

SUMMERLIN WEST COMMUNITY ASSOCIATION
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024



HILBURN & LEIN, CPAs
A PROFESSIONAL CORPORATION

SUMMERLIN WEST COMMUNITY ASSOCIATION

DECEMBER 31, 2024

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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, 2024, 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, 2024, 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 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 14, 2025
Page 3

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.

Handwritten signature of Hal E. Kim, CPA

Las Vegas, Nevada
May 14, 2025

**SUMMERLIN WEST COMMUNITY ASSOCIATION
BALANCE SHEET
DECEMBER 31, 2024**

ASSETS

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	SBA OPERATING FUND	SBA RESERVE FUND	TOTAL
Cash - Notes 3 and 4	\$ 1,699,281	\$ 266,215	\$ 354	\$ 5,542	\$ 72,268	\$ 2,043,660
Certificates of Deposit - Note 4	1,400,000	1,485,770	414,093	-	305,631	3,605,494
Investments - Note 11	178,532	1,553,182	558,900	-	256,077	2,546,691
Assessments Receivable, Net of Allowance for Credit Losses of \$451,764	285,678	-	-	-	-	285,678
Prepaid Federal Income Tax - Note 5	485	-	-	-	-	485
Prepaid Expenses	28,411	-	-	-	-	28,411
TOTAL ASSETS	\$ 3,592,387	\$ 3,305,167	\$ 973,347	\$ 5,542	\$ 633,976	\$ 8,510,419

LIABILITIES AND FUND BALANCES

Accounts Payable	\$ 69,324	\$ 60,210	\$ -	\$ 2,889	\$ 905	\$ 133,328
Prepaid Assessments	1,252,469	-	-	-	-	1,252,469
Contract Liability - Note 2	-	3,244,957	-	-	596,825	3,841,782
TOTAL LIABILITIES	1,321,793	3,305,167	-	2,889	597,730	5,227,579
FUND BALANCES	2,270,594	-	973,347	2,653	36,246	3,282,840
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,592,387	\$ 3,305,167	\$ 973,347	\$ 5,542	\$ 633,976	\$ 8,510,419

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, 2024

	OPERATING FUND	RESERVE FUND	CAPITAL FUND	SBA OPERATING FUND	SBA RESERVE FUND	TOTAL
REVENUES						
Residential Assessments	\$ 7,602,496	\$ 330,480	\$ 150,000	\$ 64,203	\$ -	\$ 8,147,179
Non-Residential						
Assessments - Note 7	2,162,880	-	-	-	-	2,162,880
Late and Collection Fees	153,963	-	-	-	-	153,963
Uncollectible Assessments and Fines, Net	(68,791)	-	-	-	-	(68,791)
Interest Income	77,234	148,445	39,298	-	17,891	282,868
Working Capital Fees - Note 2	98,600	-	-	-	-	98,600
Lease Income - Note 8	28,965	-	-	-	-	28,965
Water District Rebate	50,124	28,600	-	-	-	78,724
Other Income	27,915	20	-	1,405	-	29,340
	<u>10,133,386</u>	<u>507,545</u>	<u>189,298</u>	<u>65,608</u>	<u>17,891</u>	<u>10,913,728</u>
EXPENSES						
Insurance	85,617	-	-	-	-	85,617
Electricity	64,227	-	-	5,422	-	69,649
Water	1,300,570	-	-	14,333	-	1,314,903
Landscaping	2,285,517	282,260	-	11,676	-	2,579,453
Repairs and Maintenance	82,115	215,847	-	13,992	11,544	323,498
Lighting	31,767	37,129	-	2,010	-	70,906
Professional Management	959,546	-	-	27,840	-	987,386
Professional Fees	130,376	-	-	1,200	-	131,576
Ombudsman Fees	48,798	-	-	-	-	48,798
Federal Income Taxes	3,784	-	-	-	-	3,784
Postage and Printing	175,186	-	-	2,973	-	178,159
Council Facility and Administration - Note 9	4,870,432	-	-	-	-	4,870,432
Miscellaneous	3,757	-	-	1,789	-	5,546
	<u>10,041,692</u>	<u>535,236</u>	<u>-</u>	<u>81,235</u>	<u>11,544</u>	<u>10,669,707</u>
EXCESS OF REVENUES OR (EXPENSES)	91,694	(27,691)	189,298	(15,627)	6,347	244,021
Fund Balances at Beginning of Year	2,188,557	28,321	784,049	19,540	29,899	3,050,366
Restatement of Fund Balances - Note 12	(9,657)	(630)	-	(1,260)	-	(11,547)
FUND BALANCES AT END OF YEAR	\$ <u>2,270,594</u>	\$ <u>-</u>	\$ <u>973,347</u>	\$ <u>2,653</u>	\$ <u>36,246</u>	\$ <u>3,282,840</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, 2024**

	<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 OPERATING ACTIVITIES:						
Excess of Revenues or (Expenses)	\$ <u>91,694</u>	\$ <u>(27,691)</u>	\$ <u>189,298</u>	\$ <u>(15,627)</u>	\$ <u>6,347</u>	\$ <u>244,021</u>
ADJUSTMENTS TO RECONCILE EXCESS REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Interest on Certificates of Deposit	-	53,788	(4,684)	-	(5,764)	43,340
Investment Discount Recognized	1,468	101,818	50,100	-	8,923	162,309
Changes In:						
Assessments Receivable	45,588	-	-	-	-	45,588
Prepaid Expenses	(5,357)	-	-	-	-	(5,357)
Accounts Payable	(59,061)	(54,374)	-	226	905	(112,304)
Prepaid Assessments	149,419	-	-	-	-	149,419
Contract Liability	-	190,785	-	-	47,157	237,942
	<u>132,057</u>	<u>292,017</u>	<u>45,416</u>	<u>226</u>	<u>51,221</u>	<u>520,937</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>223,751</u>	\$ <u>264,326</u>	\$ <u>234,714</u>	\$ <u>(15,401)</u>	\$ <u>57,568</u>	\$ <u>764,958</u>

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, 2024**

	<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						
Maturity of Certificates of Deposit	-	840,000	366,000	-	100,000	1,306,000
Purchase of U.S Treasury Bills	<u>(180,000)</u>	<u>#####</u>	<u>(609,000)</u>	<u>-</u>	<u>(265,000)</u>	<u>(2,709,000)</u>
	<u>(180,000)</u>	<u>(815,000)</u>	<u>(243,000)</u>	<u>-</u>	<u>(165,000)</u>	<u>(1,403,000)</u>
CASH FLOWS USED FOR FINANCING ACTIVITIES						
Prior Period Adjustments	<u>(9,657)</u>	<u>(630)</u>	<u>-</u>	<u>(1,260)</u>	<u>-</u>	<u>(11,547)</u>
NET INCREASE (DECREASE) IN CASH	34,094	(551,304)	(8,286)	(16,661)	(107,432)	(649,589)
Cash at Beginning 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>
CASH AT END OF YEAR	<u>\$ 1,699,281</u>	<u>\$ 266,215</u>	<u>\$ 354</u>	<u>\$ 5,542</u>	<u>\$ 72,268</u>	<u>\$ 2,043,660</u>
SUPPLEMENTARY INFORMATION:						
Cash Paid for Federal Income Taxes	<u>\$ 4,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,648</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, 2024**

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, 2024, the Association consisted of 15,092 annexed residential, commercial, and builder lots, of which 3,225 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.

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 expected loss model. 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. Financial assets held by the Association that are subject to the guidance in FASB ASC 326 were assessments receivable.

**SUMMERLIN WEST COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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, 2024, uncollectible assessments, late fees, and fines of \$68,791 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 2024 and the end of 2024 were \$721,424 and \$737,442, 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.

**SUMMERLIN WEST COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2024. 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 2024 and end of 2024 are \$3,603,841 and \$3,841,782, 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.

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.

**SUMMERLIN WEST COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 3 - CASH

Cash at December 31, 2024, as represented on the balance sheet is detailed as follows:

Main Association

Operating Fund:

Banc of California; ICS Sweep General Checking	\$ 1,488,968
LPL Financial; Insured Cash Account	<u>210,313</u>
	<u>\$ 1,699,281</u>

Reserve Fund:

LPL Financial, Insured Cash Account	\$ <u>266,215</u>
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Capital Fund:

LPL Financial, Insured Cash Account	\$ <u>354</u>
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Barcelona/Mariposa Special Benefit Area

Operating Fund:

Banc of California; ICS Sweep Account	\$ <u>5,542</u>
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Reserve Fund:

LPL Financial; Insured Cash Account	\$ <u>72,268</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.

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, 2024, the Association had \$28,965 in unrelated business activity revenue from communication tower leases, resulting in a tax liability of \$3,784, of which \$485 was prepaid at December 31, 2024. Tax years open under the statute of limitations are 2022, 2023, and 2024.

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 \$3,244,957 for the main association and \$633,071 for the special benefit areas, at December 31, 2024, 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.

**SUMMERLIN WEST COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 6 - FUTURE MAJOR REPAIRS AND REPLACEMENTS (CONTINUED)

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 in the process of new full study, anticipated to be adopted by the Board in May 2025. 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 2024 was \$629,981 for the main association, and \$47,157 for the special benefit areas. The Association assessed \$521,264 for the main association and \$47,157 for the special benefit areas. In 2024, the main association recognized \$330,480 in assessment revenue and the special benefits area did not recognize any revenue assessment for reserve funding in 2024.

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, 2024, assessments receivable due from the builder and commercial properties was \$17,100. Assessment revenue from builder and commercial properties during 2024 was \$2,162,880.

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 2024 totaled \$28,965 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:

2025	\$ 21,659
2026	21,659
2027	21,659
Thereafter	<u>151,612</u>
Total	<u>\$ 216,589</u>

**SUMMERLIN WEST COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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 2024, Summerlin West Community Association was required to contribute \$4,870,432, which represents approximately 30% of the total Council operations.

The Mutual Benefit Agreement entered into with The Summerlin Council ran through December 31, 2024. 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 2025.

NOTE 10 - OTHER MATTERS/SUBSEQUENT EVENT

For the year 2024, 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.

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. Amortized cost totals \$2,546,691. Debt securities classified as held-to-maturity mature in 2025, 2026 and 2027.

NOTE 12 - RESTATEMENT OF OPENING BALANCE OF OPERATING FUND

Opening balance of operating and reserve funds was restated for 2023 expenses that incurred in 2023, but invoices were not received until 2024. The net impact of these adjustments is a decrease in the opening operating and reserve fund balance of \$11,547.

SUPPLEMENTARY FINANCIAL INFORMATION

**SUMMERLIN WEST COMMUNITY ASSOCIATION
SCHEDULE OF RESERVE ANALYSIS
DECEMBER 31, 2024**

(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.

COMPONENT LOCATION	ESTIMATED REMAINING USEFUL LIFE	ESTIMATED FUTURE REPLACE- MENT COST
<u>MAIN ASSOCIATION</u>		
Paseos Village - General	0 - 20	\$ 2,999,403
Paseos Neighborhoods - General	0 - 9	15,742
Paseos Neighborhoods - Parks	0 - 9	60,605
Vistas Village - General	0 - 9	1,366,289
Vistas Village - Park	4 - 9	63,052
Vistas Neighborhood - General	0 - 9	688,667
Vistas Neighborhood - Park	0 - 9	234,287
Stonebridge Village - General	0 - 25	1,165,800
Stonebridge Neighborhoods - General	15 - 16	19,028
Stonebridge Neighborhoods - Parks	8 - 21	56,032
Reverence Village - General	1 - 21	369,157
		<u>\$ 7,038,062</u>

BARCELONA/MARIPOSA SPECIAL BENEFIT AREA

Paving	0 - 12	\$ 779,884
Concrete	0	4,088
Gates	0 - 10	87,437
Landscaping	0 - 0	34,395
Lighting	0 - 20	50,505
Signage	0	15,453
Safety/Access	0	10,155
Outdoor Equipment	0 - 10	25,308
Common Area	0	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, 2024**

	ACTUAL	BUDGET	VARIANCE FAVORABLE/ (UNFAVORABLE)
<u>OPERATING FUND</u>		(UNAUDITED)	(UNAUDITED)
REVENUES			
Assessments	\$ 9,765,376	\$ 8,824,096	\$ 941,280
Late and Collection Fees	153,963	125,000	28,963
Fines	-	30,000	(30,000)
Uncollectible Assessments and Fines, Net	(68,791)	(25,000)	(43,791)
Interest Income	77,234	5,000	72,234
Working Capital Fees	98,600	108,480	(9,880)
Communication Tower	28,965	19,000	9,965
Water District Rebate	50,124	45,000	5,124
Other Income	27,915	22,000	5,915
	<u>10,133,386</u>	<u>9,153,576</u>	<u>979,810</u>
EXPENSES			
Insurance	85,617	79,100	(6,517)
Electricity	64,227	60,000	(4,227)
Water	1,300,570	1,100,000	(200,570)
Landscaping	2,285,517	2,235,000	(50,517)
Repairs and Maintenance	82,115	132,000	49,885
Lighting	31,767	60,000	28,233
Professional Management	959,546	952,938	(6,608)
Professional Fees	130,376	120,050	(10,326)
Ombudsman Fees	48,798	48,000	(798)
Federal Income Taxes	3,784	3,360	(424)
Postage and Printing	175,186	80,000	(95,186)
Council Facility and Administration	4,870,432	4,431,168	(439,264)
Miscellaneous	3,757	1,960	(1,797)
	<u>10,041,692</u>	<u>9,303,576</u>	<u>(738,116)</u>
EXCESS OF REVENUES OR (EXPENSES)	<u>\$ 91,694</u>	<u>\$ (150,000)</u>	<u>\$ 241,694</u>
 <u>RESERVE FUND</u>			
REVENUES			
Member Assessments	\$ 330,480	\$ 521,264	\$ (190,784) *
Interest Income	148,445	70,000	78,445
Water District Rebate	28,600	-	28,600
Other Income	20	-	20
	<u>507,545</u>	<u>591,264</u>	<u>(83,719)</u>
EXPENSES			
Common Area Repairs	215,847	-	(215,847)
Lighting	37,129	-	(37,129)
Landscaping	282,260	337,537	55,277
	<u>535,236</u>	<u>337,537</u>	<u>(197,699)</u>
EXCESS OF REVENUES OR (EXPENSES)	<u>\$ (27,691)</u>	<u>\$ 253,727</u>	<u>\$ (281,418)</u>

* These reserve assessments were billed in 2024 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, 2024**

BARCELONA/MARIPOSA

	<u>ACTUAL</u>	<u>BUDGET</u> (UNAUDITED)	VARIANCE FAVORABLE/ (UNFAVORABLE) (UNAUDITED)
<u>OPERATING FUND</u>			
REVENUES			
Member Assessments	\$ 64,203	\$ 64,203	\$ -
Other Income	1,405	2,400	(995)
	<u>65,608</u>	<u>66,603</u>	<u>(995)</u>
EXPENSES			
Electricity	5,422	4,700	(722)
Water	14,333	10,700	(3,633)
Landscaping	11,676	11,500	(176)
Repairs and Maintenance	13,992	8,100	(5,892)
Lighting	2,010	1,910	(100)
Professional Management	27,840	27,840	-
Professional Fees	1,200	-	(1,200)
Postage and Printing	2,973	83	(2,890)
Miscellaneous	1,789	1,770	(19)
	<u>81,235</u>	<u>66,603</u>	<u>(14,632)</u>
EXCESS EXPENSES OVER REVENUES	\$ <u>(15,627)</u>	\$ <u>-</u>	\$ <u>(15,627)</u>
<u>RESERVE FUND</u>			
REVENUES			
Member Assessments	\$ -	\$ 45,157	\$ (45,157) *
Interest Income	17,891	12,000	5,891
	<u>17,891</u>	<u>57,157</u>	<u>(39,266)</u>
EXPENSES			
Landscaping	-	29,279	29,279
Common Area Repairs	11,544	15,343	3,799
	<u>11,544</u>	<u>44,622</u>	<u>33,078</u>
EXCESS OF REVENUES OVER EXPENSES	\$ <u>6,347</u>	\$ <u>12,535</u>	\$ <u>(6,188)</u>

* These reserve assessments were billed in 2024 but not yet earned and have been added to the contract liability balance on the balance sheet of the Association.

(See Independent Auditors' Report)