LAKE DON PEDRO OWNERS' ASSOCIATION

FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT

YEARS ENDED JUNE 30, 2025 AND 2024

LEVY, ERLANGER & COMPANY LLP
San Francisco, California

LAKE DON PEDRO OWNERS' ASSOCIATION

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YEARS ENDED JUNE 30, 2025 AND 2024

LEVY, ERLANGER & COMPANY LLP

100 Montgomery Street, Suite 715
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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, 2025 and 2024, 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.

Levy, Erlanger & Company LLP

August 28, 2025

LAKE DON PEDRO OWNERS' ASSOCIATION

BALANCE SHEETS
JUNE 30, 2025 AND 2024

	2025			2024
	Operations Fund	Replacement Fund	Total Funds	Total Funds
ASSETS				
Cash and cash equivalents (Note 2)	$ 289,315	$ 68,613	$ 357,928	$ 299,520
Investment in certificates of deposit (Note 2)		598,418	598,418	577,207
Assessments receivable, less allowance for doubtful accounts of $165,000 and $140,000, respectively (Note 2)	5,850		5,850	2,097
Prepaid insurance	35,220		35,220	45,530
Other assets	14,600		14,600	5,177
Total assets	$ 344,985	$ 667,031	$ 1,012,016	$ 929,531
LIABILITIES				
Accounts payable	$ 19,636	$ -	$ 19,636	$ 22,073
Assessments paid in advance	240,572		240,572	215,456
Refundable deposits	17,470		17,470	21,870
Income taxes payable	2,487	6,110	8,597	5,306
Vacation payable	6,528		6,528	9,225
Other liabilities	6,288		6,288	3,387
Contract liabilities - replacement reserve assessments paid in advance (Notes 2 and 4)		660,921	660,921	619,938
Future major repairs and replacements (Note 3)	-	-	-	-
Total liabilities	292,981	667,031	960,012	897,255
COMMITMENTS (NOTE 5)	-	-	-	-
FUND BALANCE (DEFICIT)	52,004	-	52,004	32,276
Total liabilities and fund balance	$ 344,985	$ 667,031	$ 1,012,016	$ 929,531

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, 2025 AND 2024

	2025			2024
	Operations Fund	Replacement Fund	Total Funds	Total Funds
REVENUES				
Assessments (Notes 2 and 4)	$ 429,568	$ -	$ 429,568	$ 402,469
Bad debt recovery (expense)	(25,000)		(25,000)	(33,185)
Interest income (Note 2)		10,375	10,375	22,870
Rental income	37,215		37,215	34,894
Late charges and other income	51,156		51,156	49,747
Total revenues	492,939	10,375	503,314	476,795
EXPENSES				
Administration				
Income tax provision (Note 2)	3,529	3,006	6,535	5,846
Insurance	68,478		68,478	71,044
Legal and accounting	7,622		7,622	8,179
Newsletter	9,322		9,322	8,306
Office, printing and postage	60,412		60,412	66,434
Reserve study	400		400	400
	149,763	3,006	152,769	160,209
Maintenance and operations				
Hacienda expenses	9,481	-	9,481	9,341
Janitorial services	34,236		34,236	30,957
Parks expense	2,275		2,275	3,578
Payroll, payroll taxes and benefits	198,115		198,115	194,950
Pool and spa maintenance	3,607		3,607	3,434
Septic maintenance and test	4,470		4,470	5,182
Other maintenance and operations	9,140		9,140	6,392
	261,324	-	261,324	253,834

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, 2025 AND 2024

	2025			2024
	Operations Fund	Replacement Fund	Total Funds	Total Funds
EXPENSES (CONTINUED)				
Utilities				
Garbage collection	$ 5,958	$ -	$ 5,958	$ 5,532
Gas and electricity	42,764		42,764	42,328
Water and sewer	3,434		3,434	2,958
	52,156	-	52,156	50,818
Major repairs and replacements				
Fences and gates	-	-	-	7,214
Fitness equipment				3,110
HVAC system		1,396	1,396	
Other building exterior				23,840
Pool and spa				2,534
Pumps		1,095	1,095	9,258
Roofs				10,800
Sewer and drainage				11,985
Other major repairs and replacements		4,878	4,878	14,035
	-	7,369	7,369	82,776
Total expenses	463,243	10,375	473,618	547,637
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	29,696	-	29,696	(70,842)
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	(9,968)	-	(9,968)	2,488
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	32,276	-	32,276	100,630
FUND BALANCE (DEFICIT), END OF YEAR	$ 52,004	$ -	$ 52,004	$ 32,276

See independent accountant's review report and accompanying notes.

LAKE DON PEDRO OWNERS' ASSOCIATION

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024
	Operations Fund	Replacement Fund	Total Funds	Total Funds
OPERATING ACTIVITIES				
Excess (deficiency) of revenues over expenses	$ 29,696	$ -	$ 29,696	$ (70,842)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:				
Bad debt (recovery) expense	25,000	-	25,000	33,185
Decrease (increase) in assets:				
Assessments receivable	(28,753)		(28,753)	(27,343)
Prepaid insurance	10,310		10,310	(16,017)
Other assets	(9,423)		(9,423)	(842)
Increase (decrease) in liabilities:				
Accounts payable	673	(3,110)	(2,437)	8,391
Refundable deposits	(4,400)		(4,400)	1,230
Vacation payable	(2,697)		(2,697)	2,166
Assessments paid in advance	25,116		25,116	12,820
Income taxes payable	(166)	3,457	3,291	3,628
Other liabilities	2,901		2,901	186
Contract liabilities - replacement reserve assessments paid in advance		40,983	40,983	(30,317)
Total adjustments	18,561	41,330	59,891	(12,913)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	48,257	41,330	89,587	(83,755)
INVESTING ACTIVITIES				
Net (purchase) sale of certificates of deposit	-	(21,211)	(21,211)	(22,530)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	-	(21,211)	(21,211)	(22,530)

See independent accountant's review report and accompanying notes.

LAKE DON PEDRO OWNERS' ASSOCIATION

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024
	Operations Fund	Replacement Fund	Total Funds	Total Funds
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 48,257	$ 20,119	$ 68,376	$ (106,285)
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	(9,968)	-	(9,968)	2,488
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	251,026	48,494	299,520	403,317
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 289,315	$ 68,613	$ 357,928	$ 299,520
Supplemental Disclosures				
Interest paid	$ -	$ -	$ -	$ -
Income taxes paid	$ 3,695	$ (451)	$ 3,244	$ 2,218

See independent accountant's review report and accompanying notes.

1. THE ASSOCIATION

Lake Don Pedro Owners' Association (the Association) is a common interest development located in La Grange, California which consists of 3122 lots and certain common area property. The Association was organized as a nonprofit mutual-benefit corporation in August 1968 to provide for management, maintenance and architectural control of the individual units and the common area property. The Association is governed by a member-elected Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions (CC&Rs), by laws, and rules and regulations. Major decisions, as determined by the CC&Rs, are referred to the Association owners as a whole.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assessments. Association members are subject to annual assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. The Association's policy is to account for reserve fund expenditures using reserve fund assessments before reserve fund interest income.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are delinquent. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The estimate of allowance for doubtful accounts, if any, is based, generally on amounts past due greater than 90 to 120 days.

Basis of presentation. The accompanying financial statements, and the Association's corporate income tax returns, have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized when incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents. For purposes of the statement of cash flows, the Association considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents are classified with cash in the balance sheet.

Concentrations of credit risk. Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Association maintains its financial instruments with what management believes to be high credit quality financial institutions and limits the amount of credit exposure to any one particular institution. Cash, cash equivalents and investments in excess of federal deposit insurance (FDIC) coverage limits as of June 30, 2025 totaled approximately $709,000.

Contract liabilities - replacement reserve assessments paid in advance. The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability - replacement reserve assessments paid in advance is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments.

Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and the differences could be material.

Fund accounting. The Association's governing documents provide certain guidelines for governing its financial activities. To ensure the observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in two funds established according to their nature and purpose. The operations fund is used to account for the financial resources available for the general day-to-day operations of the Association. The replacement fund is used to accumulate financial resources designated for future major repairs and replacements.