

Summary Report for December 2025 Year End

Reported 3.18.2026

Balance Sheet:

The net operating cash decreased by almost \$86,000 from the previous year. This drop in cash from the balance sheet is mainly due to the moving of cash from Operating Expenses back into capital expenses in CRRF.

Explanation: In 2024, Sudden Valley experience a very costly cleanup after a Bomb Cyclone. The operations budget alone could not pay for the expenses associated with the event. Capital had funds to help cover the cleanup. Therefore, money was moved from the CRRF account into operations to address damage and expenses. In the Spring of 2025, the board determine that the operations budget could support returning the money back to the CRRF fund. This resulted in the decrease of operating cash on the balance sheet at the end of 2025.

All Capital Cash Funds have increased. The Capital Funds pay for large projects, improve the road and culverts around Sudden Valley.

Income Statement:

Revenue YTD: Sudden Valley budgets for 95% collection rate and fortunately we collected 98%, resulting in \$89,000 being better than budgeted.

Golf: Although Golf had a revenue less than budgeted by 1% . The department had a net income of \$87,000 and \$24,470 greater than budgeted. See tab OPS Dep YTD

Expenses YTD:

Contract and Professional services: are over budget due to \$68,000 for ACC consultants and \$57,000 for HR contract. HR was contracted after the 2025 budget was completed, therefore not included in the budget. However, the cost of HR services is included in the 2026 budget.

CC&R Mandates: overage is mostly due to legal expenses. This is over by \$100,715 or 21%.

Regulatory compliance: The overage is mostly due to hazardous trees. The cost of hazardous trees was partly mitigated by using \$100,000 from UDR. The 2026 budget has considered the increase cost for tree removal with an increase the funds in this account.

Salaries and Benefits: was under budget by 66,634.

Maintenance and Landscaping: was under budget by 22,685.

The sum of these two departments equals \$89,319. These savings helped to defray some of the budgeted overages.

Net Income (Loss): The 2025 budget was 4.72 million dollars. The year finished at \$36,000 over budget, or <1% over budget.

CRRF

All the Capital Reserves Funds: are up over last year. The CRRF account up 18% and the Roads account is up 42%.

A note on UDR: money comes into account when dues from the previous year are paid in the current year. The operating portion of those dues are deposited in UDR. This is a fund that may be used to subsidize capital expenditures when unforeseen overages occur or when large unanticipated events occur (Bomb Cyclone).

There are currently obligated holdings of 1.02 million from CRRF and 0.98 from Roads. Please see the Capital Project Report for more information on approved projects and their status.

Sudden Valley Community Association
Balance Sheet
December 31, 2025 and December 31, 2024

	<u>Unaudited**</u> <u>Dec 31, 2025</u>	<u>See Note**</u> <u>Dec 31, 2024</u>	<u>Inc / (Dec)</u>
OPERATIONS			
Current Assets			
Operating Cash	\$ 493,749	\$ 579,484	\$ (85,735)
Building Completion Deposit Fund	798,900	749,910	48,990
Member Receivables - Operations*	47,957	53,456	(5,499)
Other Receivables	3,850	3,350	500
Prepaid Expenses	91,940	82,148	9,792
Operating Lease ROU Assets	23,036	29,554	(6,518)
Inventory	5,704	5,824	(120)
Total Current Assets	1,465,136	1,503,726	(38,590)
Current Liabilities			
Accounts Payable	(169,663)	(159,772)	(9,891)
Accrued Vacation Liability	(78,129)	(76,335)	(1,794)
Accrued Payroll	(96,358)	(115,575)	19,217
Prepaid Assessments	(187,700)	(241,080)	53,380
Building Completion Deposits	(798,900)	(749,910)	(48,990)
Other Refundable Deposits	(11,426)	(9,956)	(1,470)
Operating Lease Liability	(23,036)	(29,554)	6,518
Prepaid Golf Memberships	(156,649)	(112,307)	(44,342)
Total Current Liabilities	(1,521,861)	(1,494,489)	(27,372)
Other Liabilities			
Contingent PPP Loan Liability***	(357,700)	(357,700)	-
Deferred Library Lease Revenue	(28,000)	(36,000)	8,000
Total Other Liabilities	(385,700)	(393,700)	8,000

-17%

Difference is mainly due to transferring money from operations to pay back capital for the subsidizing the cost of the 2024 Bomb Cyclone

Operating Reserve Funds

Emergency Operating Cash	364,709	363,815	894
Undesignated Reserves Cash	314,936	302,135	12,801
Total Operating Reserve Funds	<u>679,645</u>	<u>665,950</u>	<u>13,695</u>
Net Operating Assets	\$ 237,220	\$ 281,487	\$ (44,267)

CAPITAL**Capital Current Assets**

CRRRF (Capital Repair & Replacement) Cash Fund	3,757,709	3,172,197	585,512	18%
Roads Reserve Cash Fund	2,992,291	2,102,138	890,153	42%
Board Density Reduction Cash Fund	150,789	87,889	62,900	72%
Mailbox Cash Fund	178,900	151,970	26,930	18%
CRRRF Capital Reserve Holding Cash	219,316	219,618	(302)	
Mitigation Assignment of Savings Cash	49,905	49,821	84	
LWWSO Assignment of Savings Cash	14,953	14,939	14	
Member Receivables - Capital**	13,020	13,625	(605)	
Total Capital Current Assets	<u>7,376,883</u>	<u>5,812,197</u>	<u>1,564,686</u>	

Capital Fixed Assets

Fixed Assets	16,881,457	17,006,025	(124,568)
Finance ROU Assets	41,258	119,060	(77,802)
Lots Held for Sale	188,706	231,826	(43,120)
Total Capital Assets	<u>17,111,421</u>	<u>17,356,911</u>	<u>(245,490)</u>

Long Term Liabilities

CRRRF Loan 2022	(1,267,067)	(1,539,073)	272,006
Finance Leases	(49,661)	(104,457)	54,796
Total Long Term Liabilities	<u>(1,316,728)</u>	<u>(1,643,530)</u>	<u>326,802</u>

NET ASSETS	\$ 23,408,796	\$ 21,807,065	\$1,601,731
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MEMBER EQUITY

Member Equity

Current Year Net Income: Operations	(55,534)	(374,591)	319,057
Transfers Out from Operations to Capital	-	(145,600)	145,600
Current Year Net Income: Capital**	1,658,105	1,294,054	364,051
Transfers Into Capital from Operations	-	145,600	(145,600)
Retained Earnings**	4,858,301	5,232,892	(374,591)
Capital**	16,947,923	15,654,710	1,293,213
TOTAL MEMBER EQUITY	\$ 23,408,796	21,807,065	\$1,601,731

* The Association's internal policy is to write off any member receivables that are 30 days past due as bad debts for internal interim financial statement purposes. As per SVCA policy, Management continues to pursue collection of these receivables via all avenues allowed by Washington State laws. In addition, the Association records and bills finance charges on receivables that are thirty days past due at 1% per month. At December 31, 2025, and December 31, 2024, the balances of receivables written off were \$743,506 and \$699,426, respectively.

** Beginning with the 2020 year end audited financial statements, Accounting Standards Codification (ASC) 606 requires issued audited financial statements to reclassify unspent capital dues revenue, including related capital transfer fee collections, as a contract liability balance (unearned revenue), which is then reversed out in future years when capital dues/capital transfer fee collections are actually expended on capital related expenditures. This particular accounting standard change is only incorporated into the issued audited financial statements and is not factored into SVCA's internal monthly statements as it would obscure the reality of monthly capital dues/capital transfer fee revenues collected for internal monthly presentation purposes. See SVCA's 2020 through 2024 audited financial statements (2024 represents the most recently issued audited statements), which fully incorporate ASC 606 and comply with Generally Accepted Accounting Principals (GAAP).

*** At 2024 year end, the Association recorded a contingent liability relating to Paycheck Protection Program (PPP) loan funds that were received in May 2020 and then forgiven by the Small Business Administration (SBA) in September 2021, which are funds that the SBA has since subsequently deemed that the Association did not qualify for because of its 501(C)(4) tax exempt status, which was communicated to the Association by the government in April 2025. This contingency was classified by the Association as probable. And upon final resolution with the SBA, the Association believes that the estimated amount of liability will be limited to the original amount of the PPP loan funds received (\$357,700) because of the fact that the Association fully disclosed its tax exempt status to the SBA during the PPP loan application process, which the government has especially acknowledged.

**Sudden Valley Community Association
Income Statement Summary**

UNAUDITED

	Current Month - December 2025			Year to Date - 12 Months Ending 12/31/2025			
	Operations & Operating Reserves	Operations Better / (Worse) Budget	Capital Reserves**	Operations & Operating Reserves	Operations Better / (Worse) Budget	Coll %	Capital Reserves**
REVENUE							
Current Year Dues & Assessments Income							
Dues & Assessments Income	238,161		246,640	2,860,292			2,962,541
Bad Debt Reserve	3,963		(7,235)	(57,923)			(37,970)
Net Current Year Assessment Income	242,124	16,022	239,405	2,802,369	89,089	97.6%	2,924,571
Bad Debt Recoveries - Prior Years			148				43,920
Golf Income	32,795	5,168	-	1,412,004	(12,996)	-1%	-
Marina Income	-	-	-	237,129	6,828	3%	-
Rec Center & Pools Income	782	302	-	42,343	10,043	31%	-
Legal & Collections Income	-	-	-	-	-	-	-
Other Income	13,063	3,058	-	165,149	46,250	39%	-
Rental Income - Other	450	(125)	-	17,339	5,339	44%	-
Area Z Rental Income	383	381	-	27,146	3,146	13%	-
Lease Income	5,832	949	-	69,378	11,378	20%	-
New Home Construction Fees	6,800	(6,490)	-	122,400	22,400	22%	-
Capital Gain (Loss) on Sale of Assets	-	-	-	-	-	-	1,200
Capital Gain (Loss) on Sale of Lots	-	-	-	-	-	-	26,880
Investment Income	427	(160)	2,961	6,715	(285)	-4%	34,941
Total Revenue	302,656	19,105	242,514	4,901,972	181,192	4%	3,031,512
EXPENSES							
Salaries & Benefits	299,795	(4,296)	-	2,594,610	66,634	-3%	-
Contracted & Professional Services	21,943	(324)	-	317,148	(105,348)	50%	-
CC&Rs/ Mandates	65,562	(21,061)	-	582,835	(100,715)	21%	-
Maintenance & Landscaping	19,736	11,430	-	475,973	14,587	-3%	-
Utilities	26,998	(5,108)	-	240,871	(4,734)	2%	-
Administrative	30,524	(12,119)	-	207,929	(18,401)	10%	-
Regulatory Compliance	23,638	(4,523)	-	299,345	(65,110)	28%	-
Insurance Premiums	19,240	(1,720)	-	219,212	(9,056)	4%	-
Other Expenses	-	417	-	418	4,582	-92%	-
Depreciation Expense	-	-	108,710	-	-	-	1,304,520
Closing Costs - Lot Sales	-	-	-	-	-	-	7,249
Interest expense	-	-	5,557	-	-	-	61,033
Total Expenses	507,436	(37,304)	114,267	4,938,341	(217,561)	5%	1,372,802
Net Income (Loss)	(204,780)	(18,199)	128,247	(36,369)	(36,369)	<1%	1,658,710
Net UDR Activity for Operations							
GM Recruiting Expense	-			(3,271)			
Legal Expenses - Past Due Account Collections	-			(9,984)			
Hazardous Tree Removal	-			(100,000)			
Net Income (Loss) with Board Approved UDR	(204,780)	(18,199)	128,247	(149,624)	(36,369)		1,658,710
Other Activity							
Net Other UDR Activity*	4,052			93,384			
AR Accrual - Prior Year Reversal	-			(53,456)			(13,625)

SV budgets collections conservatively at 95%. However, a 97.6% was achieved resulting in better than expected revenue.

Although Golf had a revenue less than budgeted by 1%. The department had a net income of \$87,000 and 24,470 greater than budgeted. See tab OPS Dep YTD

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Contract and Professional services are over budget due to \$68,000 for ACC consultants and \$57,000 for HR contract. See notes for more explanation.

mostly legal

overage mostly due to Hazardous Trees

The year finished less than one percent over budget.

Money moved from UDR to tree removal to Capital Expenses to offset some of the cost of tree removal.

AR Accrual - Current Year	47,957		13,020	47,957		13,020
Lease Income- Library Prepaid Recognized	667			8,000		
Vacation Liability Accrual	12,570			(1,795)		
Total Other Activity	65,246		13,020	94,090		(605)
Grand Total Activity	(139,534)	(18,199)	141,267	(55,534)	(36,369)	1,658,105

*Prior year recoveries for operations are deposited into the Undesignated Reserve Account (UDR).

**Refer to the last footnote on the Balance Sheet (prior page) for a discussion of Accounting Standards Codification (ASC) 606 and capital dues revenue collections.

Sudden Valley Community Association
Reserve Cash Balance & Activity
 12 Months Actual, 0 Months Projected

*Prior year recoveries for operations are deposited into the Undesignated Reserve Account (UDR).

UNAUDITED

Capital Reserve Funds

Operating Reserve Funds

	Capital Reserve Funds						Total Capital Reserve Funds	Operating Reserve Funds		
	CRRRF	Roads	CRRRF Capital Reserve Holding Cash	Board Density Reduction	Mailbox	Mitigation Assignment of Savings*		Emergency Ops	UDR	Total Operating Reserve Funds
Net Available Cash 12/31/2024	3,172,197	2,102,138	219,618	87,889	151,970	64,760	\$ 5,798,572	363,815	302,135	\$ 665,950
Dues Received	1,440,203	1,485,811			26,533		2,952,547	-	135,997	135,997
Storm Water Mitigation Plan Fee							-			-
Investment Income	19,361	14,397	539	149	397	98	34,941	894	787	1,682
Sale of Assets	1,200						1,200			-
Sale of Lots (Net Proceeds)				62,751			62,751			-
Mitigation Release	-	-					-			-
2025 Expenditures	(877,652)	(610,054)	(841)	-	-		(1,488,548)		(123,983)	(123,983)
Net Available Cash at 12/31/2025	3,757,709	2,992,291	219,316	150,789	178,900	64,858	\$ 7,363,863	364,709	314,936	\$ 679,645
0 Month Outlook										
Outlook - 2025 Dues (95% collections)	-	-					\$ -			\$ -
Outlook - Prior Year Collections	-	-					-		-	-
CRRRF Loan Payments for year 2025	-						-			-
Obligated Expenses/Holdings	(1,023,086)	(981,410)	(219,316)			(64,858)	(2,288,670)		(13,785)	(13,785)
Net Usable Cash Balance 12/31/2025	2,734,623	2,010,881	-	150,789	178,900	-	\$ 5,075,193	364,709	301,151	\$ 665,860
Board Recommended Carryover Balance	(600,000)	(500,000)					\$ (1,100,000)			\$ -
Net Usable Cash 12/31/2025, After Recommendation	\$ 2,134,623	\$ 1,510,881	\$ -	\$ 150,789	\$ 178,900	\$ -	\$ 3,975,193	\$ 364,709	\$ 301,151	\$ 665,860
Net Current Year Cash Increase (Decrease)	(437,574)	(91,257)	(219,618)	62,900	26,930	(64,760)	\$ (723,379)	894	(984)	\$ (90)

CRRF increased by 18%
 Roads increase by 42%

*Note, when mitigation period has ended, unspent funds will be returned to the source account, Roads and CRRRF.

18% 42%

Sudden Valley Community Association
Operations - By Department
January 1, 2025 to December 31, 2025
YEAR TO DATE

Whole \$

UNAUDITED								
Department	Actual Revenue	Revenue B / (W)	Actual Salary Benefits	Salary & Benefits B / (W)	Actual Other Expense *	Other Exp B / (W)*	Net Income / (Loss) *	Net B / (W)*
ACC / Security	173,649	43,649	97,290	(5,035)	562,807	(110,431)	(486,448)	(71,817)
Accounting	30,928	(10,572)	380,123	9,614	101,101	(10,818)	(450,296)	(11,776)
Administration	10,403	9,403	426,725	45,695	212,638	(73,938)	(628,960)	(18,840)
Common Costs	71,969	24,969	-	-	536,217	(123,576)	(464,248)	(98,607)
Facilities	96,524	12,524	61,803	(2,081)	180,077	49,695	(145,356)	60,138
Maintenance	-	-	394,622	39,929	125,294	28,458	(519,916)	68,387
Subtotal	383,473	79,973	1,360,563	88,122	1,718,134	(240,610)	(2,695,224)	(72,515)
Golf	1,412,004	(12,996)	863,005	76,764	461,702	(39,298)	87,297	24,470
Marina	244,443	7,742	-	-	20,147	(1,664)	224,296	6,078
Rec/ Pools/ Parks	59,681	17,381	371,042	(98,252)	143,746	(2,620)	(455,107)	(83,491)
Subtotal	1,716,128	12,127	1,234,047	(21,488)	625,595	(43,582)	(143,514)	(52,943)
Subtotal Operations before Ops Dues	2,099,601	92,100	2,594,610	66,634	2,343,729	(284,192)	(2,838,738)	(125,458)
Ops Dues Earned	2,860,292						2,860,292	
Curr Yr Bad Debts Activity	(57,923)						(57,923)	
Net Ops Dues	2,802,369	89,089					2,802,369	89,089
Net Operations	4,901,970	181,189	2,594,610	66,634	2,343,729	(284,192)	(36,369)	(36,369)
Net BOD Approved UDR Activity for Operations								
GM Recruiting Expense	-		-		3,271		(3,271)	
Legal Expenses - Past Due Account Collections	-		-		9,984		(9,984)	
Hazardous Tree Removal	-		-		100,000		(100,000)	
Net Operations with Board Approved UDR	4,901,970	181,189	2,594,610	66,634	2,456,984	(284,192)	(149,624)	(36,369)
Other Operating Activity								
UDR Activity	103,735				10,351		93,384	
AR Accrual - Prior Year Reversal	(53,456)				-		(53,456)	
AR Accrual - Current Year	47,957				-		47,957	
Lease Income- Library Prepaid Recognized	8,000				-		8,000	
Vacation Liability Accrual	-				1,795		(1,795)	
Total Other Operating Activity	106,236				12,146		94,090	
Grand Total Operations Activity	5,008,206	181,189	2,594,610	66,634	2,469,130	(284,192)	(55,534)	(36,369)

* Excludes Depreciation

B / (W) = Better / (Worse) Than Budget