

GOLD RIDGE FOREST
PROPERTY OWNER'S ASSOCIATION

FINANCIAL STATEMENTS,
ACCOUNTANT'S REVIEW REPORT
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

Roberts & Company, Inc.

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Members of
Gold Ridge Forest Property Owners Association
Pollock Pines, California

I have reviewed the accompanying financial statements of Gold Ridge Forest Property Owners Association (a corporation), which comprise the balance sheet as of December 31, 2021 and the related statements of revenues, expenses, changes in fund balances 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 Company 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, I 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 financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My 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 me to perform procedures to obtain limited assurance as a basis for reporting whether I am 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. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am 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.

Roberts & Company, Inc.

CERTIFIED PUBLIC ACCOUNTANT

May 24, 2022

GOLD RIDGE FOREST
PROPERTY OWNERS ASSOCIATION
BALANCE SHEET
DECEMBER 31, 2021

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total Funds</u>
Assets			
Cash and cash equivalents - NOTE 1	\$147,808	\$442,281	\$590,089
Assessments receivable - NOTE 1 net of \$19,352 doubtful accounts	9,016		9,016
Building and equipment net of \$351,918 accumulated depreciation	24,255		24,255
Land - NOTE 1	51,400		51,400
Total assets	<u>\$232,479</u>	<u>\$442,281</u>	<u>\$674,760</u>
Liabilities			
Accounts payable	\$ 4,233	\$	\$ 4,233
Payroll taxes payable	1,135		1,135
Deferred income - NOTE 3	31,094		31,094
Total liabilities	<u>\$ 36,462</u>	<u>\$ 0</u>	<u>\$ 36,462</u>
Fund balances			
Operating	\$196,017	\$	\$196,017
Reserve - NOTE 4		442,281	442,281
Total fund balances	<u>\$196,017</u>	<u>\$442,281</u>	<u>\$638,298</u>
Total liabilities and fund balances	<u>\$232,479</u>	<u>\$442,281</u>	<u>\$674,760</u>

See the accompanying notes
and the Independent Accountant's Review Report.

GOLD RIDGE FOREST
PROPERTY OWNERS ASSOCIATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Operating Funds</u>	<u>Reserve Funds</u>	<u>Total Funds</u>
Revenues			
Assessment dues	\$ 269,377	\$	\$ 269,377
Late fees/interest	5,868		5,868
Interest income	2	531	533
Transfer escrow fees	9,600		9,600
Rental income	750		750
Miscellaneous income	4,753		4,753
Donations	1,915		1,915
Total revenues	<u>\$ 292,265</u>	<u>\$ 531</u>	<u>\$ 292,796</u>
Expenses			
Administrative expense	\$ 87,176	\$	\$ 87,176
Employee expense	88,173		88,173
Greenbelt expense	68,255		68,255
Recreation expense	25,826		25,826
Reserve study		2,000	2,000
Repairs and replacements		55,243	55,243
Total expenses	<u>\$ 269,430</u>	<u>\$ 57,243</u>	<u>\$ 326,673</u>
Excess of revenue over expenses	\$ 22,835	\$ (56,712)	\$ (33,877)
Interfund transfers	(16,787)	16,787	0
Beginning fund balances	189,969	482,206	672,175
Ending fund balances	<u>\$ 196,017</u>	<u>\$ 442,281</u>	<u>\$ 638,298</u>

See the accompanying notes and
the Independent Accountant's Review Report.

GOLD RIDGE FOREST
PROPERTY OWNERS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total Funds</u>
Cash Flows from Operating Activities			
Cash received from members	\$ 291,747	\$ 0	\$ 291,747
Cash paid to vendors and employees	(248,144)	(57,243)	(305,387)
Interest income	2	531	533
Net cash from operating activities	<u>\$ 43,605</u>	<u>\$ (56,712)</u>	<u>\$ (13,107)</u>
 Cash Flows from Financing Activities			
Interfund transfers	\$ (16,787)	\$ 16,787	\$ 0
Net cash from financing activities:	<u>\$ (16,787)</u>	<u>\$ 16,787</u>	<u>\$ 0</u>
Net increase in cash	<u>\$ 26,818</u>	<u>\$ (39,925)</u>	<u>\$ (13,107)</u>
 Cash - January 1	<u>120,990</u>	<u>482,206</u>	<u>603,196</u>
Cash - December 31	<u><u>\$ 147,808</u></u>	<u><u>\$ 442,281</u></u>	<u><u>\$ 590,089</u></u>

Summary of non-cash transactions: None

	Operating Fund	Reserve Fund	Total Funds
	<u> </u>	<u> </u>	<u> </u>
Excess of revenue over expenses	\$ 22,835	\$ (56,712)	\$ (33,877)
Cash from operating activities			
Adjustments to reconcile changes in net assets			
Depreciation	2,386		2,386
Changes in assets and liabilities:			
(Increase) in assessments receivable	(5,584)		(5,584)
Decrease in prepaid tax	110		110
Decrease in prepaid expenses	1,752		1,752
(Decrease) in accounts payable	(1,210)		(1,210)
Increase in payroll liabilities payable	94		94
Increase in allowance for doubtful accounts	18,154		18,154
Increase in deferred income	5,068		5,068
Net cash from operating activities	<u>\$ 43,605</u>	<u>\$ (56,712)</u>	<u>\$ (13,107)</u>

See accompanying notes and
the Independent Accountant's Review Report.

GOLD RIDGE FOREST
PROPERTY OWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Gold Ridge Property Owners Association, which was incorporated November 15, 1971, is formed as a mutual benefit non-profit corporation. The Association is organized to provide for the management, maintenance and preservation of the property and improvements for the benefit of the owners. The property maintained by the Association includes the clubhouse, swimming pools, tennis courts and similar properties. The development consists of 627 lots located in Pollock Pines, California.

Accounting method The Association prepares its financial statements on the accrual basis of accounting whereby income and expenses are recognized when earned and incurred. Fund accounting is employed by the Association which requires that funds, such as operating funds and reserve funds, be classified separately for accounting and reporting purposes. The operating fund is used to account for the financial resources available for the Association's general operations, such as maintenance, recreation and administration. The Reserve Fund has been established to meet the replacement and major repair obligations of the Association with regard to the common area components.

Assessments Receivable The Association members are subject to quarterly assessments to provide funds for the Associations operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's Declaration provides for various collection remedies for delinquent assessments including the filing of liens and foreclosing on the property of the unit owner. Some assessments are not subject to these collection remedies. The Directors believe that for 2021, \$19,352 of the assessments receivable will be uncollectible and have established an allowance for doubtful accounts

Accounts are considered delinquent if not paid by the 15th day of the billing quarter.

Property and Equipment Land and buildings are recorded at their contributed value. Equipment is recorded at cost.

GOLD RIDGE FOREST
PROPERTY OWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

Depreciation is computed on the straight-line basis over the following useful lives:

Equipment	5 - 10 years
Lodge	30 years

New replacements and improvements to common property that is owned by the Association and not directly associated with units is capitalized on the books of the Association when it is expected to last longer than 1 year and costs more than \$1,000.

Cash - Cash consists of checking and savings account balances and cash equivalents that are limited to short-term highly liquid investments that are readily convertible to cash and have an original maturity of three months or less.

Use of estimates Generally accepted accounting principles require management to make assumptions in estimates that affect the amount reported in the financial statements for assets, liabilities, revenues and expenses. In addition, assumptions and estimates are used to determine disclosure for contingencies, commitments and other matters discussed in the notes to the financial statements. Actual results could differ from those estimates.

NOTE 2: INCOME TAXES

Homeowner associations may be taxed either as a homeowner association or as a regular corporation. For the year ended December 31, 2021, the Association was taxed as a regular corporation. The federal tax rate was 15% and the state tax rate was 8.84%. The Association is exempt with regards to the state minimum franchise fee. The association is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. The association tax returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed. The tax returns subject to examination would be for the periods ending December 31, 2017, 2018, 2019, and 2020.

GOLD RIDGE FOREST
PROPERTY OWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3: DEFERRED INCOME

Deferred income consists of prepaid assessments from members.

NOTE 4: REPLACEMENT FUNDING PROGRAM

The Association is funding replacement reserve accounts for the future repair and replacement of Association common areas as disclosed in NOTE 1. These funds are held in separate interest bearing accounts and certificates of deposit to be used exclusively for the future major repair or replacement of these common area facilities. Funds are being accumulated based on estimated future costs; however, actual expenditures may vary from these estimates and the variations may be material.

A study of the replacement fund components, their replacement cost, remaining lives, and method of funding was prepared by a licensed appraiser November 9, 2021. The Board has decided to fund reserves based upon the estimates in this study. According to association bylaws and California Civil Code, a new study of replacement fund components and reserve account requirements is due to be conducted every three years.

If additional funds are needed, the Association has the right, subject to certain limitations, to increase quarterly assessments, pass special assessments or delay replacement of property if these funds are found to be inadequate for all future costs.

NOTE 5: DISPOSITION OF ASSOCIATION PROPERTY

Without the vote or written assent of a majority of the voting power of the Association, the Board of Directors cannot sell or dispose of any property of the Association having an aggregate fair market value greater than 5 percent of the budgeted gross expenses of the Association for that fiscal year. This limitation does not apply to the sale or disposition of lots acquired by the Association in foreclosure proceedings.

GOLD RIDGE FOREST
PROPERTY OWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6: EVALUATION OF SUBSEQUENT EVENTS

The Association has evaluated subsequent events through May 24th, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

GOLD RIDGE FOREST
PROPERTY OWNERS ASSOCIATION
SUPPLEMENTARY INFORMATION
FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2021

A reserve study was prepared by Browning Reserve Group on November 9, 2021, to estimate the remaining useful lives and the replacement costs of the components of the Association's common property. This study was designed to forecast reserve funding requirements for the fiscal year 2021 and subsequent fiscal years. The intention of the Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. This is done utilizing the "Cash Flow Method". This is a method of developing a reserve funding plan where the contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. The study assumes interest rate of 1.5% and inflation rates of 2.5%.

The Reserve Study is not an engineering report. The costs outlined in the study are for budgetary and planning purposes only. Actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report. It should be noted that no destructive testing was performed.

For 2021, the addition to the reserve was \$67,318 representing \$66,787 from the operating fund and \$531 of interest earned on reserve cash balances. A total of \$50,000 was transferred from the reserve fund to the operating fund for asset replacements and repairs.

See accompanying notes and
the Independent Accountant's Review Report.

GOLD RIDGE FOREST
PROPERTY OWNERS ASSOCIATION
OPERATING FUND ACTIVITY
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenue			
Assessment dues	\$ 269,377	\$ 268,356	\$ 1,021
Rental income	750	4,000	(3,250)
Late fees	5,868	2,200	3,668
Interest income	2	-0-	2
Transfer escrow fees	9,600	4,000	5,600
Key fob deposit	1,950	500	1,450
Other income	4,718	2,700	2,018
Total revenue	<u>\$ 292,265</u>	<u>\$ 281,756</u>	<u>\$ 10,509</u>

See the accompanying notes and
the Independent Accountant's Review Report.

GOLD RIDGE FOREST
PROPERTY OWNERS ASSOCIATION
OPERATING FUND ACTIVITY
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Administrative Expense			
Accounting	\$ 13,442	\$ 21,180	\$ (7,738)
Legal	10,858	6,000	4,858
Insurance Expense	12,851	11,000	1,851
Bad debt	17,853	1,000	16,853
Collection fee expense	0	1,500	(1,500)
Phone fax & internet	3,770	3,100	670
Supplies	3,510	1,400	2,110
Postage & delivery	2,640	2,500	140
Mileage	1,053	900	153
Electricity - lodge	1,729	2,000	(271)
Garbage	1,605	1,600	5
Lodge - water	512	500	12
Subscription & dues	35	0	35
Snow removal	500	850	(350)
Propane	2,371	2,000	371
Security	950	1,150	(200)
Outside services	998	2,500	(1,502)
Elections	575	600	(25)
Lodge/office Maintenance	4,753	700	4,053
Miscellaneous	25	0	25
Permits & licenses	0	40	(40)
Income taxes - federal	2,406	109	2,297
Income taxes - state	359	120	239
Total administrative expense	<u>\$ 82,795</u>	<u>\$ 60,749</u>	<u>\$ 22,046</u>
Employee expense			
Employee salaries	\$ 74,684	\$ 88,858	\$ (14,174)
Payroll taxes	7,871	8,041	(170)
Workers compensation	5,618	2,595	3,023
Total employee expense	<u>\$ 88,173</u>	<u>\$ 99,494</u>	<u>\$ (11,321)</u>

See the accompanying notes and
the Independent Accountant's Review Report

GOLD RIDGE FOREST
PROPERTY OWNERS ASSOCIATION
OPERATING FUND ACTIVITY
ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2021

	Actual	Budget	Variance
Greenbelt Expense			
Greenbelt	\$ 68,255	\$ 32,000	\$ 36,255
Total greenbelt expense	\$ 68,255	\$ 32,000	\$ 36,255
Recreation Expense			
Depreciation	\$ 2,387	\$ 0	\$ 2,387
Pool keys and re-keying	502	250	252
Pool chemicals	4,761	6,400	(1,639)
Pool supplies	602	350	252
Pool repairs	607	400	207
Pool electricity	6,451	8,000	(1,549)
Pool health permits	1,028	1,000	28
Janitorial supplies	1,293	2,100	(807)
Pool propane	44	75	(31)
Pool water	4,264	2,500	1,764
Pool/rec outside services	3,625	2,000	1,625
Recreation grounds/maintenance	2,218	1,500	718
Events - expense	171	0	171
Tennis court maintenance	260	100	160
Total recreation expense	\$ 28,213	\$ 24,675	\$ 3,538
Total expense	\$ 267,436	\$ 216,918	\$ 50,518
Excess revenue over expenses	\$ 24,829	\$ 64,838	\$ (40,009)

See the accompanying notes and
the Independent Accountant's Review Report

GOLD RIDGE FOREST
PROPERTY OWNERS ASSOCIATION
SUPPLEMENTARY INFORMATION
FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2021

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

Reserve Component	Current Replacement Cost	Current Remaining Life	2021 Fully Funded Balance	Cash Reserve at <u>12/31/21</u>
Paving	\$ 127,301	1-5	\$ 96,335	\$ 55,176
Concrete	94,799	0-5	90,287	41,089
Painting: Exterior	17,146	1-4	11,947	7,432
Painting: Interior	3,990	3-9	2,074	1,729
Structural repairs	42,527	1-11	28,738	18,432
Roofing	66,490	3-27	15,829	28,819
Rehab	72,426	1-23	24,779	31,392
Pool	187,632	0-16	150,703	81,325
Recreation	4,810	1-13	3,009	2,085
Tennis court	67,392	6-6	40,896	29,210
Basketball/Sports Court	500	4-4	250	217
Landscaping	70,000	0-2	56,667	30,340
Fencing	41,404	1-14	31,472	17,946
Lighting	30,000	1-1	28,000	13,003
Signage	7,800	4-9	4,010	3,381
Office equipment	8,800	0-2	6,743	3,814
Mechanical equipment	20,500	3-9	11,573	8,885
Furnishings	7,375	1-14	4,982	3,197
Safety/Access	20,480	0-3	12,140	8,877
Flooring	20,094	0-10	12,463	8,709
Outdoor equipment	73,363	0-15	64,598	31,798
Appliances	6,860	1-9	3,224	2,973
Miscellaneous	25,690	1-12	10,566	11,135
Reserve study	2,000	0-0	2,000	867
Undesignated	1,045	1-1	523	453
Totals	<u>\$ 1,020,424</u>		<u>\$ 713,808</u>	<u>\$ 442,284</u>
Percent funded				61.96%
2021 Board proposed funding				\$ 69,792
Reserve Study funding recommendations				
2022				\$ 69,792
2023				\$ 72,933
2024				\$ 76,215
2025				\$ 79,645

See accompanying notes and the Independent Accountant's Review Report.