

# Villa Antigua Homeowners Association

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October 28, 2024

Dear Villa Antigua Homeowners Association Members,

Attached is the official Financial Report for the association's recently concluded fiscal year. This was prepared by the Association's independent CPA. The distribution of this financial report to members is required by California Civil Code.

We recommend your review of this document since it summarizes the association's financial position and operations last year. However, there is no specific action required by you.

If you have any questions regarding the content of this report, please feel free to address your questions to me at your convenience or you may address the Board of Directors at a future meeting.

We'd also like to take this opportunity to provide you with the contact information on your current General Manager. Email is the best way to reach me. If you'd like to meet in person at the office, please call or email to set an appointment. My in-office hours vary, and I don't want to miss you.

General Manager: Clover Ericson  
By phone: (858) 268-0929  
By email: [office@villaantiguahoa.org](mailto:office@villaantiguahoa.org)  
By fax: (858) 430-6635  
Website: [www.villaantiguahoa.org](http://www.villaantiguahoa.org)

**For after-hours landscape emergency maintenance service call: (858) 210-8701**

We look forward to continued service to your community.

Sincerely yours,

*Clover Ericson*

Clover Ericson, CMCA  
Community General Manager

VILLA ANTIGUA HOMEOWNERS ASSOCIATION  
REVIEWED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2024

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# Gregory V. Villard

CERTIFIED PUBLIC ACCOUNTANT

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors and Members  
Villa Antigua Homeowners Association

I have reviewed the accompanying financial statements of Villa Antigua Homeowners Association, which comprise the balance sheet as of June 30, 2024, and the related statements of revenues, 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 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, 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.

I am required to be independent of Villa Antigua Homeowners Association and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

### Accountant's Conclusion on the Financial Statements

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.

### 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 is presented for purposes of additional analysis, and, 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. The information is the responsibility of management. I have not audited, reviewed, or compiled the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on it.

*Gregory V. Villard*

La Mesa, California

October 17, 2024

VILLA ANTIGUA HOMEOWNERS ASSOCIATION  
BALANCE SHEET  
JUNE 30, 2024

	Operating Fund	Replacement Fund	Total
<u>ASSETS</u>			
Cash & Cash Equivalents	\$ 93,589	\$ 229,740	\$ 323,329
Certificates of Deposit	-	340,000	340,000
Assessments Receivable	486	-	486
Prepaid Insurance	9,762	-	9,762
Interest Receivable	-	1,133	1,133
Total Assets	<u>\$ 103,837</u>	<u>\$ 570,873</u>	<u>\$ 674,710</u>
 <u>LIABILITIES</u>			
Accounts Payable	\$ 24,946	\$ -	\$ 24,946
Prepaid Assessments	18,063	-	18,063
Income Taxes Payable	5,193	-	5,193
Total Liabilities	<u>48,202</u>	<u>-</u>	<u>48,202</u>
 <u>FUND BALANCES</u>	<u>55,635</u>	<u>570,873</u>	<u>626,508</u>
 Total Liabilities and Fund Balances	<u>\$ 103,837</u>	<u>\$ 570,873</u>	<u>\$ 674,710</u>

See accompanying notes and independent accountant's review report.

VILLA ANTIGUA HOMEOWNERS ASSOCIATION  
STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2024

	Operating Fund	Replacement Fund	Total
<u>REVENUES</u>			
Regular Assessments	\$ 632,040	\$ 264,840	\$ 896,880
Interest	53	23,104	23,157
Other Member Charges	1,760	-	1,760
Total Revenues	633,853	287,944	921,797
<u>EXPENSES</u>			
Maintenance			
Pest Control	705	-	705
Janitorial Services	5,143	-	5,143
Pool Maintenance	15,976	-	15,976
Landscaping Maintenance	10,862	-	10,862
Tree Maintenance	40,230	-	40,230
Payroll & Payroll Taxes	297,206	-	297,206
Area Repairs & Supplies	7,231	-	7,231
Repair/Maintenance Units	34,161	-	34,161
Total Maintenance	411,514	-	411,514
Utilities			
Gas & Electricity	12,326	-	12,326
Water & Sewer	65,168	-	65,168
Trash Removal	5,473	-	5,473
Telephone/Internet	3,495	-	3,495
Total Utilities	86,462	-	86,462
General and Administrative			
Legal/Review/Tax Preparation	4,875	-	4,875
Insurance	36,378	-	36,378
Office & Administrative	21,452	-	21,452
Income Taxes	7,807	-	7,807
License & Permits	750	-	750
UGMO Lease Contract	9,426	-	9,426
Total Administrative	80,688	-	80,688
Major Repair and Replacements	-	504,345	504,345
Total Expenses	578,664	504,345	1,083,009
Excess (Deficiency) of Revenues over Expenses	55,189	(216,401)	(161,212)
Beginning Fund Balances	27,181	760,539	787,720
Interfund Transfers (Net)	(26,735)	26,735	-
Ending Fund Balance	\$ 55,635	\$ 570,873	\$ 626,508

See accompanying notes and independent accountant's review report.

VILLA ANTIGUA HOMEOWNERS ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2024

	Operating Fund	Replacement Fund	Total
Cash Flows from Operating Activities			
Excess (Deficiency) of Revenues over Expenses	\$ 55,189	\$ (216,401)	\$ (161,212)
Adjustments to Reconcile Excess (Deficiency) of Revenues over Expenses to Net Cash Provided (Used) by Operating Activities:			
(Increase) Decrease in:			
Assessments Receivable	634	-	634
Prepaid Insurance	(2,082)	-	(2,082)
Interest Receivable	-	1,680	1,680
Increase (Decrease) in:			
Accounts Payable	10,711	-	10,711
Prepaid Assessments	(556)	-	(556)
Income Taxes Payable	3,663	-	3,663
Net Cash Provided (Used) by Operating Activities	<u>67,559</u>	<u>(214,721)</u>	<u>(147,162)</u>
Net Increase(Decrease) in Cash	67,559	(214,721)	(147,162)
Cash at Beginning of Year	52,765	757,726	810,491
Interfund Transfers (Net)	(26,735)	26,735	-
Cash at End of Year	<u><u>\$ 93,589</u></u>	<u><u>\$ 569,740</u></u>	<u><u>\$ 663,329</u></u>
Supplemental Disclosure:			
Income Taxes Paid	\$ 2,164	\$ -	\$ 2,164

See accompanying notes and independent accountant's review report.

VILLA ANTIGUA HOMEOWNERS ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

NOTE 1.      ORGANIZATION

Villa Antigua Homeowners Association is a common interest realty association that was incorporated on March 15, 1978, under the general nonprofit laws of the State of California. The Association was organized to provide for the management and maintenance of the commonly owned areas of the housing development which includes 202 residential units located in San Diego, California.

NOTE 2.      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Association's records are maintained on the modified accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when paid. The accompanying financial statements and the Association's corporate income tax returns have been prepared on the accrual method of accounting in accordance with generally accepted accounting principles whereby revenues are recognized when earned and expenses are recognized when incurred.

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

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

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association.

Personal property and equipment acquired by the Association, if material, are recorded at cost. These assets, if significant in amount, are capitalized and depreciated over their estimated useful lives using the straight-line method of depreciation.

Statement of Cash Flows

According to FASB ASC 230-10 regarding the Statement of Cash Flows, certificates of deposits and securities with original maturities of three months or less are classified as cash equivalents. Certificates of deposit and securities with original maturities over three months are considered short-term investments. The Association's policy is to treat all cash, cash equivalents, and short-term investments together as cash funds.

VILLA ANTIGUA HOMEOWNERS ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

Interest Income

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

Estimates

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

NOTE 3. INCOME TAXES

For the year ended June 30, 2024, the Association filed its tax returns as a homeowners association under IRC Section 528 and State Revenue & Tax Code 23701T, whereby the Association is generally taxed on non-membership income, such as interest earnings. Federal and California income tax expenses for the year were \$5,893 and \$1,914, respectively. As of June 30, 2024, the Association owes \$4,173 in Federal and \$1,020 in California income taxes. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates, if any, are appropriate based on the current facts and circumstances. Further, the Association has concluded that as of June 30, 2024, there are no uncertain tax positions taken that would require recognition of a liability or disclosure in the financial statements. The Association's income tax returns are subject to examination by the Internal Revenue Service generally for three years and the California Franchise Tax Board generally for four years after the returns were filed.

NOTE 4. MEMBER ASSESSMENTS & REVENUE RECOGNITION

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. The annual budget and assessments of members are determined by the Board of Directors, who are elected by owners. Any excess assessments at the year-end are retained by the Association for use in the succeeding year. The Association records both the Operating and Replacement Funds assessments as revenue when due, which is in compliance with FASB ASC 606. Monthly assessments to members were \$370 per unit for the year.

NOTE 5. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's policy is to accumulate funds for future major repairs and replacements. Accumulated funds are held in separate interest-bearing accounts and are generally not available for operating purposes.

The Association engaged an independent consultant who conducted a study in May 2024 to estimate the remaining useful lives and the replacement costs of the common property components. The table included in the compiled Supplementary Information on Future Major Repairs and Replacements is based on this study.



VILLA ANTIGUA HOMEOWNERS ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

The Association is funding for 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 the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs. If additional funds are needed, however, the Association has the right, subject to its governing documents, to increase regular assessments, levy special assessments, or delay major repairs and replacements until funds are available.

NOTE 6. ASSESSMENTS RECEIVABLE

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments and charges from unit owners. The Association's governing documents provide for various collection methods for delinquent assessments and other charges, including filing of liens on an owner's unit, foreclosing on the unit owner, and obtaining a legal judgement on an owner's other assets. As of June 30, 2024, there are \$486 in assessments and charges due from homeowners and \$18,063 of assessments have been paid in advance.

NOTE 7. FAIR VALUE MEASUREMENTS

Fair values are measured along the following criteria:

Level 1 input: Quoted prices in active markets for identical assets

Level 2 input: Significant observable inputs

Level 3 input: Significant unobservable inputs

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Cash and cash equivalents: The carrying amount approximates fair value because of the short maturities.
- Certificates of deposit: The fair value of certificates of deposit is determined based on quoted market prices.

Fair values of the Association's financial instruments at June 30, 2024 are as follows, and all values are classified as Level 1 inputs:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:		
Cash and Cash Equivalents	\$323,329	\$323,329
Certificates of Deposit	340,000	340,000

VILLA ANTIGUA HOMEOWNERS ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

NOTE 8. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 17, 2024, the date that the financial statements were available to be issued.

VILLA ANTIGUA HOMEOWNERS ASSOCIATION  
SUPPLEMENTARY INFORMATION ON FUTURE  
MAJOR REPAIRS AND REPLACEMENTS  
JUNE 30, 2024  
(unaudited)

The Association engaged an independent consultant to estimate the remaining useful lives and the replacement costs of the components of common property as of June 30, 2024. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement 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 or replacement.

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

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Designated Components of Fund Balance at June 30, 2024</u>
Building Envelope	0 to 26	\$ 2,995,900	\$ 413,653
Fencing/Walls/Gates	1 to 39	290,250	40,076
Clubhouse Interiors	1 to 18	97,185	13,419
Recreation	1 to 23	274,995	37,969
Landscaping/Irrigation	0 to 28	205,100	28,319
Miscellaneous	0 to 27	271,145	37,437
Total		<u>\$ 4,134,575</u>	<u>\$ 570,873</u>

According to the study, the annual replacement funding requirement and accumulated replacement funding requirement are \$333,600 and 2,031,052, respectively. The study determined the funding program to be 31.50% funded as of June 30, 2024.

See Independent Accountant's Review Report