

OAKRIDGE VILLAGE HOMEOWNERS ASSOCIATION

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

YEARS ENDED DECEMBER 31, 2024 AND 2023



**LEVY, ERLANGER & COMPANY LLP
San Francisco, California**

OAKRIDGE VILLAGE HOMEOWNERS ASSOCIATION

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LEVY, ERLANGER & COMPANY LLP

100 Montgomery Street, Suite 715
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board Of Directors
Oakridge Village Homeowners Association
Danville, California

We have reviewed the accompanying financial statements of **Oakridge Village Homeowners Association** (the Association) which comprise the balance sheets as of December 31, 2024 and 2023, 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 **Oakridge Village Homeowners 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.



February 20, 2025

OAKRIDGE VILLAGE HOMEOWNERS ASSOCIATION

**BALANCE SHEETS
DECEMBER 31, 2024 AND 2023**

	<u>2024</u>			<u>2023</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
ASSETS				
Cash and cash equivalents (Note 2)	\$ 4,886	\$ 5,694	\$ 10,580	\$ 35,405
Investment in certificates of deposit (Note 2)		10,525	10,525	10,216
Assessments receivable (Note 2)	675		675	658
Prepaid insurance	3,560		3,560	2,614
Total assets	<u>\$ 9,121</u>	<u>\$ 16,219</u>	<u>\$ 25,340</u>	<u>\$ 48,893</u>
LIABILITIES				
Accounts payable	\$ 18,544	\$ -	\$ 18,544	\$ 9,853
Assessments paid in advance	5,175		5,175	8,067
Contract liabilities - replacement reserve				
assessments paid in advance (Notes 2 and 4)		16,219	16,219	14,594
Future major repairs and replacements (Note 3)	-	-	-	-
Total liabilities	<u>23,719</u>	<u>16,219</u>	<u>39,938</u>	<u>32,514</u>
COMMITMENTS (NOTE 5)	-	-	-	-
FUND BALANCE (DEFICIT)	<u>(14,598)</u>	<u>-</u>	<u>(14,598)</u>	<u>16,379</u>
Total liabilities and fund balance	<u>\$ 9,121</u>	<u>\$ 16,219</u>	<u>\$ 25,340</u>	<u>\$ 48,893</u>

See independent accountant's review report and accompanying notes.

OAKRIDGE VILLAGE HOMEOWNERS ASSOCIATION

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>			<u>2023</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
REVENUES				
Assessments (Notes 2 and 4)	\$ 109,424	\$ -	\$ 109,424	\$ 104,514
Interest income (Note 2)				298
Late charges and other income	54		54	57
Total revenues	109,478	-	109,478	104,869
EXPENSES				
<u>Administration</u>				
Insurance	3,931	-	3,931	3,508
Legal and accounting	4,326		4,326	3,093
Management	6,828		6,828	6,687
Office, printing and postage	539		539	659
Reserve study	450		450	
	16,074	-	16,074	13,947
<u>Maintenance and operations</u>				
Irrigation system maintenance	10,626	-	10,626	6,726
Landscape maintenance	61,175		61,175	38,112
Tree maintenance	5,980		5,980	5,600
Other maintenance and operations	(861)		(861)	1,700
	76,920	-	76,920	52,138
<u>Utilities</u>				
Gas and electricity	633	-	633	385
Water and sewer	46,828		46,828	35,200
	47,461	-	47,461	35,585
<u>Major repairs and replacements</u>				
Landscaping, trees and irrigation	-	-	-	800
	-	-	-	800
Total expenses	140,455	-	140,455	102,470

See independent accountant's review report and accompanying notes.

OAKRIDGE VILLAGE HOMEOWNERS ASSOCIATION

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>			<u>2023</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (30,977)	\$ -	\$ (30,977)	\$ 2,399
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>16,379</u>	<u>-</u>	<u>16,379</u>	<u>13,980</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u><u>\$ (14,598)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (14,598)</u></u>	<u><u>\$ 16,379</u></u>

See independent accountant's review report and accompanying notes.

OAKRIDGE VILLAGE HOMEOWNERS ASSOCIATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023
	Operations Fund	Replacement Fund	Total Funds	Total Funds
OPERATING ACTIVITIES				
Excess (deficiency) of revenues over expenses	\$ (30,977)	\$ -	\$ (30,977)	\$ 2,399
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:				
Decrease (increase) in assets:				
Assessments receivable	(17)	-	(17)	1,720
Prepaid insurance	(946)		(946)	(1,425)
Increase (decrease) in liabilities:				
Accounts payable	8,691		8,691	990
Assessments paid in advance	(2,892)		(2,892)	4,827
Contract liabilities - replacement reserve assessments paid in advance		1,625	1,625	774
Total adjustments	4,836	1,625	6,461	6,886
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(26,141)	1,625	(24,516)	9,285
INVESTING ACTIVITIES				
Net (purchase) sale of certificates of deposit	-	(309)	(309)	(10,216)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	-	(309)	(309)	(10,216)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(26,141)	1,316	(24,825)	(931)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	31,027	4,378	35,405	36,336
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,886</u>	<u>\$ 5,694</u>	<u>\$ 10,580</u>	<u>\$ 35,405</u>

See independent accountant's review report and accompanying notes.

OAKRIDGE VILLAGE HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

1. THE ASSOCIATION

Oakridge Village Homeowners Association (the Association) is a common interest development located in Danville, California which consists of 41 residential units and certain common area property. The Association was organized as a nonprofit mutual-benefit corporation in May 1980 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 quarterly 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.

See independent accountant's review report.

OAKRIDGE VILLAGE HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

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 December 31, 2024 totaled approximately \$-0-.

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.

See independent accountant's review report.

OAKRIDGE VILLAGE HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes are paid on income from sources which are not related to the nonprofit, membership purposes of the Association. Nonmembership income, less related nonmembership expenses, subject to federal and California income taxes includes interest earned on cash and cash equivalents, and investments.

For federal purposes, the Association may elect to be taxed as either a regular corporation or as a homeowners association. In the former instance, it is taxed at a flat 21% rate on net nonmember income; in the latter case it is taxed at a flat 30% rate on net nonexempt function income (which is generally similar to net nonmember income). California income tax approximates 9% of net nonmember income.

The Association's tax filings are subject to audit by various taxing authorities: federal income tax returns for the previous three years remain open to examination by the Internal Revenue Service and California income tax returns for the previous four years remain open to examination by the Franchise Tax Board. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Interest earned on operations and replacement funds, net of related income taxes, is retained in said respective funds. With the implementation of FASB ASC 606 accounting guidance, reported replacement reserve interest income may be less than earned.

Investments consist of federally-insured certificates of deposit stated at cost which approximates market value.

Membership in the Association is mandatory by virtue of unit ownership.

Real and personal common property acquired by the original owners from the developer is not recognized in the Association's financial statements, in accordance with prevalent industry practice, because it is commonly owned by the individual Association members and its disposition by the Board Of Directors is restricted. Similarly, major repairs, replacements and improvements to real and personal property are not recognized.

See independent accountant's review report.

OAKRIDGE VILLAGE HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

3. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents, and California state law (Civil Code Section 5300), require that the Board Of Directors provide for the repair and replacement of Association common area major components. Accordingly, funds which comprise the replacement fund are not generally available for the payment of day-to-day operating expenses.

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 reserve funding plan is a function of the completeness of the major component list, the accuracy of the estimated quantity, useful and remaining lives and current replacement costs of those components, and the reasonableness of significant funding assumptions, including but not limited to the projected major component cost increases (aka inflation) and interest earning rate(s) on replacement fund cash balances.

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 funds are available.

Additional information about future major repairs and replacements may be found in the annually-distributed pro forma operating budget and related assessment and reserve funding disclosure summary (pursuant to California Civil Code Section 5300).

See independent accountant's review report.

OAKRIDGE VILLAGE HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

4. FASB ASC 606 ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) has issued guidance that created Accounting Standards Codification (ASC) Topic 606. This guidance supercedes the revenue recognition requirements in FASB ASC 972-605, Real Estate - Common Interest Realty Associations (CIRAs), Revenue Recognition, and now requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services (i.e. the accumulation of unspent replacement reserve cash and investments from assessment payments over time which are eventually to be used for common area major repairs and replacements). The Association has adopted the guidance as of January 1, 2019. The effect to the Association's income statement from adoption of this guidance is as follows:

<u>2023 Assessment Revenues Reconciliation</u>	Operations Fund	Replacement Fund	Total Funds
Assessment revenues <u>per budget</u>	\$ 104,012	\$ 1,276	\$ 105,288
Effects of applying <u>guidance</u>			
Adjust revenues to equal expenses	-	(774)	(774)
Total effects of guidance	-	(774)	(774)
Assessment revenues <u>per financial statements</u>	<u>\$ 104,012</u>	<u>\$ 502</u>	<u>\$ 104,514</u>
<u>2024 Assessment Revenues Reconciliation</u>	Operations Fund	Replacement Fund	Total Funds
Assessment revenues <u>per budget</u>	\$ 109,424	\$ 1,276	\$ 110,700
Effects of applying <u>guidance</u>			
Adjust revenues to equal expenses	-	(1,276)	(1,276)
Total effects of guidance	-	(1,276)	(1,276)
Assessment revenues <u>per financial statements</u>	<u>\$ 109,424</u>	<u>\$ -</u>	<u>\$ 109,424</u>

See independent accountant's review report.

OAKRIDGE VILLAGE HOMEOWNERS ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

5. COMMITMENTS

The Association enters into contracts for management and/or maintenance services in the normal course of its business operations. These contracts are generally cancelable on thirty to ninety days' advance notice.

6. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 20, 2025, the date that the financial statements were available to be issued.

See independent accountant's review report.

OAKRIDGE VILLAGE HOMEOWNERS ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS DECEMBER 31, 2024 (UNAUDITED)

The following information on common area major components was compiled by John D. Beatty & Company of Discovery Bay, California as of **February 2025** and has served as the basis for the current estimates of replacement reserve funding:

Assumed Annual Inflation Rate.....		3.0%				
RESERVE COMPONENTS	Repair %	Current	Estimated		Straight Line	
		Repr/Repl Cost	Usfl Life	Rmng Life	Annual Liability	Accrued Liability
FENCING:						
1 - Wood Fence Paint		180	5	1	36	144
2 - Wood Fence Repr/Repl	10%	117	5	1	23	94
3 - Wood Fence Replace		1,170	25	8	47	796
LANDSCAPING:						
4 - Backflow Device Blanket Repl		300	10	5	30	150
5 - Backflow Device Replace		2,500	18	2	139	2,222
6 - Backflow Device Replace		2,500	18	4	139	1,944
7 - Irrigation Timer Replace		1,200	12	1	100	1,100
8 - Irrigation Timer Replace		1,200	12	2	100	1,000
9 - Irrigation Timer Replace		2,400	12	5	200	1,400
10 - Irrigation Timer Replace		2,400	12	6	200	1,200
11 - Irrigation Valve Replace		4,090	9	1	454	3,636
12 - Irrigation Valve Replace		4,090	9	3	454	2,727
13 - Irrigation Valve Replace		4,090	9	4	454	2,272
14 - Irrigation Valve Replace		4,090	9	5	454	1,818
15 - Irrigation Valve Replace		4,090	9	7	454	909
16 - Irrigation Valve Replace		4,772	9	8	530	530
17 - Irrigation Repr/Repl		5,000	10	3	500	3,500
18 - Sprinkler Repr/Repl		2,500	4	1	625	1,875
19 - Plant Maintenance		2,000	3	2	667	667
20 - Tree Maintenance		7,500	5	3	1,500	3,000
MECHANICAL SYSTEM - WATER:						
21 - Lift Pump Replace		3,500	16	1	219	3,281
22 - Lift Motor Replace		1,200	8	1	150	1,050
23 - Lift Filter Replace						
OTHER:						
24 - Reserve Study Update		350	1	1	350	0
25 - Reserve Study Update Inspection		450	3	3	150	0
UNSCHEDULED.....	5%	118	1	1	118	0
		61,806			8,095	35,314

See independent accountant's review report and accompanying notes.

OAKRIDGE VILLAGE HOMEOWNERS ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2024
(UNAUDITED)**

The Association has conducted a study to estimate the useful and remaining lives and current replacement costs of common property major components. Funding requirements consider an estimated **after-tax interest rate** of **3%** on replacement fund cash balances and an annual **inflation rate** of **3%** on major component replacement costs. The replacement fund **cash** and investment balances at December 31, 2024 totaled **\$16,219**. The estimated **liability** for major repairs and replacements at this date totaled approximately **\$35,000**. The portion of **2025** regular **assessments** budgeted to be allocated to the replacement fund totals **\$2,361**.

See independent accountant's review report and accompanying notes.