



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of River View Vista Estates, Inc.

We have reviewed the accompanying financial statements of River View Vista Estates, Inc., which comprise the balance sheets as of December 31, 2023, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of River View Vista Estates, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion on the Financial Statements

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously reviewed River View Vista Estates, Inc.'s December 31, 2022 financial statements and stated that we were not aware of any material modifications that should be made on those financial statements in our report dated October 9, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

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 on page 12 be presented to supplement the basic financial statements. Such information, 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 compiled the supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on it.

Hudspeth & Company, PC

Portland, Oregon
November 8, 2024

RIVER VIEW VISTA ESTATES, INC.

BALANCE SHEETS

December 31, 2023 (With Comparative Totals for 2022)

	Operating Fund	Replacement Fund	Totals	
			2023	2022
CURRENT ASSETS				
Cash and cash equivalents	\$ 45,298	\$ 638,419	\$ 683,717	\$ 435,743
Certificate of deposits	-	101,528	101,528	160,238
Current portion of investments	-	15,510	15,510	17,458
Assessments receivable	5,693	-	5,693	967
Other receivables-related parties	89,832	-	89,832	56,543
Prepaid taxes	179	-	179	186
Interfund transfers	(38,593)	38,593	-	-
Prepaid insurance	1,318	-	1,318	4,924
	103,727	794,050	897,777	676,059
INVESTMENTS				
Certificate of deposits	-	-	-	101,528
Mortgage backed securities	-	22,364	22,364	20,630
	-	22,364	22,364	20,630
Total Assets	\$ 103,727	\$ 816,414	\$ 920,141	\$ 798,217
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 70,964	\$ -	\$ 70,964	\$ 39,472
Related party payable	-	3,942	3,942	21,272
Income taxes payable	-	4,252	4,252	-
Prepaid dues	4,916	-	4,916	2,492
	75,880	8,194	84,074	63,236
Total Current Liabilities	75,880	8,194	84,074	63,236
Reserve-contracts liability	-	808,220	808,220	724,592
Fund balances	27,847	-	27,847	10,389
Total Liabilities and Fund Balances	\$ 103,727	\$ 816,414	\$ 920,141	\$ 798,217

See accompanying notes and independent accountants' review report

RIVER VIEW VISTA ESTATES, INC.

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2023 (With Comparative Totals for 2022)

	Operating Fund	Replacement Fund	Totals	
			2023	2022
REVENUE				
Member assessments	\$ 275,175	\$ 115,779	\$ 390,954	\$ 345,740
Interest income	7	26,760	26,767	8,659
Other income	6,286	-	6,286	-
Reserve transfer to contracts liability	-	(83,628)	(83,628)	(120,459)
	281,468	58,911	340,379	233,940
EXPENSES				
Repairs and replacements	10,162	54,659	64,821	13,769
Water and sewer	41,736	-	41,736	41,736
Waste removal	15,401	-	15,401	14,514
Legal and professional	10,815	-	10,815	1,541
Directors and officers insurance	16,230	-	16,230	5,603
Propane expense	16,129	-	16,129	25,161
Miscellaneous	3,607	-	3,607	3,243
Sports center fees	9,739	-	9,739	8,617
Eagle Crest Management, LLC charges for:				
Guest services	21,507	-	21,507	19,767
Common area landscaping	42,169	-	42,169	38,626
Snow removal	360	-	360	2,575
Management fees	27,087	-	27,087	24,896
Eagle Crest Master Association dues	49,068	-	49,068	46,248
	264,010	54,659	318,669	246,296
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES BEFORE INCOME TAXES				
	17,458	4,252	21,710	(12,356)
Income tax expense	-	4,252	4,252	-
	-	-	-	-
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES				
	17,458	-	17,458	(12,356)
BEGINNING FUND BALANCES				
	10,389	-	10,389	22,745
ENDING FUND BALANCES				
	\$ 27,847	\$ -	\$ 27,847	\$ 10,389

See accompanying notes and independent accountants' review report

RIVER VIEW VISTA ESTATES, INC.

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2023 (With Comparative Totals for 2022)

	Operating Fund	Replacement Fund	Totals 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Excess (deficit) of revenue over expenses	\$ 17,458	\$ -	\$ 17,458	\$ (12,356)
Adjustments to reconcile excess (deficit) of revenue over expenses to net cash provided (used) by operating activities:				
(Increase) decrease in:				
Assessments receivable	(4,726)	-	(4,726)	24,086
Other receivables	-	-	-	8,758
Other related party receivables	(33,289)	-	(33,289)	(53,777)
Prepaid taxes	7	-	7	-
Prepaid insurance	3,606	-	3,606	(1,690)
Increase (decrease) in:				
Accounts payable	31,492	2,956	34,448	25,702
Related party payables	(20,286)	-	(20,286)	20,286
Income taxes payable	-	4,252	4,252	-
Reserve-contracts liability	-	83,628	83,628	120,459
Prepaid dues	2,424	-	2,424	653
Net Cash Provided (Used) by Operating Activities	<u>(3,314)</u>	<u>90,836</u>	<u>87,522</u>	<u>132,121</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
(Purchase) of Certificates of deposit	-	160,238	160,238	-
Return of principal-marketable securities	-	214	214	13,718
Interfund transfers	19,949	(19,949)	-	-
Net Cash Provided (Used) by Investing Activities	<u>19,949</u>	<u>140,503</u>	<u>160,452</u>	<u>13,718</u>
Net Increase (Decrease) in Cash	16,635	231,339	247,974	145,839
CASH, beginning of year	<u>28,663</u>	<u>407,080</u>	<u>435,743</u>	<u>289,904</u>
CASH, end of year	<u>\$ 45,298</u>	<u>\$ 638,419</u>	<u>\$ 683,717</u>	<u>\$ 435,743</u>
SUMMARY OF CASH ACCOUNTS				
Operating funds-undesignated			\$ 45,298	\$ 28,663
Designated for future repairs and replacements			638,419	407,080
			<u>\$ 683,717</u>	<u>\$ 435,743</u>
Supplemental Disclosure:				
Cash paid for income taxes			\$ -	\$ -

See accompanying notes and independent accountants' review report

RIVER VIEW VISTA ESTATES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

DESCRIPTION OF ORGANIZATION-

River View Vista Estates, Inc. was incorporated on March 29, 1990 in the state of Oregon as a non-profit homeowners' association. The Association is responsible for the operation and maintenance of common property. The development currently includes 47 units, roads and common property occupying approximately 4.5 acres. The Association is part of the Eagle Crest development, which is located near Redmond, Oregon. All owners belong to Eagle Crest Master Association and River View Vista Estates, Inc. The financial statements include the accounts and records of the Association only and do not include the individual accounts and records of the Co-owners (i.e. 5th, 10th, and 12th share owners). Nine units are wholly owned and the other 38 units consist of fractional ownership.

DATE OF MANAGEMENT'S REVIEW-

In preparation of the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 8, 2024, the date that the financial statements were available to be issued. No items were noted.

SUMMARY OF SIGNIFICANT POLICIES-

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. Disbursements from this fund generally may be made only for designated purposes.

Cash and cash equivalents

The Association considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Association includes Federated Government Money Market funds in cash equivalents.

Investment in marketable securities

Marketable securities, which consist of debt instruments, are carried at amortized cost which approximates market at the balance sheet date. The cost of marketable securities is determined with premiums and discounts amortized over collections. No unrealized gains or losses were recorded during 2023 or 2022.

RIVER VIEW VISTA ESTATES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

SUMMARY OF SIGNIFICANT POLICIES- (Continued)

Member Assessments

Association members are subject to monthly 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 is 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 the properties of homeowners whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. The balances of assessments receivable as of the beginning and end of the year are \$967 and \$5,693, respectively.

Revenue recognition

Assessments and membership dues are billed in advance and are recognized as income when earned. Revenue billed or received, but not earned, is shown as unearned revenue and Reserve-contract liability in the liabilities section of the accompanying balance sheets. All other fees and charges are recognized when the Association's services have been provided. Revenue is not recognized until assessments are collected and adjustments are recorded as contra revenue-bad debt expense.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates in determining financial position and results of operations during the reporting period. Actual results could differ from these estimates.

Interest earned

Interest earned in the funds is allocated by a decision of the Board of Directors. Interest earned in the fund is allocated to the fund which generated the earnings during 2023 and 2022.

Income taxes

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. Under the homeowners' association election, the Association is taxed on its net nonexempt function income, such as interest earnings, at 30% Federal, plus state. Exempt function income, which consists primarily of member assessments, is not taxable.

As a regular corporation, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its net nonmembership income, such as interest earnings, at regular federal and state corporate rates.

RIVER VIEW VISTA ESTATES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

SUMMARY OF SIGNIFICANT POLICIES- (Continued)

Property, improvements and equipment

Real property and common areas acquired from the developer and 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. The Association capitalizes personal property and other improvements to which it holds title.

At December 31, 2023 and 2022, property not capitalized consists of sidewalks, access roads and greenbelts. According to the Association's governing documents, eighty percent of all unit owners must approve dispositions of any common real property.

Comprehensive income

The Association has no components of other comprehensive income. Comprehensive income consists of net unrealized gains or losses from certain securities.

INVESTMENTS-

The Association purchases certificates of deposits and mortgage-backed securities to invest surplus cash. Investments with over a three-month maturity were:

	Maturity	Interest	Market	Unrealized	Accrued	2023	2022
<u>Certificates of Deposit</u>	<u>Date</u>	<u>Rate</u>	<u>Balance</u>	<u>(Gain)</u>	<u>Interest</u>	<u>Adjusted</u>	<u>Adjusted</u>
				<u>Loss</u>		<u>Cost Balance</u>	<u>Cost Balance</u>
Goldman Sachs	January 2024	3.30%	\$ 99,873	\$ 1,655	\$ 1,528	\$ 101,528	\$ 101,528
Nicolet Bank	September 2023	0.95%	-	-	-	-	160,238
Total CDs			99,873	1,655	1,528	101,528	261,766
<u>Mortgage Backed Securities</u>							
Ginnie Mae Pools	2024 to 2047	4 to 8%	31,587	6,287	109	37,874	38,088
Less current portion			(13,873)	-	(1,637)	(15,510)	(17,458)
Total Investments			\$ 117,587	\$ 7,942	\$ -	\$ 123,892	\$ 282,396

The investments have unamortized premiums of \$342 at December 31, 2023 (\$453 in 2022) that are being amortized as principal is returned. The investment securities are mortgage-backed securities that mature between now and 2047. The Association has \$6,287 in unrealized gain at December 31, 2023 (gains of \$6,961 in 2022).

ASC topic 820 establishes a three-level hierarchy to be used when measuring and disclosing fair value of financial instruments. The Association has made no adjustments to quoted prices when valuing these investments. The Board of Directors has determined that, based on the rate of return and investments, the investments have minimal risk.

RIVER VIEW VISTA ESTATES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

INVESTMENTS-(Continued)

The certificate of deposit is FDIC insured. The mortgage backed securities are issued by the Government National Mortgage Association (Ginnie Mae), a U.S. government agency, or the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), U.S. government-sponsored enterprises. Ginnie Mae, backed by the full faith and credit of the U.S. government, guarantees that investors receive timely payments. Fannie Mae and Freddie Mac also provide certain guarantees and, while not backed by the full faith and credit of the U.S. government, have special authority to borrow from the U.S. Treasury. Some of these investments are held in an account not insured by FDIC, however, the investments are insured by the SIPC, and were purchased prior to the requirement to invest in FDIC insured assets. Other of the securities are held in an FDIC insured institution. The Board of Directors has determined that, based on the rate of return and guarantees, that the investments have minimal risk.

The Association also invested in a Federated Government Obligations Fund which is not FDIC insured and invests in a portfolio of U S Treasury and government securities in 397 days or less and repurchase agreements collateralized by U S Treasury and government securities. The Association had \$348,530 in this fund as of December 31, 2023 which are included as cash equivalents (\$166,895 in 2022).

FUTURE MAJOR REPAIRS AND REPLACEMENTS-

The Association's governing documents require funds to be accumulated for major repairs and replacements. Accumulated funds are held in separate accounts and are not generally available for operating purposes. The study includes components with initial lives of between three and thirty years.

During 2024, the Board, through an independent consultant, updated its reserve study to estimate the remaining useful lives and replacement costs of the components of common property. Funding requirements assume an annual inflation rate of 4.8% and rate of investment earnings of 3.0%, net of tax. The table included in the compiled Supplementary Information on Future Major Repairs and Replacements is based on this study.

Funds are being accumulated in the replacement fund over the estimated useful lives of the components and estimates of current replacement expenditures over the subsequent 30-year period, considering amounts previously accumulated in the replacement fund. Accordingly, the funding requirement of \$119,832 was estimated and included in the 2024 budget. Actual expenditures may vary from the estimated amounts and the amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right to increase regular assessments, levy special assessments, subject to member approval, or delay major repairs and replacements until funds are available.

RIVER VIEW VISTA ESTATES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

CONTRACTS LIABILITY (Assessments Received in Advance-Reserve Fund)

The Association recognizes revenue from members as the 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 the satisfaction of performance obligations related to replacement reserve assessments. During the current year, the Association assessed and received \$115,779 in the reserve fund. The balances of contract liabilities (assessments received in advance-reserve fund) as of the beginning and end of the year are \$724,592 and \$808,220, respectively.

RELATED PARTY TRANSACTIONS-

During 2023 and 2022, the Association has a management agreement with Eagle Crest Management. The Corporation is to provide all services and personnel necessary to administer the Association. The Corporation charged \$27,087 for management fees in 2023 (\$24,896 in 2022).

Certain expenses are incurred by the Corporation and its related entities and are charged to the Association based on estimated service provided to the Association. The Corporation owns two sports centers which are available for the members' use for which they paid \$9,739 in 2023 for the wholly- owned units; the fractional units paid their fees directly. The expenses for 2023 are as follows: landscape \$42,169, snow removal \$360 and guest services \$21,507.

The Association pays Eagle Crest Master Association for use of its water and sewer system. Eagle Crest Master Association also charges dues for upkeep of the common property and fees for use of its sports center. The Association collected and paid \$7,590 in sports center fees from wholly-owned units; the fractional units paid sports center fees directly to Eagle Crest Master Association. The total amounts charged by Eagle Crest Master Association to this Association were \$98,396 for 2023 (\$94,742 in 2022). Eagle Crest Acquisition Group, LLC owned one fractional unit at December 31, 2023 and (two in 2022). Eagle Crest Acquisition Group, LLC paid \$840 in dues in 2023 (\$746 in 2022) on the unsold units.

INCOME TAXES-

Income taxes for the year ended December 31, 2023, consisted of the following:

	<u>2023</u>
Current: Federal	\$3,441
State	<u>811</u>
	<u>\$4,252</u>

For the years ended December 31, 2023 and 2022, the Association was taxed as a homeowners' association. Income taxes are due on net investment income. Income taxes are not considered due on membership dues. There was no excess net investment income for the year ended December 31, 2022 and, therefore, no tax due. The Association has no deferred tax assets or liabilities. The Association is no longer subject to US federal and state tax examinations for years prior to December 31, 2021.

RIVER VIEW VISTA ESTATES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

SUBSEQUENT EVENTS-

During 2024, the Association approved a resolution to obtain a bank loan for the replacement of deck sub-structure and decking for 47 living units.

RIVER VIEW VISTA ESTATES, INC.

Supplementary Information on Future Major Repairs and Replacements (Compiled)

December 31, 2023

The Board of Directors, in 2024, through an independent consultant, updated its study to estimate the remaining useful lives and replacement costs of the components of common property. The estimates were obtained from licensed contractors and suppliers who were familiar with the property. Replacement costs were based on estimated costs to repair or replace the common components at the date of the study. The study includes items with remaining lives between one and thirty years.

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

<u>Components</u>	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Cost	Estimated Expenditures 2024
Siding	9 to 11	\$ 1,125,693	\$ -
Roofs	19 to 22	238,709	-
Decks	1	678,088	-
Signs and garbage disclosures	1 to 11	45,016	-
Storage unit doors	4 to 19	85,404	-
Paint	1 to 3	230,606	-
Sewers	0 to 27	397,510	75,120
Roads and paths	3 to 12	127,214	-
Bark	1	14,939	-
Totals		<u>\$ 2,943,179</u>	<u>75,120</u>

The Association at December 31, 2023 has \$808,220 available in the Reserve-contracts liability. At funding levels projected in the reserve study, the Association has adequate reserves through 2051.

See independent accountants' review report.