

SUN VALLEY ELKHORN ASSOCIATION, INC.
FINANCIAL STATEMENTS
OCTOBER 31, 2025 AND 2024

SUN VALLEY ELKHORN ASSOCIATION, INC.

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Balance Sheets	3
Statements of Income and Changes in Owners' Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6-9
Supplementary Information	11

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, 2025 and 2024 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, 2025 and 2024, 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 about 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 Standards Board 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 12, 2025

SUN VALLEY ELKHORN ASSOCIATION, INC

**Balance Sheets
October 31, 2025 and 2024**

	2025		2024	
	Operating Fund	Capital Reserve	Total	Totals
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 122,917	\$ 1,136,468	\$ 1,259,385	\$ 1,211,514
Accrued Interest & Other Receivables	-	-	-	39,356
Assessments Receivables	12,504	-	12,504	82,336
Total Current Assets	135,421	1,136,468	1,271,889	1,333,206
Fixed Assets:				
Property & Equipment, net of accumulated depreciation	6,163,836	-	6,163,836	6,283,371
Total Assets	\$ 6,299,257	\$ 1,136,468	\$ 7,435,725	\$ 7,616,577
LIABILITIES AND OWNERS' EQUITY				
Liabilities:				
Accounts Payable	\$ 21,095	\$ -	\$ 21,095	\$ 142,713
Accrued Liabilities	11,420	2,365	13,785	34,798
Income Taxes Payable	20	-	20	20
ADC Completion Deposit	60,000	-	60,000	49,000
Current portion of Long Term Debt	-	161,796	161,796	-
Dues paid in advance	22,386	-	22,386	28,166
Total Current Liabilities	114,921	164,161	279,082	254,697
Zion's Bank Loan	-	677,488	677,488	992,802
Total Long Term Liabilities	-	677,488	677,488	992,802
Owners' Equity	6,184,336	294,819	6,479,155	6,369,078
Total Liabilities and Owners' Equity	\$ 6,299,257	\$ 1,136,468	\$ 7,435,725	\$ 7,616,577

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, 2025 and 2024**

	<u>2025</u>			<u>2024</u> <u>Totals</u>
	<u>Operating Fund</u>	<u>Capital Reserve</u>	<u>Total</u>	
Revenues:				
Member Assessments	\$ 1,135,769	\$ 310,200	\$ 1,445,969	\$ 1,269,980
Facility User Dues	135,387	25,031	160,418	186,825
Amenity Access Fee	17,510	-	17,510	14,089
Interest	3,136	7,605	10,741	46,995
Other Revenue	157,462	-	157,462	179,385
Total Revenues	1,449,264	342,836	1,792,100	1,697,274
Expenses:				
Management	750,913	-	750,913	656,191
Common Area	118,304	59	118,363	98,023
Harker Center Pool	84,073	-	84,073	46,532
Harker Center Structure	28,933	-	28,933	21,859
Village Pool	146,304	4,255	150,559	117,359
Tennis Program	220,082	-	220,082	215,232
Depreciation	241,560	-	241,560	231,660
Interest	-	34,145	34,145	37,930
Other Expenses	53,387	8	53,395	104,607
Total Expenditures	1,643,556	38,467	1,682,023	1,529,393
Loss on assets disposal	-	-	-	92,930
Net Income (Loss)	(194,292)	304,369	110,077	74,951
Owners' Equity-Beginning	6,455,127	(86,049)	6,369,078	6,294,127
Transfer To/From Capital Reserve	(76,499)	76,499	-	-
Owners' Equity -Ending	\$ 6,184,336	\$ 294,819	\$ 6,479,155	\$ 6,369,078

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, 2025 and 2024**

	<u>2025</u>			<u>2024</u> <u>Totals</u>
	<u>Operating Fund</u>	<u>Capital Reserve</u>	<u>Total</u>	
Cash Flows From Operating Activities:				
Receipts from Members	\$ 1,335,206	\$ 335,234	\$ 1,670,440	\$ 1,495,253
Other Operating Receipts	174,972	-	174,972	193,474
Interest Income	38,909	11,188	50,097	11,222
Payments to Suppliers	<u>(1,535,027)</u>	<u>(37,068)</u>	<u>(1,572,095)</u>	<u>(1,130,020)</u>
Net Cash Provided (Used) by Operating Activities	14,060	309,354	323,414	569,929
Cash Flows From Capital and Related Financing Activities:				
Principal payment on loan	-	<u>(153,518)</u>	<u>(153,518)</u>	<u>(148,070)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(153,518)	(153,518)	(148,070)
Cash Flows From Investing Activities				
Transfers	(198,522)	198,522	-	-
Purchases of Fixed Assets	<u>(198,522)</u>	<u>(122,025)</u>	<u>(122,025)</u>	<u>(1,065,530)</u>
Net Cash Provided (Used) by Investing Activities	<u>(198,522)</u>	<u>76,497</u>	<u>(122,025)</u>	<u>(1,065,530)</u>
Net Increase (Decrease) in Cash	(184,462)	232,333	47,871	(643,671)
Cash - Beginning of Year	<u>307,379</u>	<u>904,135</u>	<u>1,211,514</u>	<u>1,855,185</u>
Cash - End of Year	<u>\$ 122,917</u>	<u>\$ 1,136,468</u>	<u>\$ 1,259,385</u>	<u>\$ 1,211,514</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (194,292)	\$ 304,369	\$ 110,077	\$ 74,951
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	241,560	-	241,560	231,660
Loss on Disposal of Assets	-	-	-	92,930
Changes in Assets and Liabilities				
Receivables	57,727	12,106	69,833	43,377
Accrued Interest Receivables	35,773	3,583	39,356	(35,773)
Dues Billed in Advance	6,323	(12,103)	(5,780)	(4,929)
Accounts and Other Payables	<u>(133,031)</u>	<u>1,399</u>	<u>(131,632)</u>	<u>167,713</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 14,060</u>	<u>\$ 309,354</u>	<u>\$ 323,414</u>	<u>\$ 569,929</u>

The accompanying notes are a part of these financial statements

SUN VALLEY ELKHORN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2025 AND 2024

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 1,650 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, 2025 AND 2024**

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, 2025 and 2024 there was \$703,128 and \$0 in excess of FDIC insurance limits, respectively.

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.

Member Assessments and Receivables

Association members are subject to semi-annual assessments. The semi-annual assessments were \$367 for the years ended October 31, 2025 and 2024, respectively. These assessments were allocated as follows:

	Operating Fund	Capital Fund
2025	344.00	94.00
2024	313.00	54.00

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. For details about these charges inquiries should be made to the association office.

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. The assessments are payable on the first day of the second month of the semi-annual period. In accordance with this policy, assessments for the months of November through April are billed on November 1st and are payable on December 1st. 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, 2025 AND 2024

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.

Income Taxes

The Association is a tax-exempt homeowners association under Internal Revenue Code Section 528 for the year ended October 31, 2025 and 2024. 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 FIXED ASSETS

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

	Beginning			Ending
	Balance	Additions	Disposals	Balance
Buildings	\$ 3,151,822	29,070		3,180,892
Recreation Facilities	7,228,517	14,652		7,243,169
Equipment, Furniture & Fixtures	389,094	72,822		461,916
Land Improvements	444,370	5,481		449,851
Totals	11,213,803	122,025	-	11,335,828
Accumulated Depreciation	(4,930,432)	(241,560)	-	(5,171,992)
Net Book Value	\$ 6,283,371			6,163,836

SUN VALLEY ELKHORN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2025 AND 2024

NOTE 2 FIXED ASSETS - continued

Depreciation expense was \$241,560 and \$231,660 for 2025 and 2024, respectively. Depreciation is calculated on a straight-line basis with lives of 2-39 years.

NOTE 3 LONG TERM DEBT

The association has a note payable to a bank with a current balance of \$839,284. The note matures September 2, 2030 and has a fixed interest rate of 3.5%. Future maturities are as follows as of October 31:

2026	\$	161,796
2027		165,189
2028		171,064
2029		177,148
2030		<u>164,087</u>
Total	\$	<u><u>839,284</u></u>

NOTE 4 RETIREMENT 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 \$8,951 and \$11,574 for the years ended October 31, 2025 and 2024, 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 sets target capital reserves levels annually based on the capital reserve study and a forecast of capital expenditures, income, and reserves for the next 20 years, with a target level of 70% of full funding.

NOTE 6 SUBSEQUENT EVENTS

Subsequent events were evaluated through December 12, 2025, the date which financial statements were available to be issued.

Required Supplementary Information

