

SUMMERLIN WEST COMMUNITY ASSOCIATION
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023



HILBURN & LEIN, CPAs
A PROFESSIONAL CORPORATION

SUMMERLIN WEST COMMUNITY ASSOCIATION

DECEMBER 31, 2023

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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, 2023, 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, 2023, 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

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 13 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 15, 2024
Page 3

Other Matters

The Schedule of Revenues and Expenses - Budget and Actual on pages 14 and 15 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.

A handwritten signature in black ink, appearing to read "H. L. & R. M.", is positioned above the typed name and date.

Las Vegas, Nevada
May 15, 2024

**SUMMERLIN WEST COMMUNITY ASSOCIATION
BALANCE SHEET
DECEMBER 31, 2023**

ASSETS

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	SBA OPERATING FUND	SBA RESERVE FUND	TOTAL
Cash - Notes 3 and 4	\$ 1,665,187	\$ 817,519	\$ 8,640	\$ 22,203	\$ 179,700	\$ 2,693,249
Certificates of Deposit - Note 4	1,400,000	2,379,559	775,409	-	399,867	4,954,835
Assessments Receivable, Net of Allowance for Doubtful Accounts of \$390,158	331,266	-	-	-	-	331,266
Prepaid Federal Income Tax - Note 5	269	-	-	-	-	269
Prepaid Expenses	23,270	-	-	-	-	23,270
TOTAL ASSETS	<u>\$ 3,419,992</u>	<u>\$ 3,197,078</u>	<u>\$ 784,049</u>	<u>\$ 22,203</u>	<u>\$ 579,567</u>	<u>\$ 8,002,889</u>

LIABILITIES AND FUND BALANCES

Accounts Payable	\$ 128,385	\$ 114,584	\$ -	\$ 2,663	\$ -	\$ 245,632
Prepaid Assessments	1,103,050	-	-	-	-	1,103,050
Contract Liability - Note 2	-	3,054,173	-	-	549,668	3,603,841
TOTAL LIABILITIES	<u>1,231,435</u>	<u>3,168,757</u>	<u>-</u>	<u>2,663</u>	<u>549,668</u>	<u>4,952,523</u>
FUND BALANCES	<u>2,188,557</u>	<u>28,321</u>	<u>784,049</u>	<u>19,540</u>	<u>29,899</u>	<u>3,050,366</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,419,992</u>	<u>\$ 3,197,078</u>	<u>\$ 784,049</u>	<u>\$ 22,203</u>	<u>\$ 579,567</u>	<u>\$ 8,002,889</u>

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, 2023**

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	SBA OPERATING FUND	SBA RESERVE FUND	TOTAL
REVENUES						
Residential Assessments	\$ 6,347,009	\$ -	\$ -	\$ 65,976	\$ -	\$ 6,412,985
Non-Residential						
Assessments - Note 7	1,793,620	-	-	-	-	1,793,620
Late and Collection Fees	164,754	-	-	-	-	164,754
Fines, Net	26,013	-	-	-	-	26,013
Uncollectible Assessments	(26,896)	-	-	-	-	(26,896)
Interest Income	36,854	93,899	20,722	-	14,640	166,115
Working Capital Fees - Note 2	109,340	-	-	-	-	109,340
Lease Income - Note 8	31,644	-	-	-	-	31,644
Water District Rebate	27,899	-	-	1,395	-	29,294
Other Income	23,930	-	-	-	-	23,930
	<u>8,534,167</u>	<u>93,899</u>	<u>20,722</u>	<u>67,371</u>	<u>14,640</u>	<u>8,730,799</u>
EXPENSES						
Insurance	68,868	-	-	-	-	68,868
Electricity	64,167	-	-	5,772	-	69,939
Water	1,209,039	-	-	14,230	-	1,223,269
Landscaping	1,895,830	9,817	-	8,304	3,846	1,917,797
Repairs and Maintenance	77,515	180,373	-	12,818	6,367	277,073
Lighting	30,801	-	-	4,016	-	34,817
Professional Management	816,277	-	-	27,840	-	844,117
Professional Fees	150,638	-	-	-	-	150,638
Ombudsman Fees	44,340	-	-	-	-	44,340
Federal Income Taxes	4,858	-	-	-	-	4,858
Postage and Printing	135,846	-	-	95	-	135,941
Council Facility and						
Administration - Note 9	4,138,852	-	-	-	-	4,138,852
Miscellaneous	3,252	-	-	1,842	-	5,094
	<u>8,640,283</u>	<u>190,190</u>	<u>-</u>	<u>74,917</u>	<u>10,213</u>	<u>8,915,603</u>
EXCESS OF REVENUES OR (EXPENSES)	(106,116)	(96,291)	20,722	(7,546)	4,427	(184,804)
Fund Balances at Beginning of Year	2,294,673	124,612	763,327	27,086	25,472	3,235,170
Inter-Fund Transfers	-	-	-	-	-	-
FUND BALANCES AT END OF YEAR	<u>\$ 2,188,557</u>	<u>\$ 28,321</u>	<u>\$ 784,049</u>	<u>\$ 19,540</u>	<u>\$ 29,899</u>	<u>\$ 3,050,366</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, 2023**

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	SBA OPERATING FUND	SBA RESERVE FUND	TOTAL
CASH FLOWS FROM						
OPERATING ACTIVITIES:						
Excess of Revenues or (Expenses)	\$ (106,116)	\$ (96,291)	\$ 20,722	\$ (7,546)	\$ 4,427	\$ (184,804)
ADJUSTMENTS TO						
RECONCILE EXCESS						
REVENUES (EXPENSES) TO						
NET CASH PROVIDED (USED)						
BY OPERATING ACTIVITIES:						
Interest on Certificates of Deposit	-	(24,995)	(6,224)	-	(3,985)	(35,204)
Changes In:						
Assessments Receivable	(58,717)	-	-	-	-	(58,717)
Due to/from Funds	(45,000)	-	45,000	-	-	-
Prepaid Expenses	(3,574)	-	-	-	-	(3,574)
Accounts Payable	81,193	114,584	-	961	-	196,738
Prepaid Assessments	220,249	-	-	-	-	220,249
Contract Liability	-	614,616	-	-	45,384	660,000
	194,151	704,205	38,776	961	41,399	979,492
NET CASH PROVIDED (USED) BY						
OPERATING ACTIVITIES	\$ 88,035	\$ 607,914	\$ 59,498	\$ (6,585)	\$ 45,826	\$ 794,688

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, 2023**

	<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 FROM (USED FOR)						
INVESTING ACTIVITIES						
Purchase of Certificates of Deposit	(1,400,000)	(890,000)	(769,185)	-	(40,000)	(3,099,185)
Maturity of Certificates of Deposit	-	835,000	-	-	150,000	985,000
	<u>(1,400,000)</u>	<u>(55,000)</u>	<u>(769,185)</u>	<u>-</u>	<u>110,000</u>	<u>(2,114,185)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
	-	-	-	-	-	-
NET INCREASE (DECREASE) IN CASH	(1,311,965)	552,914	(709,687)	(6,585)	155,826	(1,319,497)
Cash at Beginning 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>
CASH AT END OF YEAR	<u>\$ 1,665,187</u>	<u>\$ 817,519</u>	<u>\$ 8,640</u>	<u>\$ 22,203</u>	<u>\$ 179,700</u>	<u>\$ 2,693,249</u>
SUPPLEMENTARY INFORMATION:						
Cash Paid for Federal Income Taxes	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>

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, 2023**

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, 2023, the Association consisted of 13,579 annexed residential, commercial, and builder lots, of which 2,530 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 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.

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.

**SUMMERLIN WEST COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEMBER ASSESSMENTS (CONTINUED)

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. For the year ended December 31, 2023, uncollectible fines of \$26,896 were excluded from revenue. Assessments receivable at the balance sheet date represent amounts due from members for maintenance assessments, fines due from owners, and are stated at the amounts expected to be collected. The balances of assessments receivable at the beginning of 2023 and the end of 2023 were \$610,637 and \$721,424, 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.

PROPERTY AND EQUIPMENT (CONTINUED)

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, 2023. 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 2023 and end of 2023 are \$2,943,841 and \$3,603,841, 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, 2023**

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.

NOTE 3 - CASH

Cash at December 31, 2023, as represented on the balance sheet is detailed as follows:

Main Association

Operating Fund:

Pacific Western Bank; Sweep General Checking	\$	1,287,703
LPL Financial; Insured Cash Account		<u>377,484</u>
	\$	<u>1,665,187</u>

Reserve Fund:

LPL Financial, Insured Cash Account	\$	<u>817,519</u>
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Capital Fund:

LPL Financial, Insured Cash Account	\$	<u>8,640</u>
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Barcelona/Mariposa Special Benefit Area

Operating Fund:

Pacific Western Bank; Sweep Account	\$	<u>22,203</u>
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Reserve Fund:

LPL Financial; Insured Cash Account	\$	<u>179,700</u>
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NOTE 4 - OFF-BALANCE SHEET RISK AND CONCENTRATIONS OF RISK

The Association also 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.

**SUMMERLIN WEST COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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, 2023, the Association had \$31,644 in unrelated business activity revenue from communication tower leases, resulting in a tax liability of \$4,858. Tax years open under the statute of limitations are 2021, 2022, and 2023.

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 \$3,082,494 for the main association and \$579,567 for the special benefit areas, at December 31, 2023, 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 studies in 2020 for the main association and the special benefit areas, 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 future 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 2023 was \$614,616 for the main association, and \$45,387 for the special benefit areas. The Association assessed \$614,616 for the main association and \$45,384 for the special benefit areas. In 2023, the main association and the special benefits area did not recognize any revenue assessment for reserve funding in 2023.

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, 2023, assessments receivable due from the builder and commercial properties was \$2,200. Assessment revenue from builder and commercial properties during 2023 was \$1,793,620.

**SUMMERLIN WEST COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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 2023 totaled \$31,644 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:

2024	\$ 21,659
2025	21,659
2026	21,659
2027	21,659
Thereafter	<u>173,271</u>
 Total	 <u>\$ 259,907</u>

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 2023, Summerlin West Community Association was required to contribute \$4,138,52, which represents approximately 27% of the total Council operations.

The Mutual Benefit Agreement entered into with The Summerlin Council ran through December 31, 2023. 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 2024.

NOTE 10 - LEGAL MATTERS

Summerlin West Community Association has been named in a civil complaint filed by an individual for the lawsuit due to negligence of the Association. The lawsuit has been turned over to the Association's insurance carrier for defense.

For the year 2023, 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.

SUPPLEMENTARY FINANCIAL INFORMATION

**SUMMERLIN WEST COMMUNITY ASSOCIATION
SCHEDULE OF RESERVE ANALYSIS
DECEMBER 31, 2023**

(UNAUDITED)

The Association engaged an independent specialist to conduct a Reserve Study in 2020 to estimate the remaining useful lives and the replacement costs of the common property components. Replacement cost projections are based on future estimated replacement costs with assumed values of interest at 2.5% and inflation at 2.5%. The study uses the threshold method, which funds the reserve by attaining and maintaining a set fund balance.

<u>COMPONENT LOCATION</u>	<u>ESTIMATED REMAINING USEFUL LIFE</u>	<u>ESTIMATED FUTURE REPLACE- MENT COST</u>
<u>MAIN ASSOCIATION</u>		
Paseos Village - General	0 - 21	\$ 2,999,403
Paseos Neighborhoods - General	0 - 10	15,742
Paseos Neighborhoods - Parks	0 - 10	60,605
Vistas Village - General	0 - 10	1,366,289
Vistas Village - Park	5 - 10	63,052
Vistas Neighborhood - General	0 - 10	688,667
Vistas Neighborhood - Park	0 - 10	234,287
Stonebridge Village - General	0 - 26	1,165,800
Stonebridge Neighborhoods - General	16 - 17	19,028
Stonebridge Neighborhoods - Parks	9 - 22	56,032
Reverence Village - General	2 - 22	369,157
		<u>\$ 7,038,062</u>
<u>BARCELONA/MARIPOSA SPECIAL BENEFIT AREA</u>		
Paving	0 - 13	\$ 779,884
Concrete	0	4,088
Gates	0 - 11	87,437
Landscaping	0 - 1	34,395
Lighting	1 - 21	50,505
Signage	0	15,453
Safety/Access	1	10,155
Outdoor Equipment	0 - 11	25,308
Common Area	1	1,655
		<u>\$ 1,008,880</u>

(See Independent Auditors' Report)

**SUMMERLIN WEST COMMUNITY ASSOCIATION
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>OPERATING FUND</u>	<u>ACTUAL</u>	<u>BUDGET</u> (UNAUDITED)	VARIANCE FAVORABLE/ (UNFAVORABLE) (UNAUDITED)
REVENUES			
Assessments	\$ 8,140,629	\$ 7,793,124	\$ 347,505
Late and Collection Fees	164,754	75,000	89,754
Fines, Net	26,013	30,000	(3,987)
Uncollectible Assessments	(26,896)	(25,000)	(1,896)
Interest Income	36,854	2,000	34,854
Working Capital Fees	109,340	110,000	(660)
Communication Tower	31,644	20,000	11,644
Water District Rebate	27,899	60,000	(32,101)
Other Income	23,930	40,000	(16,070)
	<u>8,534,167</u>	<u>8,105,124</u>	<u>429,043</u>
EXPENSES			
Insurance	68,868	67,000	(1,868)
Electricity	64,167	50,000	(14,167)
Water	1,209,039	1,100,000	(109,039)
Landscaping	1,895,830	2,181,000	285,170
Repairs and Maintenance	77,515	132,000	54,485
Lighting	30,801	60,000	29,199
Professional Management	816,277	813,696	(2,581)
Professional Fees	150,638	65,050	(85,588)
Ombudsman Fees	44,340	44,850	510
Federal Income Taxes	4,858	-	(4,858)
Postage and Printing	135,846	75,000	(60,846)
Council Facility and Administration	4,138,852	3,974,568	(164,284)
Miscellaneous	3,252	1,960	(1,292)
	<u>8,640,283</u>	<u>8,565,124</u>	<u>(75,159)</u>
EXCESS OF EXPENSES OVER REVENUES \$	<u>(106,116)</u>	<u>(460,000)</u>	<u>353,884</u>
<u>RESERVE FUND</u>			
REVENUES			
Member Assessments	\$ -	\$ 614,616	(614,616) *
Interest Income	93,899	20,000	73,899
	<u>93,899</u>	<u>634,616</u>	<u>(540,717)</u>
EXPENSES			
Common Area Repairs	180,373	515,319	334,946
Landscaping	9,817	320,711	310,894
	<u>190,190</u>	<u>836,030</u>	<u>645,840</u>
EXCESS OF EXPENSES OVER REVENUES \$	<u>(96,291)</u>	<u>(201,414)</u>	<u>105,123</u>

* These reserve assessments were billed in 2023 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, 2023**

BARCELONA/MARIPOSA

	ACTUAL	BUDGET	VARIANCE FAVORABLE/ (UNFAVORABLE)
<u>OPERATING FUND</u>	(UNAUDITED)		(UNAUDITED)
REVENUES			
Member Assessments	\$ 65,976	\$ 65,973	\$ 3
Water District Rebate	1,395	-	1,395
Other Income	-	900	(900)
	67,371	66,873	498
EXPENSES			
Electricity	5,772	4,650	(1,122)
Water	14,230	10,700	(3,530)
Landscaping	8,304	10,300	1,996
Repairs and Maintenance	12,818	9,300	(3,518)
Lighting	4,016	3,910	(106)
Professional Management	27,840	27,840	-
Postage and Printing	95	150	55
Miscellaneous	1,842	1,833	(9)
	74,917	68,683	(6,234)
EXCESS EXPENSES OVER REVENUES	\$ (7,546)	\$ (1,810)	\$ (5,736)
<u>RESERVE FUND</u>			
REVENUES			
Member Assessments	\$ -	\$ 45,387	\$ (45,387) *
Interest Income	14,640	5,000	9,640
	14,640	50,387	(35,747)
EXPENSES			
Landscaping	3,846	-	(3,846)
Common Area Repairs	6,367	18,086	11,719
	10,213	18,086	7,873
EXCESS OF REVENUES OVER EXPENSES	\$ 4,427	\$ 32,301	\$ (27,874)

* These reserve assessments were billed in 2023 but not yet earned and have been added to the contract liability balance on the balance sheet of the Association.

(See Independent Auditors' Report)