

LAKE DON PEDRO OWNERS' ASSOCIATION

**FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

YEARS ENDED JUNE 30, 2022 AND 2021

**LEVY, ERLANGER & COMPANY LLP
Certified Public Accountants
San Francisco, California**

LAKE DON PEDRO OWNERS' ASSOCIATION

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LEVY, ERLANGER & COMPANY LLP
Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board Of Directors
Lake Don Pedro Owners' Association
La Grange, California

We have reviewed the accompanying financial statements of **Lake Don Pedro Owners' Association** (the Association) which comprise the balance sheets as of June 30, 2022 and 2021, and the related statements of revenues, expenses and changes in fund balances and cash flows, for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of **Lake Don Pedro Owners' Association** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Future Major Repairs and Replacements

As further discussed in the notes to the financial statements, the Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting replacement reserve funding plan is a function of the completeness of the major component list and the accuracy of the estimated quantity, useful and remaining lives, and replacement costs of those components.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until sufficient funds are available.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property be presented to supplement the basic financial statements. Such information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed or compiled the required supplementary information, and we do not express an opinion, a conclusion, nor provide any assurance on it.



August 24, 2022

LAKE DON PEDRO OWNERS' ASSOCIATION

**BALANCE SHEETS
JUNE 30, 2022 AND 2021**

	<u>2022</u>			<u>2021</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
ASSETS				
Cash and cash equivalents (Note 2)	\$ 373,804	\$ 634,660	\$ 1,008,464	\$ 953,254
Assessments receivable, less allowance for doubtful accounts of \$124,000 and \$118,000, respectively (Note 2)	3,669		3,669	3,981
Prepaid insurance	20,807		20,807	20,825
Other assets	6,385		6,385	4,534
Total assets	<u>\$ 404,665</u>	<u>\$ 634,660</u>	<u>\$ 1,039,325</u>	<u>\$ 982,594</u>
LIABILITIES				
Accounts payable	\$ 7,641	\$ -	\$ 7,641	\$ 3,898
Assessments paid in advance	167,674		167,674	169,722
Refundable deposits	30,029		30,029	9,954
Income taxes payable	566	30	596	
Vacation payable	6,288		6,288	5,910
Other liabilities	15,772		15,772	14,201
Contract liabilities - replacement reserve assessments paid in advance (Notes 2 and 4)		634,630	634,630	603,656
Future major repairs and replacements (Note 3)	-	-	-	-
Total liabilities	<u>227,970</u>	<u>634,660</u>	<u>862,630</u>	<u>807,341</u>
COMMITMENTS (NOTE 5)	-	-	-	-
FUND BALANCE (DEFICIT)	<u>176,695</u>	<u>-</u>	<u>176,695</u>	<u>175,253</u>
Total liabilities and fund balance	<u>\$ 404,665</u>	<u>\$ 634,660</u>	<u>\$ 1,039,325</u>	<u>\$ 982,594</u>

See independent accountant's review report and accompanying notes.

LAKE DON PEDRO OWNERS' ASSOCIATION

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>			<u>2021</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
REVENUES				
Assessments (Notes 2 and 4)	\$ 282,200	\$ 12,986	\$ 295,186	\$ 267,200
Bad debt recovery (expense)	(12,474)		(12,474)	(10,303)
Interest income (Note 2)	34	1,004	1,038	31
Rental income	34,028		34,028	15,733
Late charges and other income	61,327		61,327	57,907
Total revenues	<u>365,115</u>	<u>13,990</u>	<u>379,105</u>	<u>330,568</u>
EXPENSES				
<u>Administration</u>				
Income tax provision (Note 2)	566	30	596	-
Insurance	35,688		35,688	35,932
Legal and accounting	4,923		4,923	6,120
Newsletter	12,805		12,805	11,979
Office, printing and postage	44,941		44,941	38,924
Reserve study	300		300	300
	<u>99,223</u>	<u>30</u>	<u>99,253</u>	<u>93,255</u>
<u>Maintenance and operations</u>				
Hacienda expenses	9,446	-	9,446	9,220
Janitorial services	18,681		18,681	12,751
Parks expense	2,182		2,182	2,196
Payroll, payroll taxes and benefits	172,157		172,157	147,060
Pool and spa maintenance	2,619		2,619	2,242
Septic maintenance and test	5,688		5,688	7,186
Other maintenance and operations	5,081		5,081	8,361
	<u>215,854</u>	<u>-</u>	<u>215,854</u>	<u>189,016</u>

See independent accountant's review report and accompanying notes.

LAKE DON PEDRO OWNERS' ASSOCIATION

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021
	Operations Fund	Replacement Fund	Total Funds	Total Funds
EXPENSES (CONTINUED)				
<u>Utilities</u>				
Garbage collection	\$ 4,701	\$ -	\$ 4,701	\$ 6,153
Gas and electricity	27,325		27,325	22,624
Water and sewer	2,610		2,610	2,544
	<u>34,636</u>	<u>-</u>	<u>34,636</u>	<u>31,321</u>
<u>Major repairs and replacements</u>				
Landscaping, trees and irrigation	-	4,400	4,400	-
Pergola		2,847	2,847	
Sewer and drainage		3,213	3,213	
Other major repairs and replacements		3,500	3,500	
	<u>-</u>	<u>13,960</u>	<u>13,960</u>	<u>-</u>
Total expenses	<u>349,713</u>	<u>13,990</u>	<u>363,703</u>	<u>313,592</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	15,402	-	15,402	16,976
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	(13,960)	-	(13,960)	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>175,253</u>	<u>-</u>	<u>175,253</u>	<u>158,277</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 176,695</u>	<u>\$ -</u>	<u>\$ 176,695</u>	<u>\$ 175,253</u>

See independent accountant's review report and accompanying notes.

LAKE DON PEDRO OWNERS' ASSOCIATION

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022		2021	
	Operations Fund	Replacement Fund	Total Funds	Total Funds
OPERATING ACTIVITIES				
Excess (deficiency) of revenues over expenses	\$ 15,402	\$ -	\$ 15,402	\$ 16,976
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:				
Bad debt (recovery) expense	12,474	-	12,474	10,303
Decrease (increase) in assets:				
Assessments receivable	(12,162)		(12,162)	(13,405)
Other assets	(1,851)		(1,851)	186
Prepaid insurance	18		18	232
Increase (decrease) in liabilities:				
Accounts payable	3,743		3,743	(646)
Refundable deposits	20,075		20,075	(383)
Assessments paid in advance	(2,048)		(2,048)	11,471
Other liabilities	1,571		1,571	(184)
Income taxes payable	566	30	596	
Vacation payable	378		378	696
Contract liabilities - replacement reserve assessments paid in advance		30,974	30,974	46,048
Total adjustments	22,764	31,004	53,768	54,318
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	38,166	31,004	69,170	71,294
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38,166	31,004	69,170	71,294
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	(13,960)	-	(13,960)	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	349,598	603,656	953,254	881,960
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 373,804	\$ 634,660	\$ 1,008,464	\$ 953,254

See independent accountant's review report and accompanying notes.

LAKE DON PEDRO OWNERS' ASSOCIATION

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022		2021
	Operations Fund	Replacement Fund	Total Funds
<u>Supplemental Disclosures</u>			
Interest paid	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -

See independent accountant's review report and accompanying notes.