



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Summerfield Townhouse Service Association (Gamma)
Tigard, OR

We have reviewed the accompanying financial statement of Summerfield Townhouse Service Association (Gamma), which comprise the balance sheets as of December 31, 2024, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year 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 Summerfield Townhouse Service Association (Gamma) 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 Summerfield Townhouse Service Association's (Gamma) December 31, 2023 financial statements and stated that we were not aware of any material modification that should be made on those financial statements in our report dated November 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, 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 11 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
October 29, 2025

SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION (GAMMA)

BALANCE SHEETS

December 31, 2024 (With Comparative Totals for 2023)

	Operating Fund	Reserve Fund	Totals 2024	2023
ASSETS				
Cash and cash equivalents	\$ 18,373	\$ 46,368	\$ 64,741	\$ 91,399
Certificates of Deposit		344,116	344,116	251,447
Assessments receivable, net of allowance for credit loss of none	-	-	-	641
Prepaid insurance	29,341	-	29,341	26,102
Interfund transfers	191	(191)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 47,905</u>	<u>\$ 390,293</u>	<u>\$ 438,198</u>	<u>\$ 369,589</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 588	\$ -	\$ 588	\$ 381
Income taxes payable	3,028	-	3,028	2,536
Assessments received in advance	-	-	-	42
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Current Liabilities	3,616	-	3,616	2,959
RESERVE-CONTRACTS LIABILITY	-	366,878	366,878	341,834
Fund Balances	<u>44,289</u>	<u>23,415</u>	<u>67,704</u>	<u>24,796</u>
Total Liabilities and Fund Balances	<u>\$ 47,905</u>	<u>\$ 390,293</u>	<u>\$ 438,198</u>	<u>\$ 369,589</u>

See accompanying notes and independent accountants' review report

SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION (GAMMA)

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2024 (With Comparative Totals for 2023)

	Operating Fund	Reserve Fund	Totals 2024	2023
REVENUE				
Member assessments	\$ 199,868	\$ 17,876	\$ 217,744	\$ 210,132
Transfer fee income	-	7,168	7,168	3,846
Interest income	82	13,273	13,355	10,202
Reserve transfer to contracts liability	-	(25,044)	(25,044)	(56,658)
	<u>199,950</u>	<u>13,273</u>	<u>213,223</u>	<u>167,522</u>
EXPENSES				
Landscape services	49,959	-	49,959	32,035
Repairs & maintenance	16,783	-	16,783	19,669
Cable & internet services	47,587	-	47,587	45,222
Utilities	13,068	-	13,068	19,555
Legal & accounting	5,565	-	5,565	2,717
Insurance	35,882	-	35,882	30,761
General & administrative	979	-	979	2,217
	<u>169,823</u>	<u>-</u>	<u>169,823</u>	<u>152,176</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE INCOME TAXES	30,127	13,273	43,400	15,346
Income tax expense	<u>3,028</u>	<u>-</u>	<u>3,028</u>	<u>2,536</u>
EXCESS OF REVENUE OVER EXPENSES	27,099	13,273	40,372	12,810
BEGINNING FUND BALANCES	<u>17,190</u>	<u>10,142</u>	<u>27,332</u>	<u>11,986</u>
ENDING FUND BALANCES	<u>\$ 44,289</u>	<u>\$ 23,415</u>	<u>\$ 67,704</u>	<u>\$ 24,796</u>

SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION (GAMMA)

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024 and 2023

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Excess (deficit) of revenue over expenses	\$ 27,099	\$ 13,273	\$ 40,372	\$ 12,810
Adjustments to reconcile excess (deficit) of revenue over expenses to net cash provided (used) by operating activities:				
(Increase) decrease in:				
Assessments receivable	641	-	641	580
Prepaid insurance	(3,239)	-	(3,239)	(26,102)
Interfund transfers	(25,419)	25,419	-	-
Increase (decrease) in:				
Accounts payable	207	-	207	381
Income taxes payable	3,028	-	3,028	2,536
Reserve-contracts liability	-	25,044	25,044	56,658
Assessments received in advance	(42)	-	(42)	42
Net Cash Provided (Used) by Operating Activities	<u>2,275</u>	<u>63,736</u>	<u>66,011</u>	<u>46,905</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
(Purchase) of Certificates of Deposit	-	(92,669)	(92,669)	(8,865)
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>(92,669)</u>	<u>(92,669)</u>	<u>(8,865)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	2,275	(28,933)	(26,658)	38,040
CASH, beginning of year	<u>16,098</u>	<u>75,301</u>	<u>91,399</u>	<u>53,359</u>
CASH, end of year	<u>\$ 18,373</u>	<u>\$ 46,368</u>	<u>\$ 64,741</u>	<u>\$ 91,399</u>
SUMMARY OF CASH ACCOUNTS				
Undesignated operations			\$ 18,373	\$ 16,098
Designated for future repairs and replacements			<u>46,368</u>	<u>75,301</u>
			<u>\$ 64,741</u>	<u>\$ 91,399</u>
Supplemental Disclosure:				
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes and independent accountants' review report

SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION (GAMMA)

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

DESCRIPTION OF ORGANIZATION-

Summerfield Townhouse Service Association (Gamma) is an association organized under the Oregon Planned Community Act for the purpose of maintaining and preserving the Association's common property. Summerfield Townhouse Service Association (Gamma) consists of 53 townhouses in Washington County, Oregon. The Association was organized in October 1976. The owners are all members of the master association Summerfield Civic Association.

DATE OF MANAGEMENT'S REVIEW-

In preparation of the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 29, 2025, 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.

Reserve fund

This fund is used to accumulate financial resources designated for future major repairs and replacements. Disbursements from this fund may be made only for designated purposes.

Cash and cash equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

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 charge a late fee of 10% and accrue interest at the rate of 12% per annum on assessments whose assessments are delinquent.

SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION (GAMMA)

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

SUMMARY OF SIGNIFICANT POLICIES-(Continued)

Member Assessments –(Continued)

The Association may retain legal counsel and place liens on the real property owned by the individual whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. The balance of assessments receivable as of the beginning and end of the year is \$641 and none, 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.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Interest income

The Board's policy is to allocate to each fund interest earned on the funds' cash accounts.

Income taxes

Homeowners' associations may be taxed either as a homeowners' association or as a regular corporation.

If the Association elects to be taxed as a homeowners' association, it is taxed on its net nonexempt function income, such as interest earnings, at a flat 30% rate for federal taxes, plus state. 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.

Property and equipment

In accordance with generally accepted accounting principles for common interest realty associations, common property is owned by the individual unit owners and not the Association and is not recorded on the books.

The Association capitalizes all purchased equipment to which it has title or other evidence of ownership. At December 31, 2024 and 2023, property not capitalized consist of roofs, gutters, downspouts, lamp posts and any real property directly associated with the units. The Association owned no personal property at December 31, 2024 and 2023. Equipment, if acquired by the Association, is recorded at cost.

SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION (GAMMA)

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

SUMMARY OF SIGNIFICANT POLICIES-(Continued)

Depreciation

Equipment, if acquired, is depreciated over its estimated useful life using the straight-line method of depreciation.

Other comprehensive income

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

ASSESSMENTS RECEIVABLE-

At December 31, 2024, the Association had assessments receivable of none (\$641 in 2023). The Board of Directors has established no allowance for bad debts in the years ended December 31, 2024 and 2023 as all dues are deemed likely to collect.

FUTURE MAJOR REPAIRS AND REPLACEMENTS-

The Association is not required to complete a reserve study as it was incorporated in 1976, however, during the current year, the Board, using an independent consultant, conducted a reserve study. Accumulated funds are held in separate accounts and are generally not available for expenditures for normal operations

During May 2024, the Board, using an independent consultant, conducted a reserve study to estimate the remaining useful lives and replacement costs of the components of common property. Funding requirements assumed an annual inflation rate of 4.0 percent and a .50 percent rate of investment earnings with the operating fund paying the tax. The table included in the compiled 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 current replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the funding requirement of \$65,000 has been included in the 2025 budget. The reserve fund is approximately only 17% funded at December 31, 2024 based on the study.

Actual expenditures may vary from the estimated 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 it may delay major repairs and replacements until funds are available.

SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION (GAMMA)

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

CERTIFICATES OF DEPOSIT

The Association had purchased certificates of deposit with over a three- month maturity to invest excess funds. The certificates were carried on the Association's books at cost which equals market. At December 31, the Association had certificates of deposit as summarized below:

	2024	2023
	<u>Cost</u>	<u>Cost</u>
Reserve Fund		
Certificates of Deposit, 4.26 to 4.65% interest, maturing December 2025	\$ 344,116	\$ 251,447
Less current portion	<u>=(341,116)</u>	<u>=(251,447)</u>
Total due after one year	<u>\$ -</u>	<u>\$ -</u>

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-reserve 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 \$17,876 in the reserve fund. The balance of contract liabilities (assessments received in advance-reserve fund) as of the beginning and end of the year is \$341,834 and \$366,878, respectively.

TRANSFER FEES INCOME-

The Association shall charge a one-time new buyer assessment that shall be imposed on and collected upon the transfer of any lot. The assessment will be equal to six months of the regular monthly assessment in place as of the date of the transfer.

INCOME TAXES-

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

	<u>2024</u>	<u>2023</u>
Current: Federal	\$2,451	\$1,907
State	<u>577</u>	<u>449</u>
	<u>\$3,028</u>	<u>\$2,536</u>

Income taxes are due on net investment income. The Association elected to file as a homeowners' association for the years ended December 31, 2024 and 2023. Income taxes are not considered due on membership dues. The Association has no deferred tax assets or liabilities. The Association is no longer subject to US federal tax examinations for years prior to 2022.

SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION (GAMMA)

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

CONCENTRATION OF CREDIT RISK-

The Association had no accounts on hand at financial institutions which exceeded depositor's insurance provided by the applicable guarantee agency at December 31, 2024 (\$1,447 in 2023), The FDIC has limited their coverage to \$250,000 per depositor per bank.

RESTATEMENT-

The prior year statements have been restated to include income tax due per the amended tax return in the amount of \$2,536.

SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION (GAMMA)
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND
REPLACEMENTS (COMPILED)
December 31, 2024

The Association's Board of Directors, using an independent consultant, conducted a study during 2024 to estimate the remaining useful lives and replacement costs of the components of common property. Replacement costs were based on the future estimated costs to repair or replace the common property components. Estimated current replacement costs are reviewed on individual components of the reserves at various times.

The following information is based on the study and presents significant information about the components of common property with a life of at least three years and less than thirty years:

<u>Components</u>	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Cost	Estimated 2025 Expenditures
Roofing and Gutters	8	\$ 1,440,190	-
Siding and Trim	10 to 22	1,919,299	-
Insurance Deductable	0	25,000	25,000
Irrigation	9	11,960	-
Totals		<u>\$ 3,396,449</u>	<u>\$ 25,000</u>

The Board has not allocated the reserve balance to specific components. The Reserve-contracts liability balance at December 31, 2024 is \$366,878.

See independent accountant's review report