

JIMENEZ & COMPANY
CERTIFIED PUBLIC ACCOUNTANT
Joyce E. Jimenez, CPA



Independent Accountant's Compilation Report

To the Board of Directors and Homeowners
Oak Ranch Estates Homeowners Association
Oak View, California

Management is responsible for the accompanying financial statements of Oak Ranch Estates Homeowners Association, which comprise the balance sheet as of December 31, 2023 and the related statements of income, changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary information on future major repairs and replacements on page 9 is not a required part of the basic financial statements, but is supplementary information required by the American Institute of Certified Public Accountants. We have compiled the supplementary information from information that is the representation of the management of Oak Ranch Estates Homeowners Association, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Jimenez & Company
Certified Public Accountant
Camarillo, CA
Report Date:

OAK RANCH ESTATES HOMEOWNERS ASSOCIATION

Balance Sheet
December 31, 2023

	OPERATING FUND	REPLACEMENT FUND	TOTAL
ASSETS			
Cash, including interest bearing deposits	\$ 19,065	\$ 34,077	\$ 53,142
Assessments Receivable	50		50
Prepaid Insurance	1,177		1,177
TOTAL ASSETS	\$ 20,292	\$ 34,077	\$ 54,369
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 3,337	\$	\$ 3,337
Assessments Received in Advance	200		200
Security Deposit Corral	6		6
TOTAL LIABILITIES	3,543		3,543
 FUND BALANCES (NOTE 1)			
Operating	16,749		16,749
Replacement (Note 2)		34,077	34,077
TOTAL FUND BALANCES	16,749	34,077	50,826
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,292	\$ 34,077	\$ 54,369

OAK RANCH ESTATES HOMEOWNERS ASSOCIATION

Statement of Changes in Fund Balances
For the Year Ended December 31, 2023

	OPERATING FUND	REPLACEMENT FUND	TOTAL
Balance at the Beginning of the Year	\$ 20,429	\$ 32,371	\$ 52,800
Excess <Deficiency> of Revenues over Expenses	(3,680)	1,706	(1,974)
Balance at the End of the Year	<u>\$ 16,749</u>	<u>\$ 34,077</u>	<u>\$ 50,826</u>

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OAK RANCH ESTATES HOMEOWNERS ASSOCIATIONStatement of Revenues and Expenses
For the Year Ended December 31, 2023

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUES			
Assessments	\$ 31,200	\$ 1,440	\$ 32,640
Horse Stall/Shed Fees	600		600
Interest	4	266	270
Miscellaneous	296		296
TOTAL REVENUES	<u>32,100</u>	<u>1,706</u>	<u>33,806</u>
EXPENSES			
Corral	595		595
Electricity	80		80
Insurance	2,883		2,883
Landscape	14,808		14,808
Legal	6,826		6,826
Management	9,000		9,000
Miscellaneous	1,427		1,427
Repairs & Maintenance	36		36
State Taxes	6		6
Water & Sewer	119		119
TOTAL EXPENSES	<u>35,780</u>		<u>35,780</u>
EXCESS <DEFICIENCY> OF REVENUES OVER EXPENSES	\$ (3,680)	\$ 1,706	\$ (1,974)

See accountants' compilation report and the accompanying notes to the financial statements.

OAK RANCH ESTATES HOMEOWNERS ASSOCIATION

Statement of Cash Flows
For the Year Ended December 31, 2023

	OPERATING FUND	REPLACEMENT FUND	TOTAL
<i>Cash Flows from Operating Activities:</i>			
Cash from Assessments	\$ 33,213	\$ 1,440	\$ 34,653
Interest Received	4	266	270
Miscellaneous Income	895		895
Cash Paid for Services and Products	<u>(38,034)</u>		<u>(38,034)</u>
Net Increase <Decrease> in Cash from Operating Activities	<u>(3,922)</u>	1,706	<u>(2,216)</u>
Net Increase <Decrease> in Cash	(3,922)	1,706	(2,216)
Cash, including interest bearing deposits, at the Beginning of Year	22,987	32,371	55,358
Cash, including interest bearing deposits, at the End of Year	<u>\$ 19,065</u>	<u>\$ 34,077</u>	<u>\$ 53,142</u>

Reconciliation of Excess <Deficiency> of Revenues over Expenses to Net Cash Received by Operations:

Excess <Deficiency> of Revenues over Expenses	\$ (3,680)	\$ 1,706	\$ (1,974)
Decreased Assessments Receivable	101		101
Decreased Prepaid Insurance	59		59
Decreased Accounts Payable	(2,319)		(2,319)
Increased Prepaid Assessments	1,912		1,912
Increased Taxes Payable	6		6
Rounding	(1)		(1)
Net Increase <Decrease> in Operating Cash	<u>\$ (3,922)</u>	<u>\$ 1,706</u>	<u>\$ (2,216)</u>

OAK RANCH ESTATES HOMEOWNERS ASSOCIATION

Notes to the Financial Statements
December 31, 2023

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Oak Ranch Estates Homeowners Association was incorporated December 11, 1978 in the state of California as a mutual benefit corporation. The Association is responsible for the operation and maintenance of the common property. This is a 40 unit planned residential development located in Oak View, California.

Accounting Method

The Association prepares its statements on the accrual basis of accounting whereby income and expenses are recognized when earned and incurred. Fund accounting is employed to properly account for the monies. The Operating Fund is used to pay for all utility, insurance, general maintenance, landscaping, and administrative obligations of the Association. The Replacement Fund has been established to meet the replacement and major repair obligations of the Association with regard to the common area components.

The Association's primary accounting records are maintained by an outside management company appointed by the Board of Directors.

Capitalization Policy

Replacements and improvements to the real property are not capitalized on the books of the Association as assets are owned in common by the individual members of the Association. Property and equipment acquired by the Association are recorded at cost. The property is depreciated over its estimated useful lives using the straight line method of depreciation. There is no capitalized property at the end of the year.

Assessments Receivable

Association members are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's Declaration provides for various collection remedies for delinquent assessments including the filing of liens, foreclosing on the unit owner, and obtaining judgment on the assets of the unit owner. The Association uses the allowance method to account for uncollectible assessments receivable. There is no allowance necessary at the end of the fiscal year.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, including Interest Bearing Deposits

For purposes of the statement of cash flows, Cash, including Interest Bearing Deposits, includes cash on hand, funds on deposit with financial institutions, and investments with original maturities of three months or less.

Date of Compilation

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the date of the compilation report, which is the date that the financial statements were available to be issued.

OAK RANCH ESTATES HOMEOWNERS ASSOCIATION

Notes to the Financial Statements
December 31, 2023

NOTE 2 - REPLACEMENT FUNDING PROGRAM

The Association is currently funding replacement reserve accounts for the future major repair and replacement of Association common areas as disclosed in Note 1. Accumulated funds are held in separate accounts and are generally not available for operating purposes. The funding is based upon a professional reserve study approved by the board of directors.

An independent study was conducted in July 2023 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs are derived from actual contractor prices or by using standard construction industry estimating techniques. Funding requirements consider an annual inflation rate of 4.0% and interest earned of 1.0% on amounts funded for future repairs and replacements. The table included in the Supplementary Information on Future Major Repairs and Replacements on page 9 is based on this study.

The Board of Directors is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of future replacement costs and considering amounts previously accumulated in the replacement fund. Funding in the amount of \$1,440 has been included in the 2024 budget.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and variations may be material. Therefore, the amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to certain legal limitations, to increase monthly assessments, pass special assessments, or delay replacement if these funds are found to be inadequate for all future costs.

NOTE 3 - INCOME TAXES

Associations may be taxed either as homeowners associations or as regular corporations. For the current year the Association elected to file as a homeowners association using form 1120-H under Internal Revenue Code Section 528. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance and care of Association property. Net nonexempt function income which includes interest, user fees and revenues from non-members is taxed at 30%. Certain expenses were allocated to offset a portion of the taxable income.

The Association's tax returns are subject to audit. The federal tax returns for the current and prior two fiscal years remain open for examination by the IRS. The state tax returns for the current and prior three fiscal years remain open for examination by the Franchise Tax Board. In evaluating the Association's tax positions and accruals, the Association believes that its estimates are appropriate based on the current facts and circumstances.

NOTE 4 - OWNERS' ASSESSMENTS

Monthly assessments to owners were \$68. Of this amount, a portion was designated to the replacement fund.

The annual budget and owners' assessments are determined by the Board of Directors, within certain restrictions. The Association retains excess operating funds at the end of the year, if any, for use in future operating periods.

OAK RANCH ESTATES HOMEOWNERS ASSOCIATION

Notes to the Financial Statements
December 31, 2023

NOTE 5 - COMMITMENTS AND CONTINGENCIES

The Association contracts with various service providers for maintenance and management of its facilities and equipment. These contracts are generally one year or less in duration.

NOTE 6 - SUBSEQUENT EVENTS

Management has evaluated events and transactions for potential recognition or disclosure through _____, the date the financial statements were available to be issued.

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OAK RANCH ESTATES HOMEOWNERS ASSOCIATION

December 31, 2023
 Supplementary Information on Future Major Repairs
 and Replacements
 (Unaudited)

A study was prepared on July 23, 2023 by J.D. Brooks for the period beginning January 1, 2024 to December 31, 2024 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on current estimated replacement costs. Funding requirements consider an annual inflation rate of 4.0% and interest of 1.0% net of taxes, on amounts funded for future major repairs and replacements. The following table is based on the study and presents significant information about the components of common property.

Component	Estimated Remaining Useful Life	Estimated Replacement Costs	Fund Balance at Year End
Roofing	1-35 yrs.	\$ 6,240	
Sheds/Buildings	17-35 yrs.	20,360	
Paving	1-13 yrs.	4,280	
Fencing	1-35 yrs.	43,380	
Equipment	4-7 yrs.	6,550	
Fixtures	4-19 yrs.	7,170	
Plumbing & Electric	2 yrs.	5,000	
TOTAL			\$ <u>34,077</u>

Percent Funded as of December 31, 2023 - 70%

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