



LEISURE VILLAGE ASSOCIATION, INC.

July 28, 2025

Dear Member of the Leisure Village Association:

Attached to this letter is a summary of the Audited Financial Statements for the fiscal ending March 31, 2025. Levy, Erlanger & Company LLP, an independent outside auditing firm specializing in homeowners' associations, conducted the audit. This letter, with its attachment, is being sent to you in full compliance with California Corporations Code 8321 and 8322.

I am pleased to be able to report that this "unqualified" audit, prepared after an in-depth review of the Association's financial record and practices, confirms that the Association operates in full conformance with all applicable laws and accounting standards.

The Association maintains, at the Association's Office, a current list of members' names and addresses. No member of the Board of Directors has entered into any agreement that would cause a conflict of interest between interested parties as defined by California Corporations Code 8322.

The full audit package is available for inspection at the Administration Office. Any Association member wishing to have a full copy of the audit report may contact Socorro Castaneda, Senior Accountant, at the Administration Office, in writing, and request that a copy be mailed to them.

Respectfully,

A handwritten signature in black ink that reads "THOMAS FRUTCHEY".

Thomas Frutchey
Board President

Attachment

LEISURE VILLAGE ASSOCIATION, INC.

**BALANCE SHEETS
MARCH 31, 2025 AND 2024**

| | 2025 | | | 2024 |
|--|---------------------|---------------------|---------------------|---------------------|
| | Operations Fund | Replacement Fund | Total Funds | Total Funds |
| ASSETS | | | | |
| Cash and cash equivalents (Note 2) | \$ 1,788,349 | \$ 2,606,306 | \$ 4,394,655 | \$ 2,336,810 |
| Investment in certificates of deposit (Note 2) | | | | 3,241,702 |
| Assessments receivable, less allowance for doubtful accounts of \$124,000 and \$66,973, respectively (Note 2) | 38,436 | | 38,436 | 23,650 |
| Other receivable | | | | 5,000 |
| Interest receivable | 1,184 | 5,242 | 6,426 | 22,441 |
| Prepaid insurance | 1,014,400 | | 1,014,400 | 943,568 |
| Other prepaid expenses | 7,918 | | 7,918 | 25,744 |
| Property and equipment, net of accumulated depreciation of \$3,548,279 and \$3,461,110, respectively (Note 10) | 300,664 | | 300,664 | 356,209 |
| Right of use asset (Note 7) | 75,659 | | 75,659 | 99,601 |
| Total assets | <u>\$ 3,226,610</u> | <u>\$ 2,611,548</u> | <u>\$ 5,838,158</u> | <u>\$ 7,054,725</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 402,526 | \$ 127,586 | \$ 530,112 | \$ 526,088 |
| Construction retainage payable | 25,340 | | 25,340 | |
| Assessments paid in advance | 364,393 | | 364,393 | 227,265 |
| Salaries and wages payable | 60,643 | | 60,643 | |
| Vacation payable | 160,139 | | 160,139 | 171,957 |
| Deferred cable revenue (Note 8) | 299,040 | | 299,040 | 58,540 |
| Deferred donation revenue (Note 9) | 14,793 | 166,350 | 181,143 | 166,350 |
| Income taxes payable | 16,184 | 57,378 | 73,562 | 40,607 |
| Deposits (Note 11) | 932,869 | | 932,869 | 893,853 |
| Lease liability (Note 7) | 75,659 | | 75,659 | 102,834 |
| Contract liabilities - replacement reserve assessments paid in advance (Notes 2 and 4) | | 2,260,234 | 2,260,234 | 3,871,453 |
| Future major repairs and replacements (Note 3) | - | - | - | - |
| Total liabilities | <u>2,351,586</u> | <u>2,611,548</u> | <u>4,963,134</u> | <u>6,058,947</u> |
| COMMITMENTS (NOTE 6) | - | - | - | - |
| FUND BALANCE | <u>875,024</u> | <u>-</u> | <u>875,024</u> | <u>995,778</u> |
| Total liabilities and fund balance | <u>\$ 3,226,610</u> | <u>\$ 2,611,548</u> | <u>\$ 5,838,158</u> | <u>\$ 7,054,725</u> |

See independent auditor's report and accompanying notes.

LEISURE VILLAGE ASSOCIATION, INC.

**BALANCE SHEETS
MARCH 31, 2025 AND 2024**

| | <u>2025</u> | | | <u>2024</u> |
|--|---------------------|---------------------|---------------------|---------------------|
| | <u>Operations</u> | <u>Replacement</u> | <u>Total</u> | <u>Total</u> |
| | <u>Fund</u> | <u>Fund</u> | <u>Funds</u> | <u>Funds</u> |
| ASSETS | | | | |
| Cash and cash equivalents (Note 2) | \$ 1,788,349 | \$ 2,606,306 | \$ 4,394,655 | \$ 2,336,810 |
| Investment in certificates of deposit (Note 2) | | | | 3,241,702 |
| Assessments receivable, less allowance for doubtful accounts of \$124,000 and \$66,973, respectively (Note 2) | 38,436 | | 38,436 | 23,650 |
| Other receivable | | | | 5,000 |
| Interest receivable | 1,184 | 5,242 | 6,426 | 22,441 |
| Prepaid insurance | 1,014,400 | | 1,014,400 | 943,568 |
| Other prepaid expenses | 7,918 | | 7,918 | 25,744 |
| Property and equipment, net of accumulated depreciation of \$3,548,279 and \$3,461,110, respectively (Note 10) | 300,664 | | 300,664 | 356,209 |
| Right of use asset (Note 7) | 75,659 | | 75,659 | 99,601 |
| Total assets | <u>\$ 3,226,610</u> | <u>\$ 2,611,548</u> | <u>\$ 5,838,158</u> | <u>\$ 7,054,725</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 402,526 | \$ 127,586 | \$ 530,112 | \$ 526,088 |
| Construction retainage payable | 25,340 | | 25,340 | |
| Assessments paid in advance | 364,393 | | 364,393 | 227,265 |
| Salaries and wages payable | 60,643 | | 60,643 | |
| Vacation payable | 160,139 | | 160,139 | 171,957 |
| Deferred cable revenue (Note 8) | 299,040 | | 299,040 | 58,540 |
| Deferred donation revenue (Note 9) | 14,793 | 166,350 | 181,143 | 166,350 |
| Income taxes payable | 16,184 | 57,378 | 73,562 | 40,607 |
| Deposits (Note 12) | 932,869 | | 932,869 | 893,853 |
| Lease liability (Note 7) | 75,659 | | 75,659 | 102,834 |
| Contract liabilities - replacement reserve assessments paid in advance (Notes 2 and 4) | | 2,260,234 | 2,260,234 | 3,871,453 |
| Future major repairs and replacements (Note 3) | - | - | - | - |
| Total liabilities | <u>2,351,586</u> | <u>2,611,548</u> | <u>4,963,134</u> | <u>6,058,947</u> |
| COMMITMENTS (NOTE 6) | - | - | - | - |
| FUND BALANCE | <u>875,024</u> | <u>-</u> | <u>875,024</u> | <u>995,778</u> |
| Total liabilities and fund balance | <u>\$ 3,226,610</u> | <u>\$ 2,611,548</u> | <u>\$ 5,838,158</u> | <u>\$ 7,054,725</u> |

See independent auditor's report and accompanying notes.

LEISURE VILLAGE ASSOCIATION, INC.

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED MARCH 31, 2025 AND 2024**

| | <u>2025</u> | | | <u>2024</u> |
|--|----------------------------|-----------------------------|------------------------|------------------------|
| | <u>Operations Fund</u> | <u>Replacement Fund</u> | <u>Total Funds</u> | <u>Total Funds</u> |
| REVENUES | | | | |
| Assessments (Notes 2 and 4) | \$ 15,243,108 | \$ 2,324,495 | \$ 17,567,603 | \$ 16,059,127 |
| Bad debt recovery (expense) | (57,027) | | (57,027) | (29,370) |
| Additional person assessment | 170,850 | | 170,850 | 120,929 |
| Interest income (Note 2) | 33,123 | 114,237 | 147,360 | 207,247 |
| Architectural income | 19,865 | | 19,865 | 18,595 |
| Cable income | 64,080 | | 64,080 | 21,360 |
| Donation income | | | | 78,650 |
| Insurance claim settlements | 142,231 | | 142,231 | |
| Late charges and other income | 107,820 | | 107,820 | 98,249 |
| Total revenues | <u>15,724,050</u> | <u>2,438,732</u> | <u>18,162,782</u> | <u>16,574,787</u> |
| EXPENSES | | | | |
| <u>Administration</u> | | | | |
| Depreciation | 66,121 | - | 66,121 | 123,631 |
| Income tax provision (Note 2) | 28,195 | 99,963 | 128,158 | 62,264 |
| Insurance | 1,788,495 | | 1,788,495 | 1,855,706 |
| Legal and accounting | 89,732 | | 89,732 | 60,938 |
| Office, printing and postage | 72,741 | | 72,741 | 109,460 |
| | <u>2,045,284</u> | <u>99,963</u> | <u>2,145,247</u> | <u>2,211,999</u> |
| <u>Maintenance and operations</u> | | | | |
| Insurance claim repairs | 428,977 | - | 428,977 | 216,093 |
| Janitorial services | 48,623 | | 48,623 | 27,780 |
| Landscape maintenance | 3,452,594 | | 3,452,594 | 3,716,624 |
| Payroll, payroll taxes and benefits | 4,261,018 | | 4,261,018 | 3,954,990 |
| Street sweeping | 38,666 | | 38,666 | 40,562 |
| Uniforms | 19,728 | | 19,728 | 16,375 |
| Other maintenance and operations | 706,491 | | 706,491 | 1,013,182 |
| | <u>8,956,097</u> | <u>-</u> | <u>8,956,097</u> | <u>8,985,606</u> |

See independent auditor's report and accompanying notes.

LEISURE VILLAGE ASSOCIATION, INC.

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED MARCH 31, 2025 AND 2024**

| | 2025 | | 2024 | |
|---|--------------------|---------------------|-------------------|-------------------|
| | Operations Fund | Replacement Fund | Total Funds | Total Funds |
| EXPENSES (CONTINUED) | | | | |
| <u>Utilities</u> | | | | |
| Garbage collection | \$ 734,216 | \$ - | \$ 734,216 | \$ 690,176 |
| Gas and electricity | 369,971 | | 369,971 | 355,077 |
| Telephone and cable | 1,673,547 | | 1,673,547 | 1,602,821 |
| Water and sewer | 2,492,413 | | 2,492,413 | 2,176,322 |
| | <u>5,270,147</u> | <u>-</u> | <u>5,270,147</u> | <u>4,824,396</u> |
| <u>Major repairs and replacements</u> | | | | |
| Roofs | - | 1,726,332 | 1,726,332 | 801,694 |
| Streets | | 559,750 | 559,750 | 406,663 |
| Other major repairs and replacements | | 52,687 | 52,687 | 291,635 |
| | <u>-</u> | <u>2,338,769</u> | <u>2,338,769</u> | <u>1,499,992</u> |
| Total expenses | <u>16,271,528</u> | <u>2,438,732</u> | <u>18,710,260</u> | <u>17,521,993</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | (547,478) | - | (547,478) | (947,206) |
| BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS | 426,724 | - | 426,724 | - |
| FUND BALANCE BEGINNING OF YEAR | 995,778 | - | 995,778 | 1,942,984 |
| FUND BALANCE END OF YEAR | <u>\$ 875,024</u> | <u>\$ -</u> | <u>\$ 875,024</u> | <u>\$ 995,778</u> |

See independent auditor's report and accompanying notes.

LEISURE VILLAGE ASSOCIATION, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2025 AND 2024**

| | 2025 | | 2024 | |
|--|--------------------|---------------------|--------------------|--------------------|
| | Operations Fund | Replacement Fund | Total Funds | Total Funds |
| OPERATING ACTIVITIES | | | | |
| Excess (deficiency) of revenues over expenses | \$ (547,478) | \$ - | \$ (547,478) | \$ (947,206) |
| Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities: | | | | |
| Bad debt (recovery) expense | 57,027 | - | 57,027 | 29,370 |
| Depreciation | 66,121 | | 66,121 | 123,631 |
| Decrease (increase) in assets: | | | | |
| Assessments receivable | (71,813) | | (71,813) | (35,019) |
| Other receivable | 5,000 | | 5,000 | |
| Interest receivable | (960) | 16,975 | 16,015 | 1,124 |
| Prepaid insurance | (70,832) | | (70,832) | (35,462) |
| Other prepaid expenses | 17,826 | | 17,826 | 6,148 |
| Right of use assets | 23,942 | | 23,942 | |
| Prepaid income taxes | | | | 6,534 |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable | 17,841 | (13,817) | 4,024 | 150,824 |
| Construction retainage payable | 25,340 | | 25,340 | |
| Salaries and wages payable | 60,643 | | 60,643 | |
| Vacation payable | (11,818) | | (11,818) | (39,800) |
| Assessments paid in advance | 137,128 | | 137,128 | 5,487 |
| Deferred cable revenue | 240,500 | | 240,500 | 58,540 |
| Deferred donation revenue | 14,793 | | 14,793 | (142,730) |
| Deposits | 39,016 | | 39,016 | 24,088 |
| Lease liability | (27,175) | | (27,175) | (25,225) |
| Income taxes payable | (24,423) | 57,378 | 32,955 | 34,764 |
| Contract liabilities - replacement reserve assessments paid in advance | | (1,611,219) | (1,611,219) | (319,856) |
| Due to (due from) other fund | 90,308 | (90,308) | | |
| Total adjustments | 588,464 | (1,640,991) | (1,052,527) | (157,582) |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | 40,986 | (1,640,991) | (1,600,005) | (1,104,788) |

See independent auditor's report and accompanying notes.

LEISURE VILLAGE ASSOCIATION, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2025 AND 2024**

| | <u>2025</u> | | | <u>2024</u> |
|---|----------------------------|-----------------------------|------------------------|------------------------|
| | <u>Operations Fund</u> | <u>Replacement Fund</u> | <u>Total Funds</u> | <u>Total Funds</u> |
| INVESTING ACTIVITIES | | | | |
| Net (purchase) sale of certificates of deposit | \$ 444,552 | \$ 2,797,150 | \$ 3,241,702 | \$ (736,559) |
| Net (purchase) sale of fixed assets | (10,576) | | (10,576) | |
| NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES | <u>433,976</u> | <u>2,797,150</u> | <u>3,231,126</u> | <u>(736,559)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 474,962 | 1,156,159 | 1,631,121 | (1,841,347) |
| BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS | 426,724 | - | 426,724 | - |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>886,663</u> | <u>1,450,147</u> | <u>2,336,810</u> | <u>4,178,157</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 1,788,349</u> | <u>\$ 2,606,306</u> | <u>\$ 4,394,655</u> | <u>\$ 2,336,810</u> |
| <u>Supplemental Disclosures</u> | | | | |
| Interest paid | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Income taxes paid | <u>\$ 34,792</u> | <u>\$ 42,585</u> | <u>\$ 77,377</u> | <u>\$ 21,352</u> |

See independent auditor's report and accompanying notes.