

GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

Truckee, California

FINANCIAL STATEMENTS

AND

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

December 31, 2023 and 2022

GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

TABLE OF CONTENTS

		Page
	INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
Exhibit A	BALANCE SHEETS	2
Exhibit B	STATEMENTS OF OPERATING REVENUE, EXPENSES AND CHANGES IN FUND BALANCE	3
Exhibit C	STATEMENTS OF REPLACEMENT REVENUE, EXPENSES AND CHANGES IN FUND BALANCE	4
Exhibit D	STATEMENTS OF CASH FLOWS	5
	NOTES TO FINANCIAL STATEMENTS	6-9
Schedule 1	REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS	10

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Glenshire/Devonshire Residents Association, Inc.

We have reviewed the accompanying financial statements of Glenshire/Devonshire Residents Association, Inc., which comprise the balance sheet as of December 31, 2023, and the related statements of operating revenue, expenses and changes in fund balance, replacement revenue, expenses and changes in fund balance and cash flows for the year 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 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 the 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 the financial statements that are free of material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement 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 Glenshire/Devonshire Residents Association, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information on Future Major Repairs and Replacements on page 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who 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 compiled the required supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on it.

Summarized Comparative Information

We previously reviewed Glenshire/Devonshire Residents Association, Inc.'s 2022 financial statements and in our conclusion dated March 22, 2023, stated that based on our review, we were not aware of any material modifications that should be made to the 2022 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2022, for it to be consistent with the reviewed financial statements from which it has been derived.

McClintock Accountancy Corporation

McCLINTOCK ACCOUNTANCY CORPORATION
Tahoe City, California
March 15, 2023

BALANCE SHEETS
December 31, 2023 (with comparative totals for 2022)

(See Independent Accountants' Review Report)

	2023			2022
	Operating Fund	Replacement Fund	Total	Total
ASSETS				
Cash and equivalents including certificates of deposit, including \$96,430 and \$80,380 held as security deposits in 2023 and 2022 (Note 5)	\$ 575,343	\$ -0-	\$ 575,343	\$ 561,293
Cash equivalents including certificates of deposit, designated for future major repairs and replacements (Note 6)	-0-	677,672	677,672	598,687
Dues receivable, less allowance for credit loss of \$2,000 in 2023 and \$952 in 2022	625,308	-0-	625,308	605,032
Special assessment receivable, less allowance for credit loss of \$669 in 2023 and \$880 in 2022	-0-	-0-	-0-	101
Due (to) / from other funds (Note 8)	(29,414)	29,414	-0-	-0-
Prepaid expenses and other assets, net	36,461	-0-	36,461	32,534
	<u>1,207,698</u>	<u>707,086</u>	<u>1,914,784</u>	<u>1,797,647</u>
Property and equipment	111,748	-0-	111,748	114,714
Less: accumulated depreciation	(95,777)	-0-	(95,777)	(94,685)
Net property and equipment	<u>15,971</u>	<u>-0-</u>	<u>15,971</u>	<u>20,029</u>
Total Assets	<u>\$ 1,223,669</u>	<u>\$ 707,086</u>	<u>\$ 1,930,755</u>	<u>\$ 1,817,676</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 26,337	\$ 4,320	\$ 30,657	\$ 45,128
Accrued liabilities	58,164	-0-	58,164	65,385
Design review committee and other deposits (Note 5)	99,280	-0-	99,280	79,930
Deferred income	729,902	-0-	729,902	708,351
Total Liabilities	<u>913,683</u>	<u>4,320</u>	<u>918,003</u>	<u>898,794</u>
Fund Balances				
Operating fund	309,987	-0-	309,987	318,939
Replacement fund	-0-	702,766	702,766	599,943
Total Fund Balances	<u>309,987</u>	<u>702,766</u>	<u>1,012,753</u>	<u>918,882</u>
Total Liabilities and Fund Balances	<u>\$ 1,223,670</u>	<u>\$ 707,086</u>	<u>\$ 1,930,756</u>	<u>\$ 1,817,676</u>

STATEMENTS OF OPERATING REVENUE, EXPENSES
AND CHANGES IN FUND BALANCE

For the Years Ended December 31, 2023 and 2022

(See Independent Accountants' Review Report)

	2023	2022
Revenue and Members' Dues		
Members' dues	\$ 687,999	\$ 655,431
Less: dues allocated to replacement fund	(137,262)	(102,196)
	<u>550,737</u>	<u>553,235</u>
Design review committee fees	17,700	18,550
Transfer fees	21,725	26,800
Late charges	7,061	8,011
Rental and class fees	11,852	3,813
Concessions sales, net of costs of goods sold of \$1,453 and \$1,361 in 2023 and 2022, respectively	3,390	3,933
Interest income	14,961	896
Insurance proceeds	18,015	-0-
Non-compliance fees	3,000	1,000
Miscellaneous revenue	51,851	41,408
	<u>700,292</u>	<u>657,646</u>
Expenses		
Salaries and wages	352,846	305,986
Benefits, payroll taxes and workers compensation	60,591	43,841
Grounds/pools maintenance and supplies	53,370	44,295
Insurance	28,145	28,669
Clubhouse maintenance and supplies	28,772	27,402
Utilities	43,684	40,374
Professional services	35,755	50,772
Administrative services and supplies	35,970	31,888
Miscellaneous	4,120	3,805
Capital expenditures, lake trail and open space	38,637	52,633
Bad debt expense	1,048	-0-
Depreciation expense	7,293	7,320
Insurance work	17,637	-0-
Provision for income taxes (Note 4)	3,032	234
	<u>710,900</u>	<u>637,218</u>
Revenue Over (Under) Expenses	(10,608)	20,428
Fund Balance, Beginning of Year	318,939	296,327
Capitalized Replacement Fund Expenditures	1,656	2,184
Fund Balance, End of Year	<u>\$ 309,987</u>	<u>\$ 318,939</u>

STATEMENTS OF REPLACEMENT REVENUE,
EXPENSES AND CHANGES IN FUND BALANCE

For the Years Ended December 31, 2023 and 2022

(See Independent Accountants' Review Report)

	<u>2023</u>	<u>2022</u>
Revenue and Members' Dues		
Members' dues	\$ 137,262	\$ 102,196
Interest income	23,004	1,769
	<u>160,266</u>	<u>103,965</u>
Expenses		
Replacement fund expenses (Note 7)	57,443	23,796
	<u>57,443</u>	<u>23,796</u>
Revenue Over Expenses	102,823	80,169
Fund Balance, Beginning of Year	<u>599,943</u>	<u>519,774</u>
Fund Balance, End of Year	<u>\$ 702,766</u>	<u>\$ 599,943</u>

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2023 (with comparative totals for 2022)

(See Independent Accountants' Review Report)

	2023			2022
	Operating Fund	Replacement Fund	Total	Total
Cash Flows from Operating Activities:				
Revenue Over (Under) Expenses	\$ (10,608)	\$ 102,823	\$ 92,215	\$ 100,597
Adjustments:				
Capitalized replacement fund expenditures	-0-	1,656	1,656	2,184
Depreciation	7,293	-0-	7,293	7,320
Bad debt expense	1,048	-0-	1,048	-0-
Change in due (to) / from other funds	28,258	(28,258)	-0-	-0-
Change in assets other than cash and property & equipment	(25,251)	100	(25,151)	(29,931)
Change in payables and other liabilities	14,890	4,320	19,210	88,115
Total adjustments	26,238	(22,182)	4,056	67,688
Net Cash Provided by Operating Activities	15,630	80,641	96,271	168,285
Cash Flows from Investing Activities:				
Acquisition of equipment	(1,580)	(1,656)	(3,236)	(4,764)
Net Cash Used for Investing Activities	(1,580)	(1,656)	(3,236)	(4,764)
Net Increase in Cash and Equivalents	14,050	78,985	93,035	163,521
Cash and equivalents - Beginning of Year	561,293	598,687	1,159,980	996,459
Cash and equivalents - End of Year	\$ 575,343	\$ 677,672	\$ 1,253,015	\$ 1,159,980

GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

(See Independent Accountants' Review Report)

1. Form and Nature of Organization

Glenshire/Devonshire Residents Association, Inc. is a non-stock, non-profit corporation organized in February 1969 under the laws of the State of California. The Association is a homeowners association supported by annual assessments of the 1,357 lots within the Glenshire/Devonshire subdivisions in Truckee, California. The Association was organized to provide the management services and maintenance of certain common use areas within the subdivision. The Association derives a significant portion of its revenue from dues assessments that are levied annually against each lot within the development.

2. Summary of Significant Accounting Policies

A. The Association's governing documents 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 account for financial resources designated for future major repairs and replacements.

B. Real property and other common property acquired from the developer and related improvements to such property are not reflected on the Association's financial statements. This property includes tennis courts, swimming pool, clubhouse and approximately 200 acres of common land. The Association capitalizes personal property at cost and depreciates it using the straight-line method over its estimated useful life of 3 to 15 years.

C. Deferred income represents dues billed in the current period applicable to the following period.

D. Association members are subject to annual dues to provide funds for the Association's operating expenses and major repairs and replacements. Dues and special assessments receivable at the balance sheet date represents fees due from property owners. The Association's policy includes, among other things, assessing a late charge on delinquent payments and placing liens on the property of homeowners whose assessments are delinquent, with the right to proceed with non-judicial foreclosure proceedings if necessary. Accounts are written off when the Association is notified that it is a bad debt, such as after a bankruptcy or foreclosure proceedings. Fine income is recognized as revenue when collected due to the uncertainty surrounding the collection of those amounts.

Dues and special assessments receivable at the balance sheet date are stated at the amounts expected to be collected owners. The balances of assessments receivable as of the beginning and end of the year are \$626,356 and \$605,133, respectively.

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. Dues and special assessments receivable are reflected on the balance sheet net of allowances for credit losses of \$2,669 and \$1,832 as of December 31, 2023 and 2022, respectively.

GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

(See Independent Accountants' Review Report)

E. The 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 annual dues 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 pool passes, guest passes, swim lessons and rental revenue from Association members and non-members. 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 pro-rata basis over the period for which the income applies. 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.

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

G. Interest earned on replacement fund investments is recorded as income in that fund. Any related income tax is recorded as an expense of the operating fund.

H. The Association has elected to be taxed on net operating income as a regular corporation. However, certain elections are made to substantially reduce or eliminate income taxes on net member income. In general, dues allocated for future major repairs and replacements can be set-aside on a tax-free basis if applicable guidelines are followed. Additionally, all other amounts received by the Association, such as bank interest income, are taxed, net of related expenses, for federal and state purposes. The Association's three previous federal tax returns and four previous state tax returns are available for examination by the taxing authorities.

I. For purposes of the Statements of Cash Flows, cash and cash equivalents are defined as all cash in checking and money market accounts and short-term (one year or less) or highly liquid certificates of deposit.

J. The carrying amounts of financial instruments, including cash, certificates of deposit, accounts receivable and accounts payable approximate their fair value due to the short term maturities of these instruments.

K. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. The certificate of deposits held are classified as held-to-maturity investments as the Association's management has no intention to sell investments before their maturity date. The investments are valued at their amortized

GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

(See Independent Accountants' Review Report)

cost basis, which approximates their fair value due to the short term maturities of these instruments (which is one year or less).

3. Concentration of Credit Risk

The Association maintains demand and certificate of deposit accounts at various local banks. The aggregate balance of these accounts did not exceed the federally insured limits December 31, 2023 and 2022, respectively.

The Association invests a portion of its cash in a money market mutual fund that holds primarily commercial paper, certificates of deposit, and U.S. government backed securities. Money market mutual fund holdings are not federally insured but are subject to SIPC insurance.

4. Income Taxes

The provision for federal income taxes was \$-0- for the years ended December 31, 2023 and 2022. The provision for state income taxes was \$3,032 and \$234 for the years ended December 31, 2023 and 2022, respectively.

Certain projects undertaken in 2016 and previous years were eligible for a federal disabled access tax credit. The expenditures for these projects are subject to maximum annual limits. As of December 31, 2023 and 2022, approximately \$1,386 and \$8,320 of cumulative unused tax credits are available for use in future years, respectively, to offset federal tax expense, subject to expiration if not used within certain time frames.

5. Design Review Committee Deposits

Members are required to advance security deposits for construction and pay a fee to the Association to ensure that construction is completed in accordance with the guidelines established by the Association's Design Review Committee. The security deposits are refundable upon satisfactory completion of construction. In addition, the Association retains deposits for clubhouse rentals.

6. Future Major Repairs and Replacements of Common Area

The Association's CC&Rs provide for the Association to assess members for the acquisition, improvement and maintenance of common properties, primarily the clubhouse, tennis courts, swimming pool and surrounding parking area.

The amount of dues allocated to the replacement fund is based on a reserve study prepared by management and approved by the Board of Directors. The Association's policy is to fund for replacements over the estimated lives of the respective assets. Actual replacement costs and timing may vary from these estimates and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right, subject to any necessary member approval, to increase regular dues or levy special assessments. It may also delay major repairs and replacements until funds are available.

GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

(See Independent Accountants' Review Report)

7. Replacement Fund Expenses

Replacement fund expenses for the years ending December 31, 2023 and 2022, are as follows:

	2023	2022
Clubhouse remodel	\$ 33,025	\$ -0-
Building	-0-	2,024
Pool	22,251	18,938
Office equipment	1,656	2,184
Other	511	650
	<u>\$ 57,443</u>	<u>\$ 23,796</u>

8. Interfund Activity

The Association maintains an operating fund and replacement fund. At various times during the year, there is a receivable/(payable) between the funds. At December 31, 2023 and 2022, the operating fund owed the replacement fund \$29,414 and \$1,155, respectively.

9. Current Member Listing

Pursuant to Civil Code Section 5200 and 5205 members have the right to inspect and copy the association's membership list. A membership list is defined to include a member's name, property address, mailing address and email address. This list is maintained by association staff at 15726 Glenshire Dr, Truckee, CA 96161 and can be made available upon request.

10. Subsequent Events

Subsequent events have been evaluated by management through March 15, 2024, the date that the statements were available for issuance.

GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION, INC.

Schedule 1

**REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS**

(See Independent Accountants' Review Report)

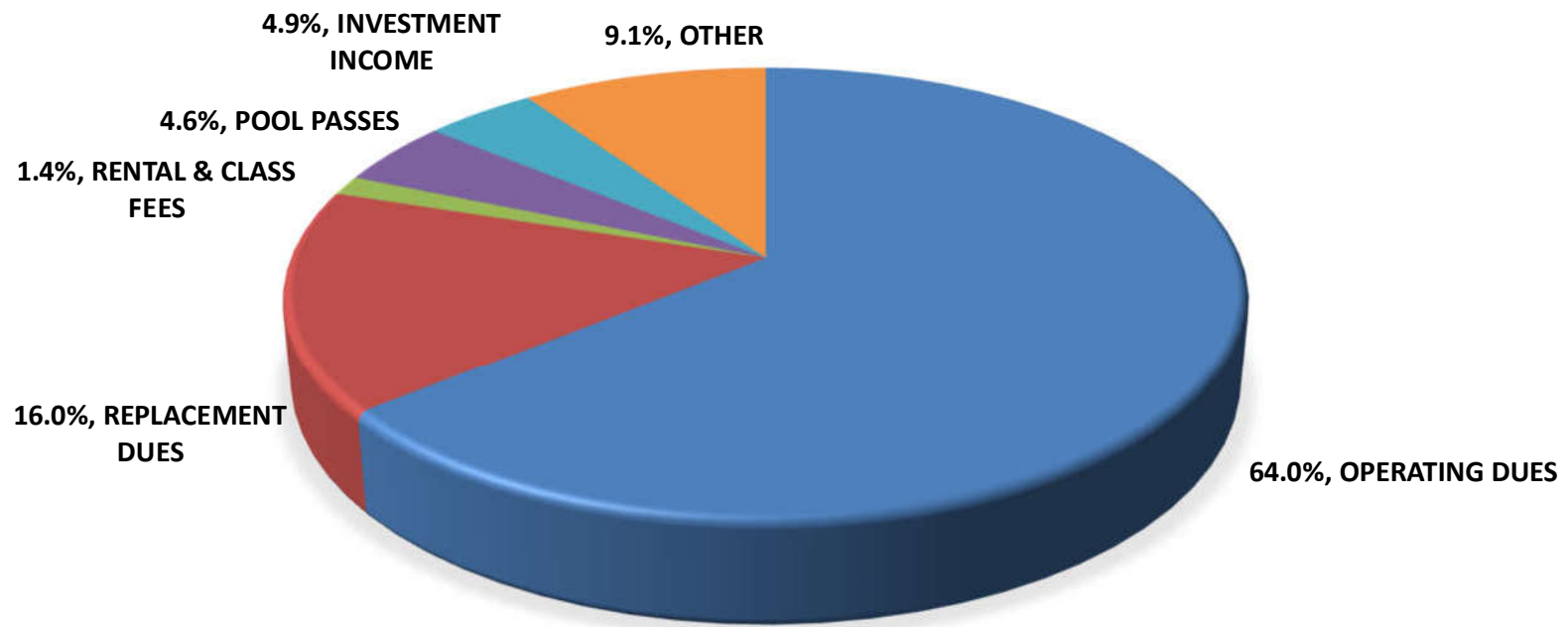
The Association obtained a study in 2023 to estimate the remaining useful lives, the lives after replacement and the replacement costs of the components of common property. The estimates were based on management's and contractors' estimates and historical costs. Estimate replacement costs have been adjusted to reflect a 2.5% inflation factor between the date of the study and the date that the components will require repair and replacement

The Association does not designate the balance in the replacement fund by component. The total cash available for major repairs and replacements is \$677,672 at December 31, 2023. The 2024 budget includes \$108,946 of dues to be allocated to the replacement fund.

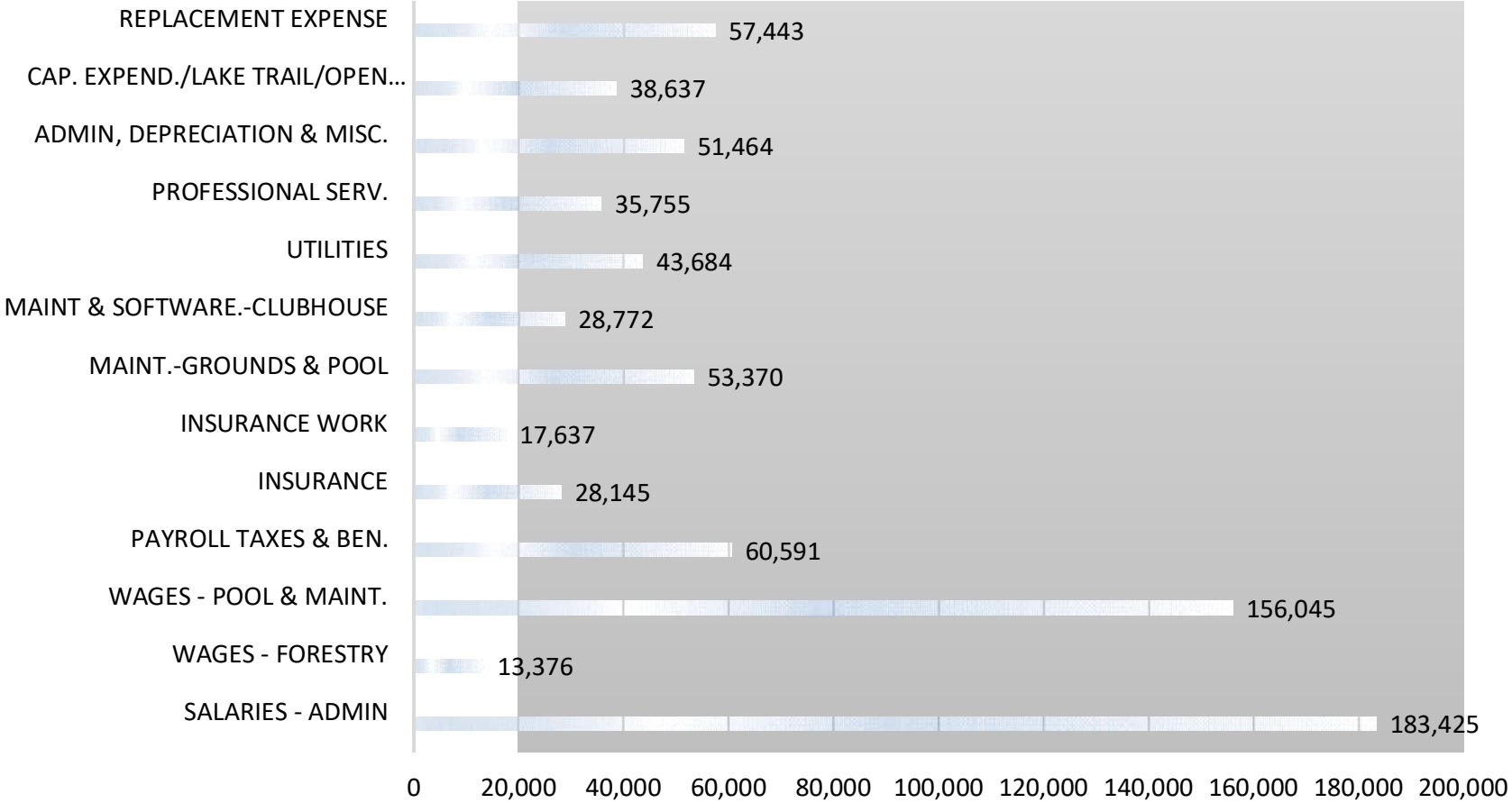
The following table is based on the study and presents significant information about the components of common property.

Component	Remaining Life (Years)	Life After Replacement (Years)	Current Replacement Cost
Paving	22	25	\$ 147,148
Concrete	1-23	20-30	120,891
Structural repairs	1-23	3-30	293,158
Decking/balconies	1-34	9-40	302,835
Roofing	2-18	10-40	95,782
Rehab	0-18	1-25	78,042
Pool	0-33	1-40	287,399
Tennis court	3-16	7-21	118,855
Basketball/sport court	3	15	1,874
Landscaping	3-16	15-20	49,720
Fencing	1-25	18-30	94,764
Lighting	3-8	15	2,073
Signage	3	15	24,253
Office equipment	0-4	4-10	23,985
Mechanical equipment	0-11	12-15	25,102
Furnishings	1-13	5-20	19,550
Audio/visual	9	10	1,060
Safety/access	5	6	918
Flooring	2-13	12-22	49,926
Wallcoverings	18	25	1,711
Outdoor equipment	0-13	1-25	91,000
Appliances	2-5	10-12	9,801
Infrastructure	22	30	6,234
Miscellaneous	3	10-15	19,046
			<u>\$ 1,865,131</u>

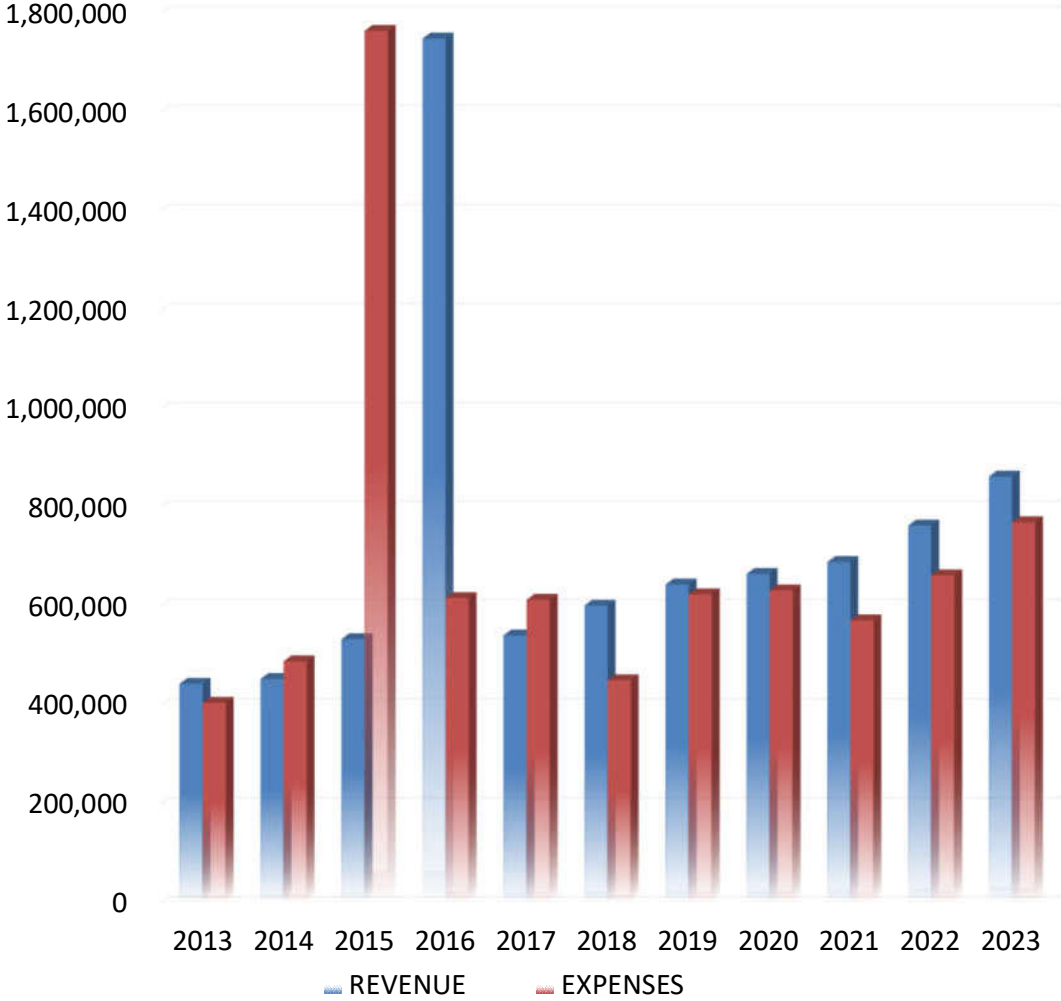
**GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION
2023 TOTAL REVENUE \$860,558 (\$761,611 IN PRIOR YEAR)**



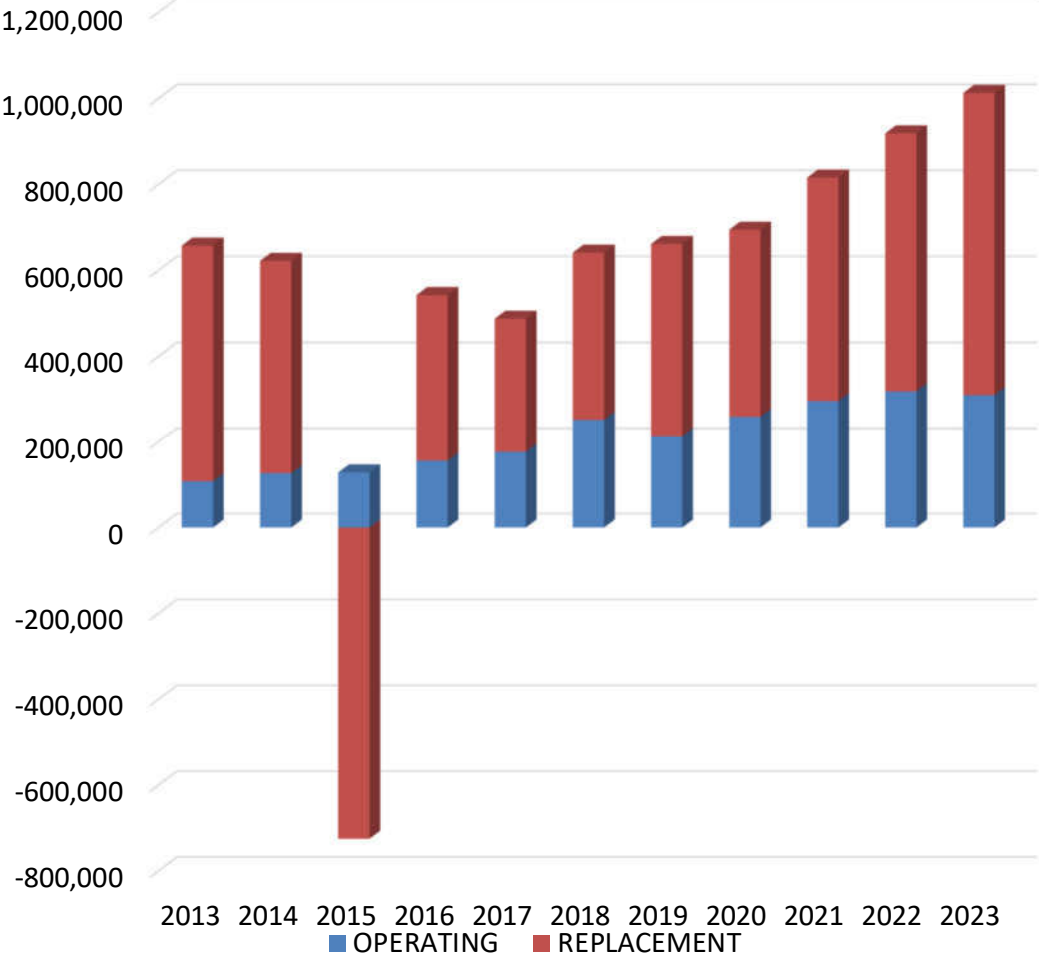
**GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION
2023 EXPENSES \$768,343 (\$661,014) IN PRIOR YEAR)**



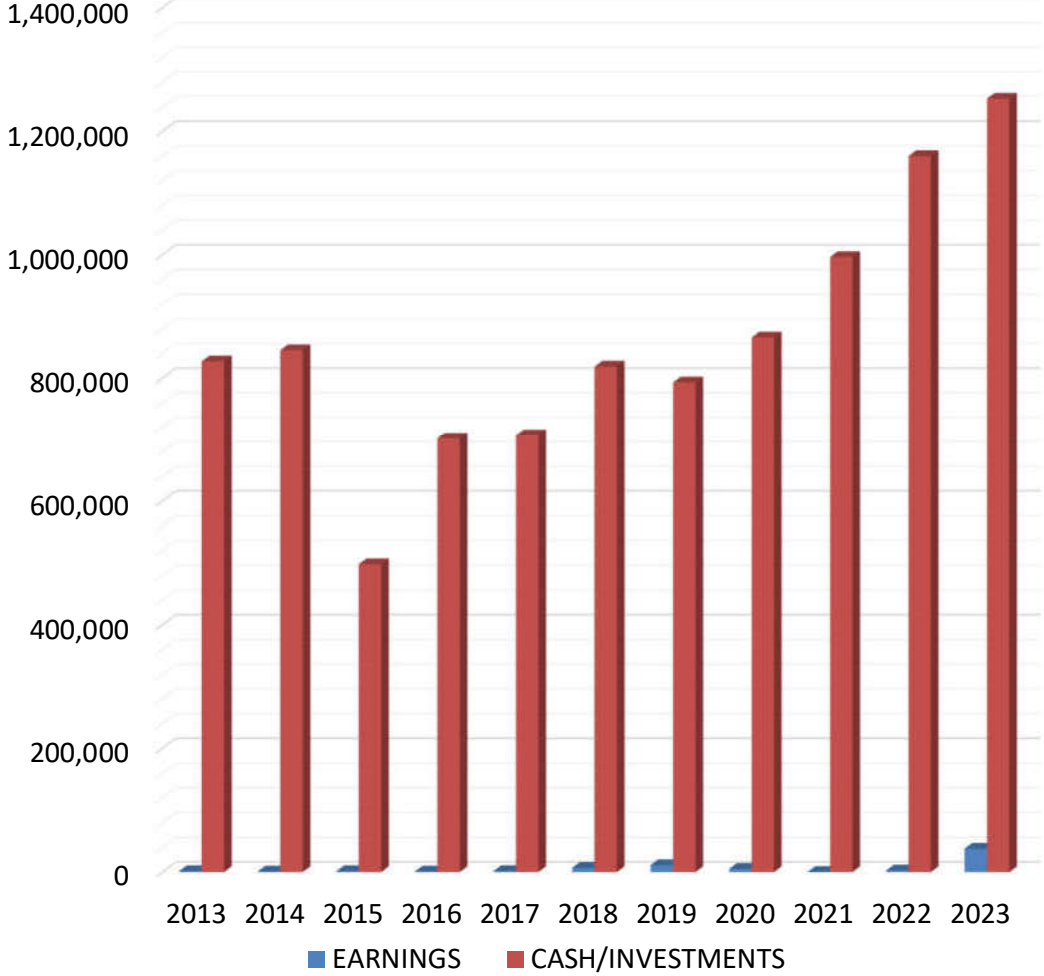
GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION REVENUE AND EXPENSES - ALL FUNDS



GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION MEMBERS' EQUITY



GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION EARNINGS AND CASH/INVESTMENTS



GLENSHIRE/DEVONSHIRE RESIDENTS ASSOCIATION ALLOWANCE FOR DELINQUENT MEMBER ACCOUNTS

