Insurance	104,832	-	-	-	-	104,832
Electricity	60,388	-	-	4,567	-	64,955
Water	1,175,940	-	-	13,838	-	1,189,778
Landscaping Repairs and Maintenance	2,266,752	373,087	-	8,808	8,108	2,656,755
Repairs and Maintenance	181,140	29,557	-	35,059	27,304	273,060
Lighting Repairs and Maintenance	37,098	5,839	-	3,810	6,112	52,859
Professional Management	1,058,130	-	-	27,840	-	1,085,970
Professional Fees	202,326	-	-	800	-	203,126
Ombudsman Fees	52,043	-	-	-	-	52,043
Federal Income Taxes	3,760	-	-	-	-	3,760
Postage and Printing	198,591	-	-	2,608	-	201,199
Council Facility and Administration - Note 9	5,581,200	-	-	-	-	5,581,200
Miscellaneous	4,374	-	-	1,227	-	5,601
	<u>10,926,574</u>	<u>408,483</u>	<u>-</u>	<u>98,557</u>	<u>41,524</u>	<u>11,475,138</u>
<b>EXCESS OF REVENUES OR (EXPENSES)</b>	68,238	-	227,878	11,883	(17,351)	290,648
Fund Balances at Beginning of Year	2,270,594	-	973,347	2,653	36,246	3,282,840
Restatement of Fund Balance - Note 12	(955)	-	-	-	-	(955)
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 2,337,877</u>	<u>\$ -</u>	<u>\$ 1,201,225</u>	<u>\$ 14,536</u>	<u>\$ 18,895</u>	<u>\$ 3,572,533</u>

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

**SUMMERLIN WEST COMMUNITY ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	SBA OPERATING FUND	SBA RESERVE FUND	TOTAL
<b>CASH FLOWS FROM</b>						
<b>OPERATING ACTIVITIES:</b>						
Excess of Revenues or (Expenses)	\$ 68,238	\$ -	\$ 227,878	\$ 11,883	\$ (17,351)	\$ 290,648
<b>ADJUSTMENTS TO</b>						
<b>RECONCILE EXCESS</b>						
<b>REVENUES (EXPENSES) TO</b>						
<b>NET CASH PROVIDED (USED)</b>						
<b>BY OPERATING ACTIVITIES:</b>						
Interest on Certificates of Deposit	-	7,011	(30,256)	-	(12,011)	(35,256)
Investment Discount Recognized	7,201	(58,525)	(8,772)	-	(3,874)	(63,970)
Changes In:						
Assessments Receivable	(93,640)	-	-	-	-	(93,640)
Prepaid Expenses	(11,164)	-	-	-	-	(11,164)
Accounts Payable	38,038	(53,060)	-	(2,598)	(905)	(18,525)
Prepaid Assessments	237,530	-	-	-	-	237,530
Contract Liability	-	127,040	-	-	12,000	139,040
	177,965	22,466	(39,028)	(2,598)	(4,790)	154,015
<b>NET CASH PROVIDED (USED) BY</b>						
<b>OPERATING ACTIVITIES</b>	\$ 246,203	\$ 22,466	\$ 188,850	\$ 9,285	\$ (22,141)	\$ 444,663

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

**SUMMERLIN WEST COMMUNITY ASSOCIATION  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>OPERATING FUND</u>	<u>RESERVE FUND</u>	<u>CAPITAL FUND</u>	<u>SBA OPERATING FUND</u>	<u>SBA RESERVE FUND</u>	<u>TOTAL</u>
<b>CASH FLOWS USED FOR INVESTING ACTIVITIES</b>						
Maturity of Certificates of Deposit	-	445,029	226,696	-	317,120	988,845
Purchase of Certificate of Deposit	-	-	(225,000)	-	(250,000)	(475,000)
Purchase of U.S Treasury Bills and Notes	(537,000)	(705,315)	(190,000)	-	(74,667)	(1,506,982)
	<u>(537,000)</u>	<u>(260,286)</u>	<u>(188,304)</u>	<u>-</u>	<u>(7,547)</u>	<u>(993,137)</u>
<b>CASH FLOWS USED FOR FINANCING ACTIVITIES</b>						
Prior Period Adjustments	(955)	-	-	-	-	(955)
<b>NET INCREASE (DECREASE) IN CASH</b>	(291,752)	(237,820)	546	9,285	(29,688)	(549,429)
Cash at Beginning of Year	1,699,281	266,215	354	5,542	72,268	2,043,660
<b>CASH AT END OF YEAR</b>	<u>\$ 1,407,529</u>	<u>\$ 28,395</u>	<u>\$ 900</u>	<u>\$ 14,827</u>	<u>\$ 42,580</u>	<u>\$ 1,494,231</u>
<b>SUPPLEMENTARY INFORMATION:</b>						
Cash Paid for Federal Income Taxes	\$ 3,800	\$ -	\$ -	\$ -	\$ -	\$ 3,800

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

**SUMMERLIN WEST COMMUNITY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**NOTE 1 - ORGANIZATION**

Summerlin West Community Association was incorporated on March 21, 2001. The Association is a statutory planned unit development in Las Vegas, Nevada, organized as a domestic non-profit corporation for purposes of maintaining and preserving the Association's common property. At December 31, 2025, the Association consisted of 15,908 annexed residential, commercial, and builder lots, of which 3,331 are owned by builders or commercial owners. The special benefit area consists of 232 lots.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

ACCOUNTING METHOD

Summerlin West Community Association maintains its records on the accrual basis of accounting. Under this method of accounting, revenue is recognized when performance obligation is met, whether received or not, and expenses are recognized when goods or services are incurred, whether paid or not.

FUND ACCOUNTING

The Association uses fund accounting which requires funds, such as operating funds for day-to-day expenses, reserve funds designated for future major repairs and replacements of the common property, and capital funds to accumulate funds for capital projects to be classified separately for accounting and reporting purposes. In addition, the Association accounts for all special benefit area activities in separate funds. Disbursements from the operating fund are generally made in accordance with an annual budget, or as approved by the Board of Directors. Disbursements from the reserve and other designated funds may be made only for their designated purposes.

REVENUE RECOGNITION

Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers requires the recognition of revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue is recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. For purposes of this Association, the definition of customers includes the Association's members.

ALLOWANCE FOR CREDIT LOSSES

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the current expected credit loss model. The measurement of expected credit losses under the current expected credit loss methodology is applicable to financial assets measured at amortized cost, consisting of assessments receivable and held-to-maturity debt securities for credit losses using an allowance account for each pool of assets. The net amounts of assessments receivable and held-to-maturity debt securities, less the allowance accounts represent the amount expected to be collected. The current expected credit loss methodology requires that the allowance accounts be measured based on various information that includes historical data and information, current economic conditions, and reasonable and supportable forecasted information about future events. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses.

**SUMMERLIN WEST COMMUNITY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*ALLOWANCE FOR CREDIT LOSSES (CONTINUED)*

The Association measures its allowance for credit losses related to its held-to-maturity securities using a discounted cash flows approach, based on an evaluation of historical data and past credit loss experience, adjusted for current economic conditions, and reasonable and supportable forecast about future events. The discounted cash flows is computed using the effective interest rate, which is typically the coupon interest rate. Information used in determining the expected amount to be collected for securities includes ratings from major credit agencies, and economic factors, among others.

In evaluating expected credit losses for held-to-maturity securities, the Association analyzes these investments in terms of creditworthiness, bond rating, and the impact of the current and forecasted direction of the economic and business environment on collectability of such investments. Because held-to-maturity securities consist solely of U.S. Treasury instruments, guaranteed by the U.S. government, there is an expectation of full collection of the adjusted cost of the securities, and zero expected loss from nonpayment. Consequently, no allowance for credit losses has been recorded on these held-to-maturity securities.

From time to time, there may be changes in current economic conditions, such as rates of interest, inflation, unemployment, and borrower forecasted ability to make payments, among others, that may impact the overall economic outlook and change the forecast of the expected amount of held-to-maturity securities to be collected. In those situations, the Association factors in those changes into its computation of expected losses. In 2025, there were no changes in the Association's accounting policies and methodology in measuring credit losses related to its assessment receivables and held-to-maturity securities.

*MEMBER ASSESSMENTS*

Association members are subject to monthly assessments to provide funds for the Association's operating expenses and future major repairs and replacements. In addition, members pay an additional benefitted assessment for maintaining common area properties within their special benefit area. These assessments are accounted for in the Special Benefit Area Funds. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligation related to its operating assessments is satisfied over time on a daily pro-rata basis using the input method. The performance obligation to the reserve fund assessments is satisfied when these funds are expended for their designated purpose. Any excess assessments at year end are retained by the Association for use in the succeeding year.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from members. The Association's policy is to assess late fees on assessments over 30 days past due, and place liens on the properties of homeowners whose assessments are 90 days or more delinquent. The Association treats uncollectible assessments as credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include consideration of past experience and susceptibility to factors outside the Association's control. The allowance estimate is derived from a review of the Association's historical losses based on the ageing of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Association.

**SUMMERLIN WEST COMMUNITY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

MEMBER ASSESSMENTS (CONTINUED)

The Association believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Association's assessments receivable have remained constant since the Association was built out. The Association's allowance for credit losses is adjusted for each year based upon management's analysis of assessments receivable, in which the main methodology is the aged accounts over nine months (270 days) super priority lien. Allowance for credit losses related to violations or fines is analyzed based on the history of the Association's collections. For the year ended December 31, 2025, uncollectible assessments, late fees, and fines of \$67,341 were excluded from revenue. Assessments receivable at the balance sheet date represents amounts due from members for maintenance assessments, late fees, other fees, and fines, if any, due from owners, and are stated at the amounts expected to be collected. The balances of assessments receivable at the beginning of 2025 and the end of 2025 were \$737,442 and \$865,046, respectively.

PROPERTY AND EQUIPMENT

Real property and common areas annexed to the Association by the Declarant are not capitalized on the Association financial statements. Common property, which consists of parks, lighting, signs, gates, walls, and various landscaping, are restricted to use by the Association's members, their tenants, and guests. Such property provides no probable future economic benefit to the Association, and such ownership is only a legal formality that has no effect on the financial position of the Association. Replacements and improvements to the real property and common areas are also not capitalized. According to the Association governing documents, a majority of all owners must approve dispositions of any common real property.

Personal property purchased, if any, with Association funds, to which the Association holds the title, is capitalized at cost, and depreciated over an estimated useful life using the straight-line method of depreciation.

CONTRACT ASSETS AND LIABILITIES

Contract assets represent revenue recognized in excess of amounts billed. No such amounts are reported on the Balance Sheet as of December 31, 2025. Contract liabilities represent revenue collected in advance of the contract period or amount billed in excess of revenue recognized. These liabilities are reported on the Balance Sheet as prepaid assessments and contract liability. The Association recognizes revenue from members as the related performance obligations are satisfied.

A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligation related to replacement of reserve assessments. The balances of contract liabilities as of the beginning of 2025 and end of 2025 are \$3,841,782 and \$3,980,824, respectively.

USE OF ESTIMATES

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make certain estimates and assumptions that affect amounts reported in the statements and accompanying notes. Assets, liabilities, and contingency disclosures require estimates as of the date of the financial statements. Revenues and expenses require estimates during the reporting period. Actual results could differ from those estimates.

**SUMMERLIN WEST COMMUNITY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*DATE OF MANAGEMENT'S REVIEW*

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, which is the date the financial statements were issued.

*WORKING CAPITAL FEES*

At the initial transfer date between homeowner and builder, six months of assessments are collected as working capital fees. Two months of assessments remain with the Association. The remaining four months of assessments are transferred to The Summerlin Council (See Note 9).

*CASH FLOW STATEMENT*

For purposes of the Statement of Cash Flows, the Association considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

*INVESTMENTS*

Investments in government agency bonds and certificates that the Association has the positive intent and ability to hold to maturity are reported at cost, adjusted for amortization of premiums and accretion of discounts, which are recognized in interest income using the interest method over the period to maturity.

*FAIR VALUE MEASUREMENTS AND VALUATION TECHNIQUES*

In accordance with U.S. GAAP, a three-tiered hierarchy of input levels is used for fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

Level 1 - Fair values are based on quoted prices in active markets for identical assets and liabilities;

Level 2 - Fair values are based on observable inputs that include: quoted market prices for similar assets and liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets;

Level 3 - Fair values are calculated based on pricing models and/or discounted cash flow methodologies and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

**SUMMERLIN WEST COMMUNITY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**NOTE 3 - CASH**

Cash at December 31, 2025, as represented on the balance sheet is detailed as follows:

**Main Association**

**Operating Fund:**

Banc of California; ICS Sweep General Checking	\$	1,406,721
LPL Financial; Insured Cash Account		<u>808</u>
	\$	<u>1,407,529</u>

**Reserve Fund:**

LPL Financial, Insured Cash Account	\$	<u>28,395</u>
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**Capital Fund:**

LPL Financial, Insured Cash Account	\$	<u>900</u>
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**Barcelona/Mariposa Special Benefit Area**

**Operating Fund:**

Banc of California; ICS Sweep Account	\$	<u>14,827</u>
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**Reserve Fund:**

LPL Financial; Insured Cash Account	\$	<u>42,580</u>
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**NOTE 4 - OFF-BALANCE SHEET RISK AND CONCENTRATIONS OF RISK**

The Association has insured ICS cash accounts at LPL Financial. These funds are fully covered by FDIC as well as all investments in Certificates of Deposit are FDIC insured deposits with a diversified group of banking institutions. The Association also holds US Treasury Bills with LPL Financial. The underlying investments are direct obligations of the U.S. Treasury which are guaranteed by the full faith and credit of the United States Government.

The Association holds structured Certificates of Deposit linked to the performance of the S&P 500, including instruments linked to S&P 500 futures contracts and instruments utilizing a point-to-point payoff methodology based on changes in the referenced index or contract value between issuance and maturity dates.

**NOTE 5 - FEDERAL INCOME TAXES**

The Association has received approval from the IRS under Internal Revenue Section 501(c)(4) to file as an organization exempt from federal income tax. All income, except unrelated business activity revenue, is exempt from taxation. For the year ended December 31, 2025, the Association had \$29,834 in unrelated business activity revenue from communication tower leases, resulting in a tax liability of \$3,760, of which \$525 was prepaid at December 31, 2025. Tax years open under the statute of limitations are 2023, 2024, and 2025.

**SUMMERLIN WEST COMMUNITY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**NOTE 6 - FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association's governing documents and state statutes require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate \$3,371,999 for the main association and \$627,720 for the special benefit areas, at December 31, 2025, are presented on the accompanying balance sheet as a contract liability (assessments received in advance) and/or reserve fund equity is held in separate accounts and are generally not available for operating purposes.

The Association engaged an independent consultant who conducted a study in 2025 to estimate the remaining useful lives and the replacement costs of the common property components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the studies estimates of current replacement costs, considering amounts previously accumulated in the reserve fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the reserve fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase the regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available. According to the reserve studies, the recommended reserve contributions for 2025 was \$408,000 for the main association, and \$12,000 for the special benefit areas. The Association assessed \$408,000 for the main association and \$12,000 for the special benefit areas. In 2025, the main association recognized \$280,959 in assessment revenue and the special benefits area did not recognize any revenue assessment for reserve funding in 2025.

**NOTE 7 - TRANSACTIONS WITH BUILDERS AND COMMERCIAL PROPERTIES**

Builder and commercial property owners are responsible for paying assessments on new parcels in the month immediately following escrow closing. At December 31, 2025, assessments receivable due from the builder and commercial properties was \$36,840. Assessment revenue from builder and commercial properties during 2025 was \$2,363,220.

**NOTE 8 - OPERATING LEASE - LESSOR**

The Association entered into a Communications Site Lease Agreement whereby the Association leases a portion of its common area property to Tower Consulting, Inc. The lease is a noncancelable operating lease that expires in 2035. The lease contains an annual escalation clause of 3%. The lease contains renewal options that automatically extend for successive periods of one year each. The premises may be used by tenants only for cellular telephone and data service, and not for any other purpose. Lease income in 2025 totaled \$29,834 and is included in the income statement as lease income. The following is a straight-line analysis of the maturity of the undiscounted operating lease income:

2026	\$ 21,659
2027	21,659
2028	21,659
Thereafter	<u>129,953</u>
Total	<u>\$ 194,930</u>

**SUMMERLIN WEST COMMUNITY ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**NOTE 9 - THE SUMMERLIN COUNCIL**

The governing documents of the Association provide for the funding of The Summerlin Council. The Summerlin Council provides for member services and recreational programs, facilities and amenity maintenance, and park monitor services within Council parks. Funding for The Summerlin Council comes from Summerlin North, South, and West Community Associations, and Summerlin Centre Owner's Association, based on the total density of each Association. For 2025, Summerlin West Community Association was required to contribute \$5,581,200, which represents approximately 30% of the total Council operations.

The Mutual Benefit Agreement entered into with The Summerlin Council ran through December 31, 2025. The agreement is automatically extended for a successive period of one year, unless one of the executing parties provides notice at least 90 days prior to the termination date of its intention not to renew the agreement. This agreement has been extended for 2026.

**NOTE 10 - OTHER MATTERS/SUBSEQUENT EVENT**

For the year 2025, the books and records of the Association were maintained by the community management staff of the master developer of Summerlin West Community Association. In addition, some board members are employees of the master developer.

The Association has been named in a pending lawsuit. On December 16, 2025, a complaint was filed alleged there was an uncovered utility box or otherwise a dangerous hole located on the sidewalk and the Plaintiff stepped into the hazard, causing bodily injuries. This matter is currently in the discovery and pre-trial motion phase.

**NOTE 11 - INVESTMENTS**

Management has classified all investments as held-to-maturity as the Association has the positive intent and ability to hold the assets until maturity; therefore, no unrealized gain or loss is reported. These investments are carried at cost adjusted for amortization of premiums and accretion of discounts. Investments consist of U.S. Treasury Bills and U.S. Treasury Notes. Amortized cost totals \$4,112,850. The balances of allowance for credit losses related to held-to-maturity securities at the beginning of 2025 and the end of 2025 were both zero. The Association monitors the credit quality of held-to-maturity debt securities using credit-agency ratings published by Moody's, Standard and Poor's, and Fitch. In situations in which ratings vary, the Association uses the lowest rating for a particular investment among the three credit rating agencies. Investments in U.S. Treasuries are considered to be AAA-rated regardless of external credit rating, because they are fully insured by the United States Government.

Maturities of debt securities classified as held-to-maturity were as follows at December 31, 2025:

		Amortized Cost Basis
2026	\$	2,460,752
2027		1,462,098
2028		190,000
	\$	4,112,850

**NOTE 12 - RESTATEMENT OF OPENING BALANCE OF OPERATING FUND**

Opening balance of operating fund was restated for 2023 expenses that incurred in 2024, but invoices were not received until 2025. The net impact of these adjustments is a decrease in the opening operating fund balance of \$955.

**SUPPLEMENTARY FINANCIAL INFORMATION**

**SUMMERLIN WEST COMMUNITY ASSOCIATION  
SCHEDULE OF RESERVE ANALYSIS  
DECEMBER 31, 2025**

**(UNAUDITED)**

The Association engaged an independent specialist to conduct a Reserve Study in 2025 to estimate the remaining useful lives and the replacement costs of the common property components. Replacement cost projections are based on current estimated replacement costs and are not adjusted for future years interest and/or inflation. The study uses the threshold method, which funds the reserve by attaining and maintaining a specified dollar or percent funded amount.

<u>COMPONENT LOCATION</u>	<u>ESTIMATED REMAINING USEFUL LIFE</u>	<u>ESTIMATED CURRENT REPLACE- MENT COST</u>
<b><u>MAIN ASSOCIATION</u></b>		
Paseos Village - General	2 - 24	\$ 2,896,962
Paseos Neighborhoods - General	2 - 8	21,994
Paseos Neighborhoods - Parks	2 - 8	65,089
Vistas Village - General	0 - 8	1,681,250
Vistas Village - Park	0 - 8	57,513
Vistas Neighborhood - General	2 - 8	751,129
Vistas Neighborhood - Park	2 - 19	310,258
Stonebridge Village - General	1 - 55	1,710,114
Stonebridge Neighborhoods - General	14 - 25	83,993
Stonebridge Neighborhoods - Parks	6 - 25	77,736
Reverence Village - General	1 - 30	593,162
Redpoint - General	4 - 29	3,528,252
Kestrel - General	4 - 29	1,054,989
		<u>\$ 12,832,441</u>
<b><u>BARCELONA/MARIPOSA SPECIAL BENEFIT AREA</u></b>		
Paving	2 - 11	\$ 890,361
Concrete	0 - 2	11,430
Painting: Exterior	1	4,820
Structural Repairs	14	2,300
Gate Equipment	0 - 10	63,810
Landscaping	0 - 2	38,750
Fencing	3 - 9	24,825
Lighting	2 - 39	297,000
Signage	2 - 4	19,400
Outdoor Equipment	1 - 9	24,450
Undesignated	1	2,000
		<u>\$ 1,379,146</u>

(See Independent Auditors' Report)

**SUMMERLIN WEST COMMUNITY ASSOCIATION  
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	ACTUAL	BUDGET (UNAUDITED)	VARIANCE FAVORABLE/ (UNFAVORABLE) (UNAUDITED)
<b><u>OPERATING FUND</u></b>			
<b>REVENUES</b>			
Assessments	\$ 10,579,400	\$ 9,901,640	\$ 677,760
Late and Collection Fees	216,137	125,000	91,137
Fines and Penalties	17,691	30,000	(12,309)
Credit Losses	(64,501)	(20,000)	(44,501)
Interest Income	77,120	20,000	57,120
Working Capital Fees	84,360	101,280	(16,920)
Communication Tower	29,834	25,000	4,834
Credit Card Rebate Rewards	9,043	-	9,043
Water District Rebate	12,265	20,000	(7,735)
Other Income	33,463	22,000	11,463
	10,994,812	10,224,920	769,892
<b>EXPENSES</b>			
Insurance	104,832	92,750	(12,082)
Electricity	60,388	70,000	9,612
Water	1,175,940	1,150,000	(25,940)
Landscaping Repairs and Maintenance	2,266,752	2,275,000	8,248
Repairs and Maintenance	181,140	133,000	(48,140)
Lighting Repairs and Maintenance	37,098	50,000	12,902
Professional Management	1,058,130	1,067,055	8,925
Professional Fees	202,326	132,050	(70,276)
Ombudsman Fees	52,043	51,745	(298)
Federal Income Taxes	3,760	4,000	240
Postage and Printing	198,591	130,000	(68,591)
Council Facility and Administration	5,581,200	5,242,320	(338,880)
Miscellaneous	4,374	2,000	(2,374)
	10,926,574	10,399,920	(526,654)
<b>EXCESS OF REVENUES OR (EXPENSES)</b>	<b>\$ 68,238</b>	<b>\$ (175,000)</b>	<b>\$ 243,238</b>
<b><u>RESERVE FUND</u></b>			
<b>REVENUES</b>			
Member Assessments	\$ 280,959	\$ 408,000	(127,041) *
Interest Income	124,498	25,000	99,498
Water District Rebate	3,026	-	3,026
	408,483	433,000	(24,517)
<b>EXPENSES</b>			
Common Area Repairs	29,557	114,513	84,956
Lighting Repairs	5,839	-	(5,839)
Landscaping Repairs	373,087	276,426	(96,661)
	408,483	390,939	(17,544)
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ -</b>	<b>\$ 42,061</b>	<b>\$ (42,061)</b>

\* These reserve assessments were billed in 2025 but not yet earned and have been added to the contract liability balance on the balance sheet of the Association.

(See Independent Auditors' Report)

**SUMMERLIN WEST COMMUNITY ASSOCIATION  
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**BARCELONA/MARIPOSA**

	ACTUAL	BUDGET (UNAUDITED)	VARIANCE FAVORABLE/ (UNFAVORABLE) (UNAUDITED)
<b><u>OPERATING FUND</u></b>			
<b>REVENUES</b>			
Member Assessments	\$ 113,280	\$ 113,280	\$ -
Credit Losses	(2,840)	-	(2,840)
Other Income	-	2,400	(2,400)
	110,440	115,680	(5,240)
<b>EXPENSES</b>			
Electricity	4,567	6,000	1,433
Water	13,838	14,000	162
Landscaping Repairs and Maintenance	8,808	16,740	7,932
Repairs and Maintenance	35,059	47,000	11,941
Lighting Repairs and Maintenance	3,810	2,000	(1,810)
Professional Management	27,840	27,840	-
Professional Fees	800	-	(800)
Postage and Printing	2,608	200	(2,408)
Miscellaneous	1,227	1,900	673
	98,557	115,680	17,123
<b>EXCESS REVENUES OVER EXPENSES</b>	<b>\$ 11,883</b>	<b>\$ -</b>	<b>\$ 11,883</b>
<b><u>RESERVE FUND</u></b>			
<b>REVENUES</b>			
Member Assessments	\$ -	\$ 12,000	\$ (12,000) *
Interest Income	24,173	12,000	12,173
	24,173	24,000	173
<b>EXPENSES</b>			
Landscaping Repairs	8,108	10,305	2,197
Lighting Repairs	6,112	-	(6,112)
Common Area Repairs	27,304	26,090	(1,214)
	41,524	36,395	(5,129)
<b>EXCESS OF EXPENSES OVER REVENUES</b>	<b>\$ (17,351)</b>	<b>\$ (12,395)</b>	<b>\$ (4,956)</b>

\* These reserve assessments were billed in 2025 but not yet earned and have been added to the contract liability balance on the balance sheet of the Association.

(See Independent Auditors' Report)