

Senior Estates Golf and Country Club
Financial Statements
For the Year Ended December 31, 2024



NEWMAN
Certified Public Accountant, PC

**Senior Estates Golf and Country Club
Financial Statements
For the Year Ended December 31, 2024**

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Independent Auditor's Report

To the Board of Directors of Senior Estates Golf and Country Club

Opinion

We have audited the accompanying financial statements of Senior Estates Golf and Country Club, which comprise the balance sheet as of December 31, 2024, and the related statements of revenues, expenses and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senior Estates Golf and Country Club as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Senior Estates Golf and Country Club and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Future Major Repairs and Replacements

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed in Note 5 are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to that matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Senior Estates Golf and Country Club's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement

when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Senior Estates Golf and Country Club's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Senior Estates Golf and Country Club's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that supplementary information on Future Major Repairs and Replacements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Newman Certified Public Accountant, PC.

Newman Certified Public Accountant, PC

Portland, Oregon

September 25, 2025

Senior Estates Golf and Country Club
Balance Sheet
December 31, 2024

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Working Capital Fund</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 423,407	\$ 149,066	\$ 332,134	\$ 904,607
Investments	100,000	200,000	600,000	900,000
Assessments receivable	38,769	-	-	38,769
Allowance for credit losses	(11,445)	-	-	(11,445)
Prepaid insurance	10,385	-	-	10,385
Prepaid income taxes	669	-	-	669
Inventory	12,518	-	-	12,518
Right-of-use asset	39,592	-	-	39,592
Less: accumulated amortization	(5,306)	-	-	(5,306)
Property and equipment	7,066,214	-	-	7,066,214
Less: accumulated depreciation	(5,148,157)	-	-	(5,148,157)
Due from (to) fund	(12,700)	12,700	-	-
Total assets	<u>\$ 2,513,946</u>	<u>\$ 361,766</u>	<u>\$ 932,134</u>	<u>\$ 3,807,846</u>
Liabilities				
Accounts payable	\$ 15,413	\$ 1,280	\$ -	\$ 16,693
Income tax payable	4,604	-	-	4,604
Accrued payroll and related expenses	28,289	-	-	28,289
Accrued vacation	22,385	-	-	22,385
Prepaid assessments	53,132	-	-	53,132
Other prepaid dues	10,916	-	-	10,916
Deferred initiation fees	-	-	878,586	878,586
Lease liability	34,622	-	-	34,622
Contract liabilities (assessments received in advance - replacement fund)	-	360,486	-	360,486
Total liabilities	<u>169,361</u>	<u>361,766</u>	<u>878,586</u>	<u>1,409,713</u>
Fund balances	<u>2,344,585</u>	<u>-</u>	<u>53,548</u>	<u>2,398,133</u>
Total liabilities and fund balances	<u>\$ 2,513,946</u>	<u>\$ 361,766</u>	<u>\$ 932,134</u>	<u>\$ 3,807,846</u>

The accompanying notes are an integral part of the financial statements
(See Independent Auditor's Report)

Senior Estates Golf and Country Club
Statement of Revenues and Expenses and Changes in Fund Balances
For the Year Ended December 31, 2024

	Operating Fund	Replacement Fund	Working Capital Fund	Total
Revenues				
Owners' assessments	\$ 1,523,067	\$ 372,242	\$ -	\$ 1,895,309
Rental income	23,146	-	-	23,146
Activities	34,924	-	-	34,924
Golf course	146,279	-	-	146,279
Storage income	19,926	-	-	19,926
RV lot income	99,569	-	-	99,569
Initiation fees	-	-	197,444	197,444
Interest	7,946	22,852	29,415	60,213
Credit loss recoveries – receivables	11,329	-	-	11,329
Other member income	56,446	-	-	56,446
Total revenues	1,922,632	395,094	226,859	2,544,585
Expenses				
Utilities				
Electricity and gas	105,379	-	-	105,379
Water and sewer	23,128	-	-	23,128
Telephone, cable and internet	17,481	-	-	17,481
Trash removal	13,079	-	-	13,079
	159,067	-	-	159,067
Common Area				
Landscape and irrigation	141,894	-	-	141,894
Common area repairs and maintenance	77,245	395,094	-	472,339
Security	16,361	-	-	16,361
Janitorial	10,454	-	-	10,454
Equipment and vehicle	47,245	-	-	47,245
Restaurant expense	15,455	-	-	15,455
	308,654	395,094	-	703,748
Administrative				
Insurance	45,591	-	-	45,591
Legal and professional	88,946	-	-	88,946
Payroll and related expenses	876,649	-	-	876,649
Administrative expense	187,062	-	-	187,062
Interest expense	651	-	-	651
Depreciation and amortization	235,010	-	-	235,010
Income tax expense	14,878	-	-	14,878
Property tax	89,416	-	-	89,416
	1,538,203	-	-	1,538,203
Total expenses	2,005,924	395,094	-	2,401,018
Excess (deficit) of revenues over (under) expenses	(83,292)	-	226,859	143,567
Beginning fund balances	2,427,877	-	26,689	2,454,566
Transfers to contract liabilities	-	-	(200,000)	(200,000)
Ending fund balances	\$ 2,344,585	\$ -	\$ 53,548	\$ 2,398,133

The accompanying notes are an integral part of the financial statements
(See Independent Auditor's Report)

Senior Estates Golf and Country Club
Statement of Cash Flows
For the Year Ended December 31, 2024

	Operating Fund	Replacement Fund	Working Capital Fund	Total
Excess (deficit) of revenues over (under) expenses	\$ (83,292)	\$ -	\$ 226,859	\$ 143,567
Adjustments to reconcile excess (deficit) of revenues over (under) expenses to net cash provided (used) by operating activities				
Depreciation and amortization	235,010	-	-	235,010
Decrease (Increase) in operating assets:				
Assessments receivable	5,819	-	-	5,819
Allowance for credit losses	(13,307)	-	-	(13,307)
Other receivable	7,524	-	-	7,524
Prepaid insurance	(10,385)	-	-	(10,385)
Prepaid income taxes	(154)	-	-	(154)
Inventory	26,591	-	-	26,591
Increase (Decrease) in operating liabilities:				
Accounts payable	(23,976)	1,280	-	(22,696)
Income tax payable	132	-	-	132
Accrued payroll and related expenses	25,347	-	-	25,347
Accrued vacation	2,092	-	-	2,092
Prepaid assessments	16,317	-	-	16,317
Other prepaid assessments	10,916	-	-	10,916
Contract liabilities (assessments received in advance - replacement fund)	-	(172,242)	-	(172,242)
Total adjustments	281,926	(170,962)	-	110,964
Net cash provided (used) by operating activities	<u>198,634</u>	<u>(170,962)</u>	<u>226,859</u>	<u>254,531</u>
Cash provided (used) by investing activities:				
Investments	(100,000)	150,000	(200,000)	(150,000)
Net cash flows from investing activities	<u>(100,000)</u>	<u>150,000</u>	<u>(200,000)</u>	<u>(150,000)</u>
Cash provided (used) by financing activities:				
Right-of-use asset	(39,592)	-	-	(39,592)
Interfund borrowings	12,700	(12,700)	-	-
Lease liability	34,622	-	-	34,622
Transfers to contract liabilities	-	-	(200,000)	(200,000)
Net cash flows from financing activities	<u>7,730</u>	<u>(12,700)</u>	<u>(200,000)</u>	<u>(204,970)</u>
Net increase (decrease) in cash and cash equivalents	106,364	(33,662)	(173,141)	(100,439)
Beginning cash and cash equivalents	317,043	182,728	505,275	1,005,046
Ending cash and cash equivalents	<u>\$ 423,407</u>	<u>\$ 149,066</u>	<u>\$ 332,134</u>	<u>\$ 904,607</u>
SUPPLEMENTAL DISCLOSURE				
Income taxes paid				\$ 14,900
Interest paid				\$ 651

The accompanying notes are an integral part of the financial statements
(See Independent Auditor's Report)

Senior Estates Golf and Country Club
Notes to Financial Statements
For the Year Ended December 31, 2024

1. Organization

Senior Estates Golf and Country Club (the "Association") was incorporated on June 5, 1962, as a nonprofit mutual benefit corporation under the laws of Oregon for the purposes of maintaining and preserving common property. The Association consists of 1,510 residential homes for owners fifty-five and older and includes a golf course and restaurant and is located in Woodburn, Oregon.

2. Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 25, 2025, the date that the financial statements were available to be issued.

3. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Board of Directors 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, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ significantly from those estimates.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure 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 the following funds established according to their nature and purpose:

Operating Fund - The fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund - The fund is used to accumulate financial resources designated for future major repairs and replacements.

Working Capital Fund - The fund is used to account for working capital fees received from the Association on the sales of a unit, to be used to fund the Replacement Fund.

Members Assessments and Allowance for Credit Losses

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.

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 properties of owners whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. 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

Senior Estates Golf and Country Club
Notes to Financial Statements
For the Year Ended December 31, 2024

outside the Association's control. The balances of assessments receivable as of the beginning and end of the year are \$44,588 and \$38,769, respectively. After the Board of Directors has exhausted all efforts to collect delinquent accounts, the Board of Directors may elect to write off uncollectible balances.

The Association recorded an allowance for credit losses of \$11,445 to reflect an estimate of accounts that may not be collectible.

Property and Equipment

The Association has not capitalized real and personal common area property contributed by the developer. Replacements and improvements to real property are also not capitalized; rather, they are charged to the respective fund in the period the cost is incurred.

Significant personal and real property assets are capitalized and depreciated over their estimated lives using straight-line depreciation.

Contract Liabilities (Assessments received in advance – replacement fund)

The Association recognizes replacement fund (reserves) revenue from members as related performance obligations are satisfied. A contract liability (assessments received in advance – replacement fund) is recorded when the Association has the right to receive payment in advance of satisfaction of performance obligations related to replacement reserve assessments. The balance of Contract Liabilities (assessments received in advance – replacement fund) as of the beginning and end of the year are \$532,728 and \$360,486, respectively.

Income Tax

The Association's policy is to record interest expense or penalties related to income tax in operating expenses.

Interest Income

Interest income is recognized when earned and allocated to the operating and replacement funds in proportion to the interest-bearing deposits of each fund.

Cash and Cash Equivalents

Cash and cash equivalents include the Association's cash, checking accounts, money market funds and investments in certificates of deposit with original maturities of 90 days or less.

Investments

Investments consist of certificates of deposit and other securities and investment accounts with original maturities of more than 90 days.

Concentration of Credit Risk

The Association maintains bank accounts with balances that exceed FDIC federal insurance of \$250,000. The financial institution may carry private insurance, which may or may not be sufficient to reimburse for any losses. At December 31, 2024, \$267,170 was exposed to risk.

4. Income Taxes

The Association was granted federal tax exemption under Internal Revenue Code (IRC) Section 501(c)(7). An entity with a federal tax exemption is required to file Form 990 and report income separately in the following three categories, as

Senior Estates Golf and Country Club
Notes to Financial Statements
For the Year Ended December 31, 2024

applicable: exempt function income, unrelated business income, and revenue excluded from tax under IRC Sections 512-514. Taxable income includes unrelated business income which is defined based on the federal tax exemption that was obtained. The Association is required to file Form 990-T if it has unrelated business income. The Form 990-T tax rate is 21%.

The Association is also required to file a tax return each year with the Oregon Department of Revenue under the Oregon Revised Statutes chapter 317.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Association and has concluded that as of the year end, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association is subject to routine audits by taxing jurisdictions. The Internal Revenue Service and the Oregon Department of Revenue can examine the Association's income tax returns generally up to three years. There are currently no audits in progress for any tax period.

5. Future Major Repairs and Replacements

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds are held in separate bank accounts and are generally not available for operating fund expenses.

The Board of Directors conducted a reserve study to estimate the remaining useful lives and the replacement costs of the components of common property. The table included in the unaudited Supplementary Information on Future Major Repairs and Replacements is based on this study.

The Association is funding such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments or to levy special assessments, or it may delay major repairs and replacements until funds are available.

6. FASB ASC 606 Revenue Recognition

The Financial Accounting Standards Board (FASB) issued ASC 606 guidance, Revenue from Contracts with Customers, effective January 1, 2019, which superseded the revenue recognition requirements in FASB ASC 972-605, Real Estate - Common Interest Realty Associations (CIRA), Revenue Recognition. The Association has presented the attached financial statements in accordance with FASB ASC 606. Assessments attributed to the Operating Fund are recognized in the period earned. Assessments allocated to the Replacement Fund are recognized as revenue only when there are replacement fund expenditures, and to the extent the replacement fund expenditures exceed replacement fund interest income.

Senior Estates Golf and Country Club
Notes to Financial Statements
For the Year Ended December 31, 2024

The cumulative balance of Replacement Fund assessments that have not been recognized as income are accumulated as deferred replacement fund assessments and presented as Contract Liabilities (Assessments received in advance - Replacement fund) on the Balance Sheet. Deferred replacement fund assessments are increased by unrecognized replacement fund assessments and decreased as replacement fund assessments are recognized as revenue in the Statement of Revenue and Expenses and Changes in Fund Balances.

Contract liabilities (assessments received - in advance - replacement fund) as of January 01, 2024	\$	532,728
Assessments budgeted for Replacement Fund		-
Recognized Replacement Fund assessments		(372,242)
Transfer to contract liabilities		200,000
Contract liabilities (assessments received - in advance - replacement fund) as of December 31, 2024	\$	<u>360,486</u>

7. Property and Equipment

The Association's property and equipment is recorded at cost and depreciated using the straight-line method over each asset's estimated useful life. The Association's Property and Equipment are listed below:

Description	Amount
Land	\$ 132,441
Land Improvements	4,249,113
Buildings	1,626,903
Equipment and furnishings	1,057,757
Total	<u>\$ 7,066,214</u>
Less: accumulated depreciation	<u>(5,148,157)</u>
Property and equipment, net of accumulated depreciation	<u>\$ 1,918,057</u>

8. Leases

The Association currently has two finance leases, one for a printer and one for a postage meter, with various terms and renewal options. As of December 31, 2024, the Association has recorded right-of-use asset totaling \$39,592 with accumulated amortization totaling \$5,306 and a lease liability totaling \$34,622.

Undiscounted cash flows for the remaining lease terms are as follows:

For the Years Ended	Amount
2025	\$ 8,334
2026	8,334
2027	8,334
2028	8,334
Thereafter	<u>3,715</u>
Total lease payments	\$ 37,051
Less: interest	<u>(2,429)</u>
Present value of lease liability	<u>\$ 34,622</u>

Senior Estates Golf and Country Club
Notes to Financial Statements
For the Year Ended December 31, 2024

9. Initiation Fees

During 2022, the Association updated its governing documents to add a Working Capital Fund requiring the Association to contribute \$500,000 or two years of reserve study funding recommendation, whichever balance is greater to the Replacement Fund. To accomplish the requirement, the Association levies an initiation fee of 1.5% of unit sales when homes are sold. The initiation fees are accounted for in the Working Capital Fund. The Board of Directors expects to utilize the working capital funds for capital projects and expenditures that may be accounted for in either or both the operating and replacement funds, and to achieve reserves funding according to the Association's revised governing documents. As of December 31, 2024, the Association recorded deferred initiation fees totaling \$878,586, which the Board of Directors plans to be allocated to the Replacement Fund in future periods when the Replacement Fund balance is less than the required balance.

Senior Estates Golf and Country Club
Supplementary Information on Future Major Repairs and Replacements
December 31, 2024
(Unaudited)

The Association's Board of Directors, in conjunction with a reserve study expert, conducted a reserve study dated September 26, 2024, to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair and replacement.

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

Study Component	Estimated remaining useful lives (years)	Estimated future replacement costs
GC buildings	0-35	\$ 511,018
Health center	0-32	1,049,806
RV storage	0-16	275,033
Gazebo	0-7	44,190
Community building	0-49	1,839,633
Restaurant	1-22	112,897
Golf course	0-26	2,573,986
Office	0-5	74,064
Cart barns	0-30	140,553
Parking lot	0-18	348,298
Maintenance division	0-24	167,571
Pro shop	0-22	49,128
		<u>\$ 7,186,177</u>
Interest rate		<u>4.15%</u>
Inflation rate		<u>2.89%</u>

See the Balance Sheet for replacement fund cash, cash equivalents and investments balances at December 31, 2024

