

**SUN VALLEY ELKHORN ASSOCIATION, INC.**  
**FINANCIAL STATEMENTS**  
**OCTOBER 31, 2024 AND 2023**

**SUN VALLEY ELKHORN ASSOCIATION, INC.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Sun Valley Elkhorn Association, Inc.  
Sun Valley, Idaho

### Opinion

We have audited the financial statements of Sun Valley Elkhorn Association, Inc. which comprise the balance sheet as of October 31, 2024 and 2023 and the related statements of income and changes in owners' equity and cash flows for years then ended, and the related notes to the financial statements. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sun Valley Elkhorn Association, Inc. as of October 31, 2024 and 2023, and the results of 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 conduct our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Sun Valley Elkhorn Association, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Key Audit Matters

Key audit matters are those matters that were communicated with those charged with governance and, in our professional judgement were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Responsibilities of Management 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, 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 and Sun Valley Elkhorn Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

### 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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism through 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 purposes of expressing an opinion on the effectiveness of Sun Valley Elkhorn 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 judgement, there are conditions or events, considered in the aggregate, that raise the substantial doubt about Sun Valley Elkhorn Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

### **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, although not a part of the basic financial statements, is required by the Financial Accounting Independent Auditor's Report

Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. 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. We have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on it.

*Mahlke Hunsaker & Co.*

Mahlke Hunsaker & Company, pllc  
December 20, 2024

**SUN VALLEY ELKHORN ASSOCIATION, INC**

**Balance Sheets  
October 31, 2024 and 2023**

	<b>2024</b>			
	<b>Operating Fund</b>	<b>Capital Reserve</b>	<b>Total</b>	<b>2023 Totals</b>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 307,379	\$ 904,135	\$ 1,211,514	\$ 1,855,185
Accrued Interest & Other Receivables	35,773	3,583	39,356	3,583
Assessments Receivables	70,233	12,103	82,336	125,713
<b>Total Current Assets</b>	<b>413,385</b>	<b>919,821</b>	<b>1,333,206</b>	<b>1,984,481</b>
<b>Fixed Assets:</b>				
Construction in Progress	-	-	-	1,199,733
Property & Equipment, net of accumulated depreciation	6,283,371	-	6,283,371	4,342,696
<b>Total Assets</b>	<b>\$ 6,696,756</b>	<b>\$ 919,821</b>	<b>\$ 7,616,577</b>	<b>\$ 7,526,910</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 142,713	\$ -	\$ 142,713	\$ 46
Accrued Liabilities	33,833	965	34,798	1,250
Income Taxes Payable	20	-	20	20
ADC Completion Deposit	49,000	-	49,000	57,500
Dues paid in advance	16,063	12,103	28,166	33,095
<b>Total Current Liabilities</b>	<b>241,629</b>	<b>13,068</b>	<b>254,697</b>	<b>91,911</b>
Zion's Bank Loan	-	992,802	992,802	1,140,872
<b>Total Long Term Liabilities</b>	<b>-</b>	<b>992,802</b>	<b>992,802</b>	<b>1,140,872</b>
<b>Owners' Equity</b>	<b>6,455,127</b>	<b>(86,049)</b>	<b>6,369,078</b>	<b>6,294,127</b>
<b>Total Liabilities and Owners' Equity</b>	<b>\$ 6,696,756</b>	<b>\$ 919,821</b>	<b>\$ 7,616,577</b>	<b>\$ 7,526,910</b>

The accompanying notes are a part of these financial statements

**SUN VALLEY ELKHORN ASSOCIATION, INC**

**Statements of Income and Changes in Owners' Equity  
For the Years Ended October 31, 2024 and 2023**

	<u>2024</u>			<u>2023</u> <u>Totals</u>
	<u>Operating Fund</u>	<u>Capital Reserve</u>	<u>Total</u>	
<b>Revenues:</b>				
Member Assessments	\$ 1,092,592	\$ 177,388	\$ 1,269,980	\$ 1,128,413
Facility User Dues	-	186,825	186,825	192,584
Amenity Access Fee	14,089	-	14,089	13,052
Special Assessment	-	-	-	1,592,631
Interest	1,834	45,161	46,995	45,353
Other Revenue	179,385	-	179,385	164,074
<b>Total Revenues</b>	<b>1,287,900</b>	<b>409,374</b>	<b>1,697,274</b>	<b>3,136,107</b>
<b>Expenses:</b>				
Management	656,191	-	656,191	624,360
Common Area	97,887	136	98,023	94,437
Harker Center Pool	46,532	-	46,532	11,773
Harker Center Structure	21,859	-	21,859	34,861
Village Pool	115,898	1,461	117,359	128,549
Tennis Program	211,043	4,189	215,232	167,775
Depreciation	231,660	-	231,660	268,403
Interest	-	37,930	37,930	44,487
Other Expenses	104,607	-	104,607	46,338
<b>Total Expenditures</b>	<b>1,485,677</b>	<b>43,716</b>	<b>1,529,393</b>	<b>1,420,983</b>
<b>Loss on assets disposal</b>	<b>92,930</b>	<b>-</b>	<b>92,930</b>	<b>-</b>
<b>Net Income (Loss)</b>	<b>(290,707)</b>	<b>365,658</b>	<b>74,951</b>	<b>1,715,124</b>
<b>Owners' Equity-Beginning</b>	<b>4,512,245</b>	<b>1,781,882</b>	<b>6,294,127</b>	<b>4,579,003</b>
Transfer To/From Capital Reserve	2,233,589	(2,233,589)	-	-
<b>Owners' Equity -Ending</b>	<b>\$ 6,455,127</b>	<b>\$ (86,049)</b>	<b>\$ 6,369,078</b>	<b>\$ 6,294,127</b>

The accompanying notes are a part of these financial statements

**SUN VALLEY ELKHORN ASSOCIATION, INC**

**Statements of Cash Flows  
For the Years Ended October 31, 2024 and 2023**

	<u>2024</u>			<u>2023</u> <u>Totals</u>
	<u>Operating Fund</u>	<u>Capital Reserve</u>	<u>Total</u>	
<b>Cash Flows From Operating Activities:</b>				
Receipts from Members	\$ 1,111,229	\$ 384,024	\$ 1,495,253	\$ 2,551,763
Other Operating Receipts	193,474	-	193,474	177,126
Interest Income	(33,939)	45,161	11,222	43,516
Payments to Suppliers	<u>(1,086,036)</u>	<u>(43,984)</u>	<u>(1,130,020)</u>	<u>(1,153,334)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	184,728	385,201	569,929	1,619,071
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Principal payment on loan	-	(148,070)	(148,070)	(143,019)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	-	(148,070)	(148,070)	(143,019)
<b>Cash Flows From Investing Activities</b>				
(Increase) Decrease in Construction in Progress	-	-	-	(1,199,733)
Purchases of Fixed Assets	<u>(31,674)</u>	<u>(1,033,856)</u>	<u>(1,065,530)</u>	<u>(20,458)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(31,674)</u>	<u>(1,033,856)</u>	<u>(1,065,530)</u>	<u>(1,220,191)</u>
<b>Net Increase (Decrease) in Cash</b>	153,054	(796,725)	(643,671)	255,861
Cash - Beginning of Year	<u>154,325</u>	<u>1,700,860</u>	<u>1,855,185</u>	<u>1,599,324</u>
Cash - End of Year	<u>\$ 307,379</u>	<u>\$ 904,135</u>	<u>\$ 1,211,514</u>	<u>\$ 1,855,185</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (290,707)	\$ 365,658	\$ 74,951	\$ 1,715,124
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	231,660	-	231,660	268,403
Loss on Disposal of Assets	92,930	-	92,930	
Changes in Assets and Liabilities				
Receivables	28,590	14,787	43,377	(13,376)
Accrued Interest Receivables	(35,773)	-	(35,773)	(1,837)
Dues Billed in Advance	(9,953)	5,024	(4,929)	(348,489)
Accounts and Other Payables	<u>167,981</u>	<u>(268)</u>	<u>167,713</u>	<u>(754)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 184,728</u>	<u>\$ 385,201</u>	<u>\$ 569,929</u>	<u>\$ 1,619,071</u>

The accompanying notes are a part of these financial statements

**SUN VALLEY ELKHORN ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Sun Valley Elkhorn Association, Inc. (the Association) was incorporated on June 19, 1972, in the State of Idaho. The Association is responsible for the operation and maintenance of the common property within the development. The development consists of 1,642 residential units located on approximately 5,000 acres in Sun Valley, Idaho. The following is a summary of the more significant policies:

**(A) Basis of Presentation – Basis of Accounting**

**Basis of Presentation:**

The Association maintains its books using the accrual method of accounting. The Association's governing documents provide certain guidelines for oversight of its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund type accounting.

*Fund Financial Statements:* Funds of the Association are segregated according to the fund method of accounting. This methodology requires that funds such as operating funds and funds for major repairs and replacements be classified separately for accounting and financial reporting purposes.

The Association reports the following funds:

*Operating Fund.* This account is funded with regular semi-annual assessments and shall contain funds needed to run the ordinary operations of the Sun Valley Elkhorn Association on a day-to-day basis. The amount to be collected and contained in this fund shall be determined by the Board of Directors through the annual operational budgeting process and shall be collected in the fashion prescribed by the Master Declaration governing Sun Valley Elkhorn Association.

*Capital Reserve Fund.* The funds are for the purpose of repairing, maintaining, or replacing existing capital assets, or for the purchase of capital assets and shall be funded through a regular semi-annual capital assessment. The amount to be collected in this fund shall be determined by the Board of Directors through the annual budgeting process which takes into account the Capital Component Replacement Analysis (Capital Reserve Study) and shall be collected in the fashion prescribed by the Master Declaration governing Sun Valley Elkhorn Association.

**Management's 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 dates of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.



**SUN VALLEY ELKHORN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued**

**(B) Assets, Liabilities, and Equity**

**Cash and Cash Equivalents**

The Association considers all securities purchased to be cash deposits. The balances of securities are adjusted to the current fair market value. The Association places its temporary cash investments with high credit quality financial institutions. The Funds are kept in banks in regular checking accounts, certificates of deposit, money market accounts and US Treasuries. At times, such investments may exceed the FDIC insurance limits. At October 31, 2023 and 2022 there was no cash or cash equivalents in excess of FDIC insurance limits. The funds invested in US securities are not insured with FDIC insurance, they are backed by the full faith and credit of the United States government.

**Member Assessments and Receivables**

Association members are subject to semi-annual assessments. The semi-annual assessments were \$367 for the years ended October 31, 2023 and 2022, respectively. These assessments were allocated as follows:

	<b>Operating Fund</b>	<b>Capital Fund</b>
2024	313.00	54.00
2023	288.50	78.50

The annual budget and assessments of owners are determined by the Board of Directors. Any surplus funds remaining at the end of the audited fiscal year shall be carried forward in the respective funds.

The Board approved facility access fees to be charged to those members who have rental activities for their home or condominium. These fees allow tenants to access the amenities. The charge is \$600 annually and are designated for future replacement and repair of capital assets in which the rental clients enjoy throughout the year. A \$5 public access fee was also approved for guests who use the amenities.

*Receivables:* Assessments receivable as of the balance sheet date represents fees due from property owners. The Association’s policy is to place liens on the properties of homeowners whose assessments are ninety days or more delinquent.

The Association bills its members on a semi-annual basis one month in advance of the semi-annual period. The assessments are payable on the first day of the first month of the semi-annual period. In accordance with this policy, assessments for the months of November through April are billed on November 1, and are payable on December 1. Deferred assessments revenue represents assessments billed in advance of the period in which the assessments are earned by the Association.

**Allowance for Doubtful Accounts**

The Association’s policy is to retain legal counsel and place liens on members whose assessments are in arrears. This policy is strictly enforced after all reasonable efforts to collect have been exhausted. No allowance for doubtful accounts has been established by the Board of Directors. Any outstanding amounts determined not collectible are expensed in the current period.

**SUN VALLEY ELKHORN ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued**

**Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the following estimated useful lives of the related assets.

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20-30 years
Land Improvements	2-25 years
Recreation Facilities	5-40 years
Furniture & Equipment	4-10 years

Normal repairs and maintenance are expensed as incurred whereas significant improvements, which materially increase values or extend useful lives, are capitalized, and depreciated over the remaining estimated useful lives of the related assets.

Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation or amortization are removed from the accounts. Any gain or loss on the sale or retirement is recognized in current operations.

The Association does not recognize common real property as an asset on its balance sheet as it is owned commonly among association members and not by the Association itself.

Construction in progress is recorded as an asset for construction projects that are in progress. Upon completion of the projects those assets will be classified as assets and depreciated over their useful lives.

**Income Taxes**

The Association is a tax-exempt homeowners association under Internal Revenue Code Section 528 for the year ended October 31, 2024 and 2023. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of the Association's property. Net nonexempt function income, which includes earned interest, may be taxed by the federal government and the State of Idaho.

**NOTE 2 CASH AND CASH EQUIVALENTS**

For the purposes of the statement of cash flows, the Association considers all highly liquid investments held by the bank in the form of checking or savings to be cash equivalents.

**SUN VALLEY ELKHORN ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2024 AND 2023**

**NOTE 3 FIXED ASSETS**

The following summarizes the Association's change in fixed assets during the current period.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Buildings	\$ 3,151,822			3,151,822
Recreation Facilities	5,192,366	2,244,068	(207,917)	7,228,517
Equipment, Furniture & Fixtures	367,896	21,198		389,094
Land Improvements	444,370			444,370
<b>Totals</b>	<b>9,156,454</b>	<b>2,265,266</b>	<b>(207,917)</b>	<b>11,213,803</b>
Accumulated Depreciation	(4,813,759)	(231,660)	114,987	(4,930,432)
<b>Net Book Value</b>	<b>\$ 4,342,695</b>			<b>6,283,371</b>

Depreciation expense was \$231,660 and \$268,403 for 2024 and 2023, respectively. Depreciation is calculated on a straight-line basis with lives of 3-39 years.

**NOTE 4 PENSION PLAN**

The Association maintains a qualified retirement plan under Section 401(k) of the Internal Revenue Code. This plan allows employees to defer a portion of their income on a pretax basis through contributions to the plan. The Association makes a matching contribution of up to 6% for eligible employees. Pension Plan expenses were \$11,574 and \$20,881 for the years ended October 31, 2024 and 2023, respectively. The expenses have been included with the various expenses in which the employees are involved on the Statements of Income and Changes in Owners' Equity.

**NOTE 5 FUTURE MAJOR REPAIRS AND REPLACEMENTS**

A component of the annual assessment is designated for the repair or replacement of capital assets. Typical expenses would include plastering pools, spas, wading pools, diving board replacement, new pool covers, pool furniture, pumps, heaters and other equipment, tennis court resurfacing, wind screens, Harker Center carpeting and tile.

Capital purchase funds are set aside for major capital purchases such as rebuilding tennis courts, bathhouses, or adding amenities not covered by the repairs and replacement policies. Funding for this comes from annual assessments. The board maintains a minimum balance of \$250,000 in the capital purchases fund for these purchases, projects and for unexpected events not covered by insurance policies.

**SUN VALLEY ELKHORN ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2024 AND 2023**

**NOTE 6 SUBSEQUENT EVENTS**

Subsequent events were evaluated through December 20, 2024, the date which financial statements were available to be issued. The executive committee has decided to change some accounting practices with the intent to make the financial statement easier to understand and the management of the books easier. The billing cycle will be pushed back a month and the operational and capital accounting records will be combined into one chart of accounts.

Required Supplementary Information

**Sun Valley Elkhorn Association, Inc.**  
**Supplementary Information of Future**  
**Major Repairs and Replacements**  
**October 31, 2024**

	<b>Estimated Remaining Useful Lives (Years)</b>	<b>Estimated Repair or Replacement Costs</b>
	<u>                    </u>	<u>                    </u>
General Site/Grounds	0 to 15	175,450
Village Pool/Spa	0 to 30	1,822,700
Village Pool House	4 to 19	300,800
Village Tennis/Pickleball	4 to 49	1,114,200
Harker Pool/Spa	1 to 39	2,097,600
Harker Park	3 to 22	152,150
Harker Tennis	0 to 40	1,071,750
Harker Center Building	4 to 19	693,650
Systems & Equipment	3 to 5	<u>24,000</u>
		<u><u>7,452,300</u></u>

The estimates above have been compiled by an independent third party as of August 26, 2024. Estimates are based on current average costs and remaining estimated useful lives.