

CAUGHLIN RANCH
HOMEOWNERS' ASSOCIATION

Reno, Nevada

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

December 31, 2024 and 2023

CAUGHLIN RANCH HOMEOWNERS' ASSOCIATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Caughlin Ranch Homeowners' Association
Reno, Nevada

Opinion

We have audited the accompanying financial statements of Caughlin Ranch Homeowners' Association, which comprise the balance sheet as of December 31, 2024, and the related statements of revenue and expenses and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caughlin Ranch Homeowners' Association as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Caughlin Ranch Homeowners' 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Caughlin Ranch Homeowners' Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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, including omissions, 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 Caughlin Ranch Homeowners' 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 Caughlin Ranch Homeowners' 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenue and Expenses – Actual and Budgeted on page 14 is presented only for supplementary analysis purposes. The budgeted information has not been subjected to any procedures applied in the audit of the basic financial statements, but was compiled from information that is the representation of the Association. Accordingly, we do not express an opinion on the budgeted operating revenue and expense information.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Required Supplementary Information on Future Major Repairs and Replacements on pages 15 and 16 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, which 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.

Comparative Information

Information for the year ended December 31, 2023 is presented for comparative purposes only and was extracted from the financial statements presented for that year, on which we expressed an unmodified opinion on our report dated April 15, 2024.

McClintock Accountancy Corporation

McCLINTOCK ACCOUNTANCY CORPORATION
Tahoe City, California
March 13, 2025

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CAUGHLIN RANCH HOMEOWNERS' ASSOCIATION

Exhibit A

BALANCE SHEETS

December 31, 2024 (with comparative totals for 2023)

	2024			2023
	Operating Fund	Replacement Fund	Total	Total
ASSETS				
Cash and cash equivalents	\$ 818,402	\$ 607,489	\$ 1,425,891	\$ 2,011,866
Certificates of deposit (Note 4)	-0-	220,972	220,972	210,694
Treasury bills (Note 4)	-0-	95,763	95,763	290,369
Assessments receivable, net of allowance for credit losses of \$53,384 in 2024 and \$37,900 in 2023	11,715	-0-	11,715	9,082
Interest receivable	-0-	382	382	464
Other receivables	3,640	-0-	3,640	3,440
Prepaid expenses	97,217	-0-	97,217	86,707
Property and equipment, net (Note 6)	895,546	-0-	895,546	916,102
Total Assets	<u>\$ 1,826,520</u>	<u>\$ 924,606</u>	<u>\$ 2,751,126</u>	<u>\$ 3,528,724</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 47,700	\$ -0-	\$ 47,700	\$ 49,176
Accrued liabilities	57,850	-0-	57,850	247,338
Note payable (Note 10)	103,103	-0-	103,103	135,483
Homeowner security deposits	67,500	-0-	67,500	61,000
Assessments paid in advance	568,855	-0-	568,855	467,240
Total Liabilities	<u>845,008</u>	<u>-0-</u>	<u>845,008</u>	<u>960,237</u>
Fund Balances	<u>981,512</u>	<u>924,606</u>	<u>1,906,118</u>	<u>2,568,487</u>
Total Liabilities and Fund Balances	<u>\$ 1,826,520</u>	<u>\$ 924,606</u>	<u>\$ 2,751,126</u>	<u>\$ 3,528,724</u>

The accompanying notes are an integral part of these statements.

CAUGHLIN RANCH HOMEOWNERS' ASSOCIATION

Exhibit B

STATEMENTS OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2024 (with comparative totals for 2023)

	2024			2023
	Operating Fund	Replacement Fund	Total	Total
Revenue				
Member assessments	\$ 2,550,438	\$ 341,502	\$ 2,891,940	\$ 2,629,142
Transfer fee income	22,400	-0-	22,400	20,000
Landscape contract services	91,610	-0-	91,610	86,306
Fines and penalties	11,400	-0-	11,400	7,000
Other income	87,035	-0-	87,035	47,655
Insurance claim revenue	-0-	-0-	-0-	12,196
Late fees	24,506	-0-	24,506	22,524
Gain on disposal of assets	2,500	-0-	2,500	500
Investment income	4,794	24,647	29,441	35,906
Total Revenue	2,794,683	366,149	3,160,832	2,861,229
Expenses				
General and administrative	495,402	-0-	495,402	380,960
Payroll and benefits	1,721,876	-0-	1,721,876	1,498,905
Interest expense	4,913	-0-	4,913	6,182
Irrigation	276,541	-0-	276,541	180,436
Repairs and maintenance	448,364	-0-	448,364	362,439
Insurance	115,269	-0-	115,269	104,760
Insurance claim expense	-0-	-0-	-0-	11,935
Utilities	59,681	-0-	59,681	61,357
Replacement	-0-	648,836	648,836	916,131
Total Expenses	3,122,046	648,836	3,770,882	3,523,105
Revenue Under Expenses, Before Depreciation	(327,363)	(282,687)	(610,050)	(661,876)
Depreciation	52,319	-0-	52,319	55,906
Revenue Under Expenses	(379,682)	(282,687)	(662,369)	(717,782)
Equity Transfer, Capitalized Replacements	31,762	(31,762)	-0-	-0-
Fund Balances, Beginning of Year	1,329,432	1,239,055	2,568,487	3,286,269
Fund Balances, End of Year	\$ 981,512	\$ 924,606	\$ 1,906,118	\$ 2,568,487

The accompanying notes are an integral part of these statements.

CAUGHLIN RANCH HOMEOWNERS' ASSOCIATION

Exhibit C

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2024 (with comparative totals for 2023)

	2024			2023
	Operating Fund	Replacement Fund	Total	Total
Reconciliation of Revenue Under Expenses to Net Cash Used by Operating Activities:				
Revenue Under Expenses	\$ (379,682)	\$ (282,687)	\$ (662,369)	\$ (717,782)
Adjustments:				
Depreciation	52,319	-0-	52,319	55,906
Investment amortization	-0-	(19,909)	(19,909)	-0-
Change in due (to) from other funds	-0-	-0-	-0-	-0-
Change in assessments receivable	(18,117)	-0-	(18,117)	(2,832)
Change in allowance for credit losses	15,484	-0-	15,484	6,095
Change in other receivable	(200)	82	(118)	6,241
Change in prepaid expenses	(10,510)	-0-	(10,510)	(9,587)
Change in accounts payable	3,673	(5,150)	(1,477)	7,551
Change in accrued and other liabilities	86,017	(167,390)	(81,373)	255,163
Total Adjustments	128,666	(192,367)	(63,701)	318,537
Net Cash Used by Operating Activities	(251,016)	(475,054)	(726,070)	(399,245)
Cash Flows from Investing Activities:				
Maturities of certificates of deposit	-0-	220,970	220,970	202,940
Purchase of certificates of deposit	-0-	(220,970)	(220,970)	(210,694)
Maturities of treasury notes	-0-	400,000	400,000	989,606
Purchase of treasury notes	-0-	(195,763)	(195,763)	(290,369)
Purchase of property and equipment	-0-	(31,762)	(31,762)	(106,331)
Net Cash Provided (Used) by Investing Activities	-0-	172,475	172,475	585,152
Cash Flows from Financing Activities:				
Payment on long term debt	(32,380)	-0-	(32,380)	(31,111)
Net Cash Used by Financing Activities	(32,380)	-0-	(32,380)	(31,111)
Net Increase (Decrease) in Cash and Cash Equivalents	(283,396)	(302,579)	(585,975)	154,796
Cash and Cash Equivalents, Beginning of Year	1,101,798	910,068	2,011,866	1,857,070
Cash and Cash Equivalents, End of Year	\$ 818,402	\$ 607,489	\$ 1,425,891	\$ 2,011,866
Supplementary Information:				
Income taxes paid	\$ 9,300	\$ -0-	\$ 9,300	\$ 2,959
Interest paid	\$ 4,913	\$ -0-	\$ 4,913	\$ 6,182

The accompanying notes are an integral part of these statements.

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CAUGHLIN RANCH HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

1. Form and Nature of Organization

Caughlin Ranch Homeowners' Association (the "Association") is a non-profit corporation organized under the laws of the State of Nevada on July 31, 1984. The Association is a 2,300 acre planned unit development located in Reno, Nevada. The Association consists of 2,263 residential and 30 commercial members. The Association was organized to provide management services and maintenance of certain common use areas within the development, and is supported by assessments of the lots in the development.

2. Summary of Significant Accounting Policies

- A. The Association's governing documents and policies adopted by the Board of Directors provide certain guidelines for controlling its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts on the fund accounting basis. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose.

Operating Fund - Used to account for financial resources available for the general operations of the Association.

Replacement Fund - Used to accumulate financial resources designated for future major repairs and replacements.

- B. Certain real property owned by the Association is capitalized on the Association's financial statements. This includes the maintenance building, the administrative building, and the land on which the buildings are constructed. Other real property is not capitalized.

The Association is responsible for the operations and replacement of certain real property improvements, consisting mainly of roads, retaining walls, walking trails and greenbelts. This property consists of approximately 120 improved acres of walking trails, access to roads, and greenbelts and 800 unimproved acres.

Personal property, such as furnishings and equipment, when acquired, is recorded at cost and depreciated using the straight-line method over their estimated useful lives ranging from 3 to 39 years.

- C. Deferred income represents dues paid in the current period applicable to the following period.
- D. Association members are subject to assessments that provide funds for the Association's operating expenses and major repairs and replacements. For administrative convenience, assessments are paid on a quarterly basis using coupon books. Assessments receivable at the balance sheet date represent fees due from residential and non-residential members.

CAUGHLIN RANCH HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

The Association's policy includes, among other things, assessing late charges and interest on delinquent assessments and retaining legal counsel to place liens on the property of lot owners whose assessments are ninety days in arrears and therefore considered delinquent.

The Association treats uncollectible assessments as credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include closely monitoring of outstanding assessment balances by management, member payment history of outstanding assessment balances, and susceptibility to factors outside the Association's control. An allowance for credit losses is created when an account's collectability is uncertain. Accounts are written off when the Association's management determines that an account is uncollectible due to an event such as bankruptcy or foreclosure proceedings.

Allowance for credit losses as of December 31 was as follows:

	2024	2023
Beginning balance	\$ 37,900	\$ 31,805
Provision for expected credit loss	15,484	6,095
Less: write offs	-0-	-0-
Ending allowance for credit losses	<u>\$ 53,384</u>	<u>\$ 37,900</u>

- E. Association has adopted the provisions of Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, ("Topic 606" in the Accounting Standards Codification (ASC)). Topic 606 superseded the revenue recognition requirements in FASB ASC 972-605, Real Estate—Common Interest Realty Associations, Revenue Recognition. Under Topic 606, the Association must identify a contract with a customer, among other things, and recognize revenue as the Association satisfies a performance obligation.

As described in Note 2. D., Association members are subject to assessments that provide funds for the Association's operating expenses and major repairs and replacements. Association management has considered Topic 606 and concluded that Association members are not customers as defined in the ASC. As such, all assessment revenue, including amounts allocated to the replacement fund, is recognized in the period in which it is assessed, regardless of when it is collected or expended.

- F. Contract revenue consists of management and landscaping contracts with other associations. This revenue is recognized as the performance obligations are satisfied, in accordance with Topic 606, at transaction amounts expected to be collected. The Association's performance obligations related to its contract revenue is satisfied on a monthly basis as services are performed. A contract liability (income received in advance) is recorded when the Association has the right to receive payment in advance of the performance obligations related to the income.

CAUGHLIN RANCH HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Substantially all of the Association's contract revenue pertains to services that were completed prior to December 31, 2024, therefore the balance of the Association's contract liabilities was \$-0- as of December 31, 2024 and 2023. No significant revenue was recognized in the current year resulting from performance obligations satisfied in previous periods.

- G. The Association may elect to be taxed as either a regular corporation or as a homeowners association. As a regular corporation, member revenue can be offset to the extent of member expenses. In general, assessments allocated for future major repairs and replacements can be set aside on a tax-free basis if applicable guidelines are followed. Additionally, other amounts received by the Association, such as investment income, are taxed net of related expenses for federal purposes. Similar rules exist for treatment as a homeowners association. For the years ended December 31, 2024 and 2023, the Association filed as a homeowners association. The Association's three previous federal tax returns are available for examination by the taxing authorities.

For the years ended December 31, 2024 and 2023, the provision for income taxes was \$7,269 and \$10,079, respectively.

- H. For purposes of the Statements of Cash Flows, cash and cash equivalents is defined as amounts held in the checking accounts and money market accounts.
- I. The carrying amounts of financial instruments, including cash, accounts receivable and accounts payable approximate their fair value due to the short term maturities of these instruments.
- J. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of 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.
- K. In 2023, the Association implemented ASU 2016-13 Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including held-to-maturity debt securities, and accounts receivable. Financial assets measured at amortized cost will be presented at the amount expected to be collected, net of an allowance for credit losses. There were no transition adjustments required to be made as a result of implementing the new standard.

CAUGHLIN RANCH HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

- L. Certain amounts in the 2023 financial statements have been reclassified to conform to the presentation in the 2024 financial statements. The reclassifications have no impact on the financial position or results of operations for 2023.

3. Concentration of Credit Risk

The Association maintains demand and savings accounts at various banks. At December 31, 2024 and 2023, specific accounts exceeded the federally insured limits. In general, the Association has varying types and levels of safety protection in place covering cash and cash equivalents, as well as investments. Funds in excess of FDIC insurance coverage limits are covered by a third party issued surety bond. The Association also holds investments that are not FDIC insured, but are obligations of the United States government.

4. Investments

At December 31, 2024, Association investments consisted of debt securities held-to-maturity. Varying types and levels of safety protection cover the various Association investments, including FDIC insurance, SIPC insurance, privately funded bank insurance, and the backing of the US Treasury and its agencies.

Governmental securities and certificates of deposit are carried at amortized cost, as they are classified as held to maturity debt securities since the Association has the positive intent and ability to hold all securities until maturity.

The amortized cost/ net carrying value of debt securities held-to-maturity a December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
	<u>Amortized Cost/Net Carrying Value</u>	<u>Amortized Cost/Net Carrying Value</u>
Held to maturity:		
Certificates of Deposit	\$ 220,972	\$ 210,694
US Treasury Securities	95,763	290,369
Total held to maturity	<u>\$ 316,735</u>	<u>\$ 501,063</u>

The maturities of the debt securities held-to-maturity at December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Due in one year or less	\$ 316,735	\$ 501,063

CAUGHLIN RANCH HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

5. Future Major Repairs and Replacements (Replacement Fund)

The Association's governing documents require funds to be accumulated for future major repairs to and replacement of Association-owned property. Such repair and replacement cash and investments, amounting to \$924,224 and \$1,251,470 at December 31, 2024 and 2023, respectively were held in designated bank and investment accounts.

The funding program is based on a study updated in 2024 by independent consultants to estimate the remaining useful life and the replacement cost of the Association-owned property. The estimates were based on estimates from consultants, management, contractors, and historical costs.

The Association is funding such major repairs and replacements over the estimated useful life of the Association-owned property based on the study's estimates of current replacement cost, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. Should additional funds be needed, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

6. Property and Equipment

Association property and equipment at December 31, 2024 and 2023 consisted of the following:

	2024	2023
Land	\$ 213,675	\$ 213,675
Building and Improvements	784,966	746,790
Equipment	745,723	751,723
	1,744,364	1,712,188
Less accumulated depreciation	(848,818)	(802,500)
Construction in progress	-0-	6,414
	<u>\$ 895,546</u>	<u>\$ 916,102</u>

CAUGHLIN RANCH HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

7. Replacement Fund Expenses

Replacement fund expenses for the year ended December 31, 2024 and 2023 were as follows:

	2024	2023
Irrigation	\$ 6,404	\$ 15,187
Gate repairs	105,255	29,899
Repair and maintenance	367	32,836
Park improvements	11,423	34,729
Equipment and road maintenance	124,174	562,260
Signs and trails	153,018	135,144
Reserve update	2,700	2,700
Bridge/waterway crossings	189,942	-0-
Retaining/rockery walls	6,400	-0-
Concrete and sidewalk repairs	8,517	-0-
Insurance claim repairs	-0-	11,580
Miscellaneous	40,636	103,376
	<u>\$ 648,836</u>	<u>\$ 927,711</u>

8. Interfund Activity

The Association maintains an operating fund and a replacement fund. The replacement allocations are collected by the operating fund and transferred to the replacement fund. At December 31, 2024 and 2023, no amounts were owed between funds.

9. Employee Benefit Plan

The Association provides a Savings Incentive Match Plan for Employees (SIMPLE) IRA Retirement Plan for all full-time employees who have at least one year of continuous service. The Plan allows the employees to voluntarily defer otherwise taxable income and accumulate funds for future retirement. The Association makes a matching contribution up to a maximum deferral of 3% of the employee's gross earnings. The Association's contributions to the plan were \$19,129 and \$15,747 for the years ended December 31, 2024 and 2023, respectively.

10. Note Payable

In May 2018, the Association purchased 1070 Caughlin Crossing for use as an office building, and entered into a \$286,632 note payable at 5.44% interest collateralized by current and future assessments. During 2020, the Association modified the loan to a reduced 4.00% interest rate. The note is payable in monthly installments of \$3,108 at 4.00% interest through December 10, 2027.

CAUGHLIN RANCH HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Future principal payments are as follows:

	December 31,
2025	33,736
2026	35,134
2027	34,233
	<u>\$ 103,103</u>

The Association's note payable to First Citizens Bank requires them to maintain certain financial ratios. In addition, the agreement contains affirmative and negative covenants regulating, among other things, additional indebtedness and liens, continuing operations, compliance with laws and regulations and other matters customarily restricted by such agreements. The agreement also contains customary events of default, including breach of terms and/or conditions, failure to pay on a timely basis, raise above 10% of units in delinquency, covenant defaults and events of insolvency.

11. Contingent Matters

From time to time, certain claims arising in the ordinary course of business have been filed or threatened against the Association. In the opinion of management, all such matters were without merit or are of such kind, or involve such amounts, which would not have a significant effect on the financial position or results of operations of the Association if disposed of unfavorably. Therefore, currently no provision for loss has been included in the accompanying financial statements.

12. Commitments

During 2023, The Association entered into contracts for construction and engineering costs for the Alum Creek bridge replacement project totaling approximately \$182,669. At December 31, 2023, the total amount remaining on the contracts was approximately \$176,669. During 2024, the project was completed.

13. Subsequent Events

Subsequent events have been evaluated by management through March 13, 2025, the date that the statements were available for issuance.

CAUGHLIN RANCH HOMEOWNERS' ASSOCIATION

Schedule 1

SCHEDULE OF REVENUE AND EXPENSES - ACTUAL AND BUDGETED

For the Year Ended December 31, 2024

	(Unaudited)		
	Actual	Budgeted	Variance
Revenue			
Member assessments	\$ 2,891,940	\$ 2,891,868	\$ 72
Transfer fee income	22,400	25,000	(2,600)
Landscape contract services	91,610	85,000	6,610
Fines and penalties	11,400	3,000	8,400
Other income	87,035	39,550	47,485
Late fees	24,506	21,500	3,006
Interest income	29,441	8,975	20,466
Gain on disposal of assets	2,500	-0-	2,500
Total Revenue	<u>3,160,832</u>	<u>3,074,893</u>	<u>85,939</u>
Expenses			
General and administrative	495,402	464,033	31,369
Payroll and benefits	1,721,876	1,775,434	(53,558)
Interest expense	4,913	4,891	22
Irrigation	276,541	225,000	51,541
Repairs and maintenance	448,364	366,679	81,685
Insurance	115,269	114,158	1,111
Utilities	59,681	62,960	(3,279)
Replacement	648,836	549,863	98,973
Total Expenses	<u>3,770,882</u>	<u>3,563,018</u>	<u>207,864</u>
Revenue Under Expenses, Before Depreciation	(610,050)	(488,125)	(121,925)
Depreciation	<u>52,319</u>	<u>-0-</u>	<u>52,319</u>
Revenue Under Expenses	<u>\$ (662,369)</u>	<u>\$ (488,125)</u>	<u>\$ (174,244)</u>

The accompanying notes are an integral part of these statements.

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CAUGHLIN RANCH HOMEOWNERS' ASSOCIATION
REQUIRED SUPPLEMENTARY INFORMATION
ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
December 31, 2024
(Unaudited)

Schedule 2

(See Independent Auditors' Report)

The Association's independent consultants updated a study in 2023 to estimate the remaining useful lives and the replacement costs of the major components of common property. The estimates were based on estimates from consultants, management, contractors, and historical costs. Estimated current replacement costs have been adjusted to reflect a 2.50% inflation factor between the date of the study and the date that the components will require repair and replacement. Investment earnings are estimated to be 1.25% before tax.

The Association does not designate the balance in the replacement fund by component. The total available for major repairs and replacements at December 31, 2024 was \$924,606. The 2025 budget includes a total of \$465,010 in member assessments designated for future repairs and replacements.

The following table is based on the study and presents significant information about the components of common property that are being funded.

Facility or Component	Range of Remaining Lives (Years)	Range of Lives After Replacement (Years)	Current Replacement Cost
Caughlin Ranch			
Paving	0-23	1-30	\$ 1,178,076
Concrete	1-4	6-8	4,939
Painting: exterior	0-5	1-5	15,821
Painting: interior	2	10	14,045
Structural repairs	1-22	10-50	99,868
Roofing	0-16	25-30	35,406
Rehab	1-13	10-20	21,676
Recreation	2	10	1,205
Tennis court	5-12	7-21	70,745
Landscaping	0-14	1-20	26,387
Lakes/ponds	1-3	1-5	28,855
Fencing	4-17	10-30	25,150
Retaining Wall	1-20	2-25	8,929
Lighting	4-5	10-20	13,885
Signage	0-20	1-25	154,337
Office equipment	0-4	1-9	96,404
Mechanical equipment	2-5	15	26,476
Furnishings	2-13	10-15	83,414
Audio/visual	1	10	2,009
Safety/access	1-4	3-6	21,725
Flooring	9-18	10-20	32,605
Wallcoverings	4	20	6,644
Outdoor equipment	0-17	3-30	427,078
Appliances	6-8	10-15	6,479
Miscellaneous	0-16	1-30	774,587
Reserve study	0-4	5	11,479
Undesignated	1	1	1,271
			<u>\$ 3,189,495</u>

CAUGHLIN RANCH HOMEOWNERS' ASSOCIATION
REQUIRED SUPPLEMENTARY INFORMATION
ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
December 31, 2024
(Unaudited)

Schedule 2

(See Independent Auditors' Report)

Facility or Component	Range of Remaining Lives (Years)	Range of Lives After Replacement (Years)	Current Replacement Cost
Caughlin Creek/Deer Creek			
Paving	0-22	2-27	\$ 1,067,375
Concrete	0-27	1-30	249,442
Structural repairs	16	20	2,375
Gate equipment	0-8	1-12	80,282
Lakes/Ponds	0	1	6,636
Lighting	4-18	20-40	44,044
Signage	0-2	15-20	6,000
Safety/Access	2	6	8,260
Reserve Study	0-4	5	3,428
			<u>1,467,842</u>
Mountainshyre			
Paving	0-21	3-22	463,727
Concrete	1	6-8	3,358
Painting: exterior	1	8	357
Roofing	24	30	1,716
Gate equipment	0-11	1-12	79,872
Lighting	2	12	670
Signage	1-14	20-30	21,721
Safety/Access	2	6	3,907
Reserve Study	0-4	5	3,237
			<u>578,565</u>
Whispering Canyon			
Paving	1-20	1-25	398,290
Concrete	7	8	2,874
Painting: Exterior	1-5	5-6	5,470
Structural Repairs	1-20	2-25	14,713
Gate Equipment	4-24	8-30	71,665
Landscaping	1-19	3-25	39,962
Fencing	6-26	10-30	18,396
Retaining Wall	1	2	2,120
Lighting	9	15	4,770
Signage	9	15	13,250
Miscellaneous	21	25	8,904
Reserve Study	3	5	1,484
			<u>581,898</u>
			<u>\$ 5,817,800</u>