

***Audited
Financial Statements***

PGA WEST RESIDENTIAL
ASSOCIATION, INC.

DECEMBER 31, 2024 AND 2023

INDEPENDENT AUDITORS' REPORT

Board of Directors and Members
PGA West Residential Association, Inc.
La Quinta, California

Opinion

We have audited the accompanying financial statements of PGA West Residential Association, Inc., which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of comprehensive income, changes in fund balances, and cash flows for the years 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 PGA West Residential Association, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 PGA West Residential Association, Inc. 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.

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 PGA West Residential Association, Inc.'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.

(Continued)

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the 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 judgment 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 PGA West Residential Association, Inc.'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PGA West Residential Association, Inc.'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenses and replacement fund balances on pages 12 - 14 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Board of Directors and Members
PGA West Residential Association, Inc.
La Quinta, California

(Continued)

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information on future major repairs and replacements on page 15 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 inquiries 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.

Palm Springs, California

February 21, 2025

PGA WEST RESIDENTIAL ASSOCIATION, INC.

BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

	<u>ASSETS</u>			<u>TOTALS</u>	
	Operating	Property	Replacement	2024	2023
	Fund	Fund	Fund		
ASSETS					
Cash and cash equivalents	\$ 1,764,706	\$ -	\$ 6,125,853	\$ 7,890,559	\$ 2,855,393
Certificates of deposit	-	-	150,010	150,010	150,010
Investments	352,380	-	8,652,874	9,005,254	13,788,359
Assessments receivable, less allowance for doubtful accounts of \$19,000 in 2024 and \$65,521 in 2023	142,753	-	-	142,753	71,427
Accrued interest receivable	4,680	-	96,146	100,826	97,053
Prepaid expense	305,910	-	-	305,910	763,352
Investment in foreclosed unit	-	-	-	-	422,072
Inter-fund receivable/payable	15,890	-	(15,890)	-	-
Property and equipment, net	-	588,637	-	588,637	613,768
	<u>\$ 2,586,319</u>	<u>\$ 588,637</u>	<u>\$ 15,008,993</u>	<u>\$ 18,183,949</u>	<u>\$ 18,761,434</u>

LIABILITIES AND FUND BALANCES

LIABILITIES					
Accounts payable	\$ 298,346	\$ -	\$ -	\$ 298,346	\$ 405,283
Income taxes payable	-	-	172,219	172,219	-
Accrued payroll	194,433	-	-	194,433	157,745
Prepaid assessments	281,541	-	-	281,541	297,443
Construction deposits	133,125	-	-	133,125	133,860
	<u>907,445</u>	<u>-</u>	<u>172,219</u>	<u>1,079,664</u>	<u>994,331</u>
FUND BALANCES					
Operating fund	1,678,874	-	-	1,678,874	1,623,661
Property and equipment fund	-	588,637	-	588,637	613,768
Replacement fund	-	-	14,836,774	14,836,774	15,542,443
Accumulated other comprehensive income	-	-	-	-	(12,769)
	<u>1,678,874</u>	<u>588,637</u>	<u>14,836,774</u>	<u>17,104,285</u>	<u>17,767,103</u>
	<u>\$ 2,586,319</u>	<u>\$ 588,637</u>	<u>\$ 15,008,993</u>	<u>\$ 18,183,949</u>	<u>\$ 18,761,434</u>

The accompanying notes are an integral part of these financial statements.

PGA WEST RESIDENTIAL ASSOCIATION, INC.

**STATEMENTS OF COMPREHENSIVE INCOME AND
CHANGES IN FUND BALANCES**

YEAR ENDED DECEMBER 31, 2024

	Operating Fund	Property Fund	Replacement Fund	Totals
REVENUES				
Member assessments	\$ 9,571,188	\$ -	2,384,208	\$ 11,955,396
Investment income	36,702	-	711,116	747,818
Late fees and other	323,923	-	-	323,923
	<u>9,931,813</u>	<u>-</u>	<u>3,095,324</u>	<u>13,027,137</u>
EXPENSES				
Utilities	2,112,212	-	-	2,112,212
Landscape maintenance	4,252,608	-	-	4,252,608
Pools and spas	450,099	-	-	450,099
Lake complex	56,417	-	-	56,417
Common area maintenance	1,022,535	-	-	1,022,535
Street and drive maintenance	40,680	-	-	40,680
Trash removal	63,061	-	-	63,061
Pest control	98,758	-	-	98,758
General and administrative	862,379	-	207,373	1,069,752
Insurance	919,121	-	-	919,121
Depreciation	-	48,809	-	48,809
Replacement fund expenditures	-	-	3,555,903	3,555,903
	<u>9,877,870</u>	<u>48,809</u>	<u>3,763,276</u>	<u>13,689,955</u>
Excess (deficiency) of revenues over expenses	<u>\$ 53,943</u>	<u>\$ (48,809)</u>	<u>\$ (667,952)</u>	<u>\$ (662,818)</u>
FUND BALANCES, beginning of the year	\$ 1,624,931	\$ 613,768	\$ 15,528,404	\$ 17,767,103
Excess (deficiency) of revenues over expenses for the year	53,943	(48,809)	(667,952)	(662,818)
Inter-fund transfers	-	23,678	(23,678)	-
FUND BALANCES, end of the year	<u>\$ 1,678,874</u>	<u>\$ 588,637</u>	<u>\$ 14,836,774</u>	<u>\$ 17,104,285</u>

The accompanying notes are an integral part of these financial statements.

PGA WEST RESIDENTIAL ASSOCIATION, INC.

**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES**

YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Property Fund	Replacement Fund	Totals
REVENUES				
Member assessments	\$ 9,148,680	\$ -	\$ 2,300,820	\$ 11,449,500
Interest income	49,403	-	197,354	246,757
Late fees and other	115,670	-	-	115,670
	<u>9,313,753</u>	<u>-</u>	<u>2,498,174</u>	<u>11,811,927</u>
EXPENSES				
Utilities	2,147,303	-	-	2,147,303
Landscape maintenance	4,162,395	-	-	4,162,395
Pools and spas	433,180	-	-	433,180
Lake complex	63,694	-	-	63,694
Common area maintenance	1,007,172	-	-	1,007,172
Street and drive maintenance	39,598	-	-	39,598
Trash removal	59,878	-	-	59,878
Pest control	105,118	-	-	105,118
General and administrative	829,784	-	60,387	890,171
Insurance	778,720	-	-	778,720
Depreciation	-	58,640	-	58,640
Replacement fund expenditures	-	-	1,774,594	1,774,594
	<u>9,626,842</u>	<u>58,640</u>	<u>1,834,981</u>	<u>11,520,463</u>
Excess (deficiency) of revenues over expenses	<u>(313,089)</u>	<u>(58,640)</u>	<u>663,193</u>	<u>291,464</u>
OTHER COMPREHENSIVE INCOME				
Net unrealized gains on investments	20,117	-	645,821	665,938
TOTAL COMPREHENSIVE INCOME	<u>\$ (292,972)</u>	<u>\$ (58,640)</u>	<u>\$ 1,309,014</u>	<u>\$ 957,402</u>
FUND BALANCES, beginning of the year	\$ 1,917,903	\$ 648,730	\$ 14,243,068	\$ 16,809,701
COMPREHENSIVE INCOME				
Excess (deficiency) of revenues over expenses	(313,089)	(58,640)	663,193	291,464
Net unrealized gains on investments	20,117	-	645,821	665,938
TOTAL COMPREHENSIVE INCOME	<u>(292,972)</u>	<u>(58,640)</u>	<u>1,309,014</u>	<u>957,402</u>
Inter-fund transfers	-	23,678	(23,678)	-
FUND BALANCES, end of the year	<u>\$ 1,624,931</u>	<u>\$ 613,768</u>	<u>\$ 15,528,404</u>	<u>\$ 17,767,103</u>

The accompanying notes are an integral part of these financial statements.

PGA WEST RESIDENTIAL ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	Operating Fund	Property Fund	Replacement Fund	TOTALS	
				2024	2023
NET CASH FLOWS FROM OPERATING ACTIVITIES					
Excess (deficiency) of revenues over expenses	\$ 53,943	\$ (48,809)	\$ (667,952)	\$ (662,818)	\$ 291,464
Adjustments to reconcile net revenues over expenses to net cash flow from operating activities:					
Depreciation	-	48,809	-	48,809	58,640
(Increase) Decrease in:					
Assessments receivable	(71,326)	-	-	(71,326)	(17,346)
Accrued interest receivable	14,312	-	(18,085)	(3,773)	(66,213)
Prepaid expense	467,737	-	(10,295)	457,442	(95,314)
Inter-fund receivable/payable	(26,830)	-	26,830	-	-
Increase (Decrease) in:					
Accounts payable	(106,937)	-	-	(106,937)	124,865
Income taxes payable	-	-	172,219	-	-
Accrued payroll	36,688	-	-	36,688	24,783
Prepaid assessments	(15,902)	-	-	(15,902)	(50,981)
Construction deposits	(735)	-	-	(735)	9,100
Rental deposits	-	-	-	-	(6,220)
Net cash provided (used) by operating activities	<u>350,950</u>	<u>-</u>	<u>(497,283)</u>	<u>(318,552)</u>	<u>272,778</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of equipment	-	(23,678)	-	(23,678)	(23,678)
Sale of investments	1,000,705	-	12,785,838	13,786,543	11,335,584
Purchase of investments	(200,555)	-	(8,802,883)	(9,003,438)	(9,743,497)
Investment in foreclosed unit	422,072	-	-	422,072	(115,241)
Net cash used by investing activities	<u>1,222,222</u>	<u>(23,678)</u>	<u>3,982,955</u>	<u>5,181,499</u>	<u>1,453,168</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Inter-fund transfer	-	23,678	(23,678)	-	-
Net cash provided (used) by financing activities	<u>-</u>	<u>23,678</u>	<u>(23,678)</u>	<u>-</u>	<u>-</u>
NET INCREASE IN CASH	1,573,172	-	3,461,994	5,035,166	1,725,946
CASH AND CASH EQUIVALENTS, beginning of year	<u>191,534</u>	<u>-</u>	<u>2,663,859</u>	<u>2,855,393</u>	<u>1,129,447</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,764,706</u>	<u>\$ -</u>	<u>\$ 6,125,853</u>	<u>\$ 7,890,559</u>	<u>\$ 2,855,393</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION					
Cash paid during the year for:					
Income taxes				<u>\$ 16,665</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

PGA WEST RESIDENTIAL ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The PGA West Residential Association, Inc. is a statutory condominium association organized as a not-for-profit corporation for purposes of maintaining and preserving common property of the condominium. The PGA West Residential Association consisted of 1422 units at December 31, 2024, occupying a site of approximately 245 acres located in La Quinta, California. The Association began its operations in December 1985.

Accounting Method

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

Property Fund – This fund is used to account for the property and equipment capitalized by the Association.

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

Cash Equivalents

The Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments consist of U.S. treasuries, municipal bonds, corporate bonds, exchange traded funds and municipal bond funds that are held for an indefinite period and thus classified as available for sale and recorded at market value.

Property and Equipment

Personal property and equipment and real property purchased by the Association are recorded at cost and are depreciated over their estimated useful lives using the straight-line method of depreciation. Real property and common areas acquired from the developer and related improvements to such property are not recognized as assets on the Association's financial statements. Expenditures for major repairs and replacements are accounted for as replacement fund expenditures for purposes of financial reporting.

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association's 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 policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent.

PGA WEST RESIDENTIAL ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Homeowners' associations may elect to be taxed as regular corporations or as homeowners' associations. The Association elected to be taxed as a homeowner association for 2024 and 2023. The Association is taxed on non-membership income, such as interest earnings.

The Association's policy is to record income tax related interest and penalties in operating expenses. For the years ended December 31, 2024 and 2023 there was no interest or penalties expense recorded and no accrued interest or penalties.

Date of Management's Review

Subsequent events have been evaluated through February 21, 2025, which is the date the financial statements were available to be issued.

Fair Value of Financial Instruments

The Association's investments were measured in 2023 using fair value measurements, which, among other things, establish a hierarchal framework for disclosure of and measurement of investments at fair value defined as Level I, II, and III inputs. These inputs are based on a number of factors, including the type of investment and the characteristics specific to the investment. The Association's investments are all considered to be Level I inputs as they are based on quoted market prices.

NOTE 1: OWNERS' ASSESSMENTS AND ASSESSMENTS RECEIVABLE

Association members are subject to paying assessments to fund the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessment's receivable at December 31, 2024 and 2023 represent assessments and other fees due from owners. The Association's governing documents provide for various collection remedies for delinquent assessments, including liens on the owner's unit, foreclosing on the unit owner, or obtaining a judgment on other assets of the unit owner. The Association uses the allowance method for estimating uncollectable assessments.

Monthly assessments to condominium owners were \$598 - \$956 in 2024 and \$572 - \$916 in 2023, depending on location. Of those amounts, \$88 - \$202 in 2024 and \$86 - \$174 in 2023 were designated to the replacement fund.

Monthly assessments to custom homes and lots owners were \$130 - \$509 in 2024 and \$128 - \$507 in 2023, depending on location. Of those amounts, \$48 - \$56 in 2024 and 2023 were designated to the replacement fund.

The annual budget and owners' assessments are determined and approved by the Board of Directors. The Association retains excess operating funds, if any, at the end of the operating year for use in future operating periods.

PGA WEST RESIDENTIAL ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE 2: COMMON PROPERTY

On December 31, 2024 and 2023 the Association held title to common real property consisting of land, roads, pools and spas, lakes, and greenbelts on approximately 245 acres of land. The Association is responsible for preserving and maintaining the properties and may not dispose of them. In conformity with industry practice, the Association's common property is not recognized as assets.

NOTE 3: INVESTMENTS

Investments are stated at adjusted cost basis and are considered to be held to maturity in 2024 and are stated at market value in 2023 based on quoted market prices and are considered to be available for sale. The investments are comprised of US treasuries, corporate bonds, agency securities, municipal bonds and municipal bond mutual funds, with maturities of one to ten years.

The Association's investments consisted of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Municipal bonds	\$ 1,479,376	\$ 2,694,203
U.S. treasuries	5,626,706	5,365,740
Agency securities	1,899,12	1,347,974
Corporate bonds	-	647,313
Exchange traded funds	-	1,102,300
Municipal mutual bond funds	-	2,630,829
Total investments	<u>\$ 9,005,254</u>	<u>\$13,788,359</u>

Included in investment income are realized gains of \$6,027 in 2024 and \$12,769 of unrealized gains reclassified out of accumulated other comprehensive income and losses of \$198,038 in 2023, resulting from sales and bond redemptions. Included in other comprehensive income are unrealized losses of \$665,939 for the year ended December 31, 2023. Included in accumulated other comprehensive income are unrealized losses of \$12,769 as December 31, 2023.

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Office/maintenance facility	\$ 1,428,469	\$ 1,428,469
Maintenance trucks and equipment	298,220	312,542
Irrigation equipment	25,722	25,722
Office equipment	73,224	73,224
	1,825,635	1,839,957
Less: Accumulated depreciation	<u>(1,236,998)</u>	<u>(1,226,189)</u>
	<u>\$ 588,637</u>	<u>\$ 613,768</u>

NOTE 5: INTER-FUND TRANSFERS

During the years ended December 31, 2024 and 2023, interfund transfers consisted of \$23,678 of equipment purchased by the replacement fund and capitalized in the property fund.

PGA WEST RESIDENTIAL ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE 6: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for expenditures for normal operations.

The Board of Directors engaged an outside consultant to conduct a study in November 2024 to estimate the remaining useful lives and the replacement costs of the components of common property.

The study is based on current estimated replacement costs. Funding requirements consider an annual inflation rate of 3.0 percent and interest of 4.0 percent before income taxes, on amounts funded for future major repairs and replacements. The table included on page 15 in the unaudited supplementary information on future major repairs and replacements is based on the study.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of future replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the funding requirement of \$2,413,948 has been included in the 2025 budget.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 7: SIMPLE IRA PLAN

The Association offers its employees, who have been employed for a minimum of ninety days and have made at least \$5,000, the opportunity to voluntarily participate in a Simple IRA Plan. The Association matched employee contributions to 3% of the employees' annual income. Amounts contributed to the employees' plans by the Association were \$32,137 and \$37,092 for 2024 and 2023, respectively.

PGA WEST RESIDENTIAL ASSOCIATION, INC.

SCHEDULES OF EXPENSES

YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
UTILITIES		
Electricity	\$ 367,938	\$ 345,084
Gas	389,360	504,463
Water	523,799	455,172
Cable television and internet	831,115	842,584
	<u>\$ 2,112,212</u>	<u>\$ 2,147,303</u>
LANDSCAPE MAINTENANCE		
Landscape contract	\$ 3,163,363	\$ 3,122,201
Landscape management	156,728	145,640
Irrigation labor	426,184	350,128
Plant replacement	86,825	82,653
Color	80,340	89,238
Landscape other	138,110	176,637
Irrigation maintenance	70,233	71,934
Tree service	130,825	123,964
	<u>\$ 4,252,608</u>	<u>\$ 4,162,395</u>
POOLS AND SPAS		
Pool contract maintenance	\$ 208,560	\$ 199,304
Pool extras/supplies	148,370	144,093
Pool deck labor and expense	47,017	45,935
Licenses	46,152	43,848
	<u>\$ 450,099</u>	<u>\$ 433,180</u>
LAKE COMPLEX		
Labor	\$ 31,067	\$ 29,673
Lake supplies and chemicals	25,350	34,021
	<u>\$ 56,417</u>	<u>\$ 63,694</u>
COMMON AREA MAINTENANCE		
Labor	\$ 440,916	\$ 387,588
Common area repairs, materials and supplies	105,338	82,873
Lighting materials and supplies	11,846	3,549
Roof repairs, materials and supplies	464,435	533,162
	<u>\$ 1,022,535</u>	<u>\$ 1,007,172</u>

PGA WEST RESIDENTIAL ASSOCIATION, INC.

SCHEDULES OF EXPENSES

YEARS ENDED DECEMBER 31, 2024 AND 2023

(CONTINUED)

	<u>2024</u>	<u>2023</u>
STREET AND DRIVE MAINTENANCE		
Supplies, truck fuel, and miscellaneous	\$ 40,680	\$ 39,598
TRASH REMOVAL		
Truck driver labor	\$ 24,444	\$ 21,044
Trash supplies	8,741	7,194
Waste dump fees	29,876	31,640
	<u>\$ 63,061</u>	<u>\$ 59,878</u>
PEST CONTROL		
Pest control labor	\$ 92,840	\$ 89,018
Chemicals and supplies	5,304	12,232
Termite inspection/treatment	614	3,868
	<u>\$ 98,758</u>	<u>\$ 105,118</u>
GENERAL AND ADMINISTRATIVE		
Administrative payroll costs	\$ 634,609	\$ 611,103
Legal and accounting fees	57,715	83,089
Reproduction and supplies	30,532	22,610
Postage	12,053	10,428
Office expense	67,992	64,862
Other	11,573	10,880
Bad debt expense (recovery)	22,036	(2,593)
Telephone	13,302	15,407
Personnel safety and training	12,567	13,998
	<u>\$ 862,379</u>	<u>\$ 829,784</u>
INSURANCE		
Insurance expense	\$ 919,121	\$ 778,720

PGA WEST RESIDENTIAL ASSOCIATION, INC.

SCHEDULE OF REPLACEMENT FUND BALANCES

YEAR ENDED DECEMBER 31, 2024

	Balance Jan 1, 2024	Additions	Expenditures	Transfers	Balance Dec 31, 2024
Common areas	\$ 6,925,596	\$ 785,350	\$ 2,410,894	\$ 113,289	\$ 5,413,341
Pools	1,811,536	451,694	164,845		2,098,385
Champions	1,068,372	326,027	118,363		1,276,036
Legends	1,898,029	399,451	325,480		1,972,000
SRS2 Homes & lots	279,399	16,908	11,655		284,652
Classics	396,834	52,618	127,795		321,657
Medalists	13,961	3,053	2,575		14,439
Galleries	578,238	66,266	6,250		638,254
Fairways	629,958	55,590	85,657		599,891
Fairways lake	56,495	7,524	6,490		57,529
Montecito	253,595	29,232	-		282,827
Tournament	354,120	40,471	138,000		256,591
Laurels	59,403	9,503	-		68,906
Greens	741,210	112,606	152,099		701,717
SRP1 & SRP2 lakes	273,904	23,701	-		297,605
Highlands	7,182	1,077	-		8,259
Lake SRS 1 & lots	57,644	3,137	5,800		54,981
Investment income, net of tax	122,928	711,116	207,373	(136,967)	489,704
	<u>\$ 15,528,404</u>	<u>\$ 3,095,324</u>	<u>\$ 3,763,276</u>	<u>\$ (23,678)</u>	<u>\$ 14,836,774</u>

PGA WEST RESIDENTIAL ASSOCIATION, INC.

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

DECEMBER 31, 2024

(UNAUDITED)

The Board of Directors engaged an outside consultant to conduct a study in November 2024 to estimate the remaining useful lives and the replacement costs of the components of common property. The study is based on current estimated replacement costs. Funding requirements consider an annual inflation rate of 3.0 percent and interest of 4.0 percent before income taxes, on amounts funded for future major repairs and replacements.

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

Components	Estimated Remaining Useful Lives (In Years)	Estimated Current Replacement Costs	2025 Funding Requirements	Components of Fund Balance at Dec. 31, 2024
Common area	0 - 34	\$31,523,561	\$ 2,358,458	\$ 5,413,341
Pools & spas	0 - 18	4,910,250	-	2,098,385
Champions	0 - 27	2,391,770	-	1,276,036
Legends	0 - 20	4,222,625	-	1,972,000
SRS2 homes & lots	1 - 25	1,531,550	18,597	284,652
Classics	4 - 21	593,300	-	321,656
Medalists	0 - 5	19,040	-	14,439
Galleries	0 - 35	309,700	-	638,254
Fairways	0 - 14	400,100	-	599,891
Lake Fairways SRP3	4 - 22	346,200	8,126	57,529
Montecito	1 - 13	111,300	-	282,829
Tournament	0 - 9	139,650	-	256,591
Laurels	2 - 20	62,500	-	68,905
Greens	0 - 22	732,450	-	701,717
Greens Lakes SRP1 & 2	1 - 32	1,359,160	25,288	297,605
Highland	0 - 19	10,950	-	8,260
Lake SRS1 & lots	1 - 30	224,850	3,479	54,981
Interest, net of tax	-	-	-	489,703
		<u>\$48,888,956</u>	<u>\$ 2,413,948</u>	<u>\$14,836,774</u>