



HILBURN & LEIN, CPAs
A PROFESSIONAL CORPORATION

Gary W. Lein, CPA
Shareholder

Greg M. Sinacori, CPA
Shareholder

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, 2022, and the related statements of revenues and expenses, and changes in fund balance and cash flows for the period 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, 2022, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2022 the Association adopted FASB issued ASU 2016-02, *Leases (Topic 842)* and the related amendments. Our opinion is not modified with respect to this matter.

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 on the financial statements is not modified with respect to this 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 14 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 11, 2023
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Other Matters

The Schedule of Revenues and Expenses - Budget and Actual on pages 15 and 16 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.

Hil & P, CPAs

Las Vegas, Nevada
May 11, 2023

**SUMMERLIN WEST COMMUNITY ASSOCIATION
BALANCE SHEET
DECEMBER 31, 2022**

ASSETS

	<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>
Cash - Notes 3 and 4	\$ 2,977,152	\$ 264,605	\$ 718,327	\$ 28,788	\$ 23,874	\$ 4,012,746
Certificates of Deposit - Note 3	-	2,299,564	-	-	505,882	2,805,446
Assessments Receivable, Net of Allowance for Doubtful Accounts of \$338,088	272,549	-	-	-	-	272,549
Due (to)/from Funds	(45,000)	-	45,000	-	-	-
Prepaid Federal Income Tax - Note 5	126	-	-	-	-	126
Prepaid Expenses	19,839	-	-	-	-	19,839
TOTAL ASSETS	\$ 3,224,666	\$ 2,564,169	\$ 763,327	\$ 28,788	\$ 529,756	\$ 7,110,706

LIABILITIES AND FUND BALANCES

Accounts Payable	\$ 47,192	\$ -	\$ -	\$ 1,702	\$ -	\$ 48,894
Prepaid Assessments	882,801	-	-	-	-	882,801
Contract Liability - Note 2	-	2,439,557	-	-	504,284	2,943,841
TOTAL LIABILITIES	929,993	2,439,557	-	1,702	504,284	3,875,536
FUND BALANCES	2,294,673	124,612	763,327	27,086	25,472	3,235,170
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,224,666	\$ 2,564,169	\$ 763,327	\$ 28,788	\$ 529,756	\$ 7,110,706

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, 2022**

	<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>
REVENUES						
Residential Assessments	\$ 5,937,510	\$ -	\$ -	\$ 69,890	\$ -	\$ 6,007,400
Non-Residential						
Assessments - Note 7	1,976,920	-	-	-	-	1,976,920
Late and Collection Fees	87,119	-	-	-	-	87,119
Fines, Net	18,685	-	-	-	-	18,685
Uncollectible Assessments	(1,206)	-	-	-	-	(1,206)
Interest Income	1,947	38,059	2,290	-	30,690	72,986
Working Capital Fees	103,676	-	-	-	-	103,676
Lease Income - Note 8	18,077	-	-	-	-	18,077
Water District Rebate	51,130	-	-	-	-	51,130
Other Income	25,765	-	-	1,575	-	27,340
	<u>8,219,623</u>	<u>38,059</u>	<u>2,290</u>	<u>71,465</u>	<u>30,690</u>	<u>8,362,127</u>
EXPENSES						
Insurance	59,738	-	-	-	-	59,738
Electricity	51,087	-	-	4,776	-	55,863
Water	1,010,896	-	-	13,808	-	1,024,704
Landscaping	1,764,678	-	-	9,401	2,957	1,777,036
Repairs and Maintenance	74,204	321,711	-	9,901	2,261	408,077
Lighting	25,203	-	-	3,770	-	28,973
Professional Management	742,391	-	-	27,840	-	770,231
Professional Fees	76,825	-	-	-	-	76,825
Ombudsman Fees	40,609	-	-	-	-	40,609
Federal Income Taxes	3,114	-	-	-	-	3,114
Postage and Printing	119,804	-	-	231	-	120,035
Council Facility and Administration - Note 9	3,777,675	-	-	-	-	3,777,675
Miscellaneous	2,933	-	-	1,710	-	4,643
	<u>7,749,157</u>	<u>321,711</u>	<u>-</u>	<u>71,437</u>	<u>5,218</u>	<u>8,147,523</u>
EXCESS OF REVENUES OR (EXPENSES)	470,466	(283,652)	2,290	28	25,472	214,604
Fund Balances at Beginning of Year	1,869,207	408,264	716,037	27,058	-	3,020,566
Inter-Fund Transfers:						
Excess Operating Transfer	(45,000)	-	45,000	-	-	-
FUND BALANCES AT END OF YEAR	<u>\$ 2,294,673</u>	<u>\$ 124,612</u>	<u>\$ 763,327</u>	<u>\$ 27,086</u>	<u>\$ 25,472</u>	<u>\$ 3,235,170</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, 2022**

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	SBA OPERATING FUND	SBA RESERVE FUND	TOTAL
CASH FLOWS FROM						
OPERATING ACTIVITIES:						
Excess of Revenues or (Expenses)	\$ 470,466	\$ (283,652)	\$ 2,290	\$ 28	\$ 25,472	\$ 214,604
ADJUSTMENTS TO						
RECONCILE EXCESS						
REVENUES (EXPENSES) TO						
NET CASH PROVIDED (USED)						
BY OPERATING ACTIVITIES:						
Interest on Certificates of Deposit	-	(33,185)	-	-	(29,865)	(63,050)
Changes In:						
Assessments Receivable	(74,478)	-	-	-	-	(74,478)
Due to/from Funds	45,000	-	(45,000)	-	-	-
Prepaid Expenses	(3,911)	-	-	-	-	(3,911)
Accounts Payable	36,167	-	-	1,702	-	37,869
Prepaid Assessments	91,321	-	-	-	-	91,321
Contract Liability	-	396,455	-	-	41,596	438,051
	94,099	363,270	(45,000)	1,702	11,731	425,802
NET CASH PROVIDED (USED) BY						
OPERATING ACTIVITIES	\$ 564,565	\$ 79,618	\$ (42,710)	\$ 1,730	\$ 37,203	\$ 640,406

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, 2022**

	<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>
CASH FLOWS USED FOR INVESTING ACTIVITIES						
Purchase of Certificates of Deposit	-	(1,725,015)	-	-	(211,141)	(1,936,156)
Maturity of Certificates of Deposit	-	150,000	-	-	50,000	200,000
	<u>-</u>	<u>(1,575,015)</u>	<u>-</u>	<u>-</u>	<u>(161,141)</u>	<u>(1,736,156)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
	<u>(45,000)</u>	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	519,565	(1,495,397)	2,290	1,730	(123,938)	(1,095,750)
Cash at Beginning of Year	<u>2,457,587</u>	<u>1,760,002</u>	<u>716,037</u>	<u>27,058</u>	<u>147,812</u>	<u>5,108,496</u>
CASH AT END OF YEAR	<u>\$ 2,977,152</u>	<u>\$ 264,605</u>	<u>\$ 718,327</u>	<u>\$ 28,788</u>	<u>\$ 23,874</u>	<u>\$ 4,012,746</u>
SUPPLEMENTARY INFORMATION:						
Cash Paid for Federal Income Taxes	<u>\$ 3,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,200</u>

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