



Green Valley Recreation, Inc.

Presentation to the Board of Directors, Year Ended December 31, 2025

R&A CPAs
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TOPICS FOR DISCUSSION

- Required Communications with Those Charged with Governance at the Conclusion of the Audit
- Auditors' Report on Financial Statements
- Key Audit Areas
- Financial Statement Highlights
- Management Letter Comments
- Upcoming Accounting Standards Affecting GVR
- Industry Updates
- Concluding Remarks
- Questions



REQUIRED COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE AT THE CONCLUSION OF THE AUDIT

- Qualitative aspects of accounting practices
 - No new accounting standards adopted for December 31, 2025
 - Application of existing accounting policies did not change
 - We noted no transactions during the period for which there is a lack of authoritative guidance
- Difficulties encountered in performing the audit
 - We encountered no difficulties in performing the audit
- Corrected and uncorrected misstatements
 - We identified eight audit adjustments and five reclassifications
 - There were no passed adjustments



REQUIRED COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE AT THE CONCLUSION OF THE AUDIT (CONT'D)

- Disagreements with management
 - There were no disagreements with management
- Management consultations with other independent accountants
 - No such consultations were required
- Other matters
 - No other matters require communication to the Board



AUDITORS' REPORT ON FINANCIAL STATEMENTS

- R&A issued an unmodified opinion
 - Unmodified or sometimes referred to as a “clean opinion”
 - There were no material modifications to the financial statements required for them to be in conformity with accounting standards generally accepted in the United States of America



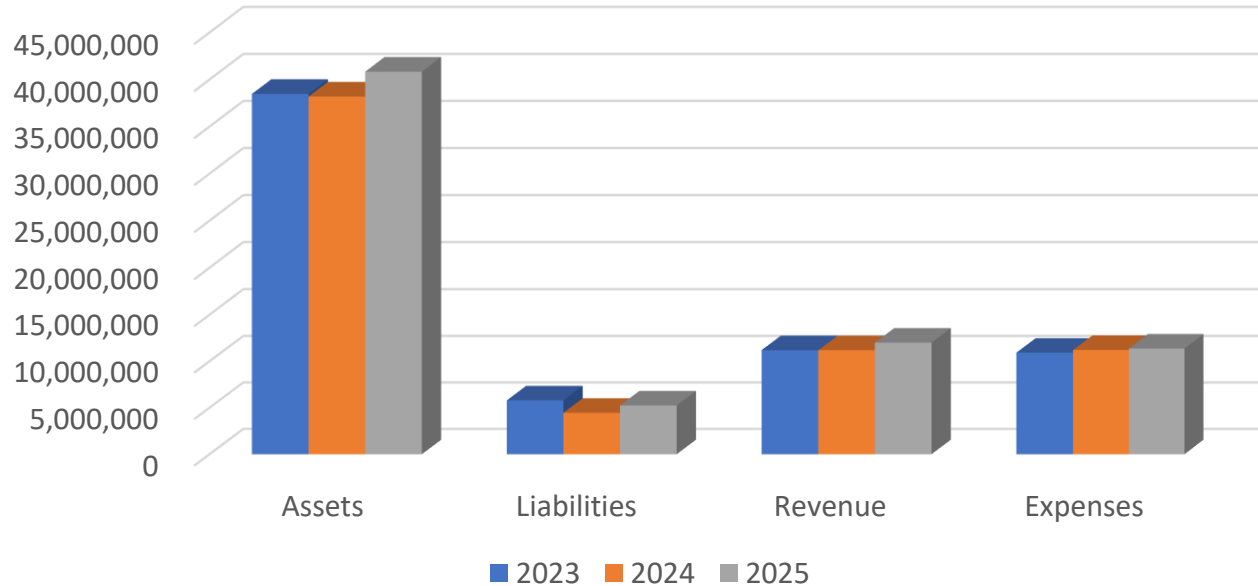
KEY AUDIT AREAS

- Program Revenue & Receivables
- Investments
- Property & Equipment
- Program Expenses, Accounts Payable and Other Liabilities
- Payroll & Related Liabilities
- Deferred Revenue
- Net Assets
- Cash



FINANCIAL STATEMENT HIGHLIGHTS

Overall 3 Year Trends





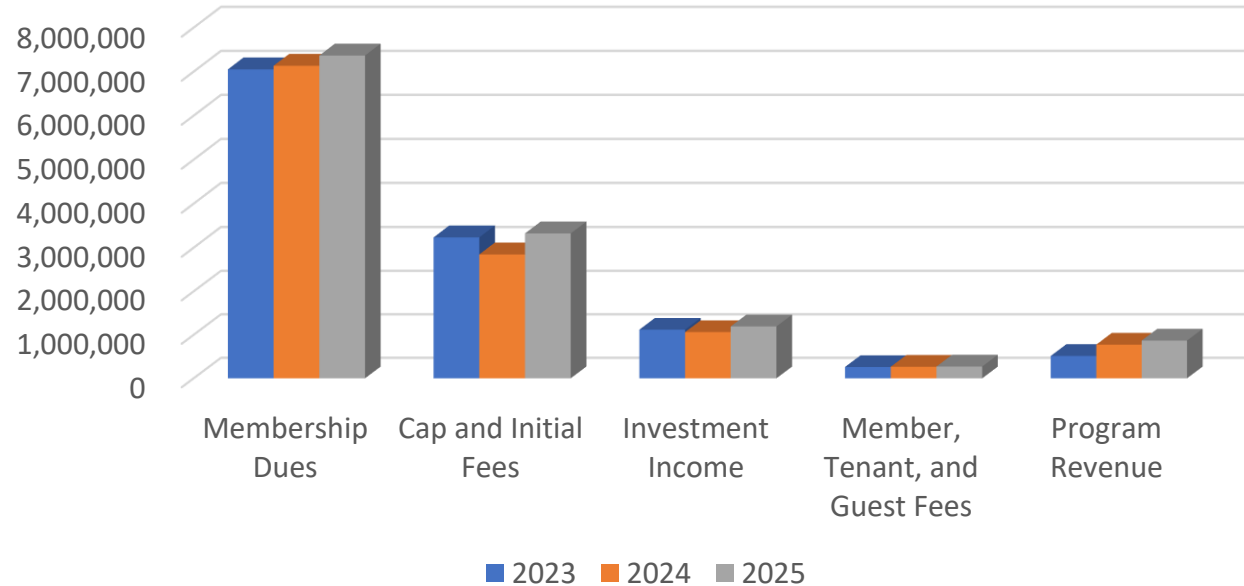
FINANCIAL STATEMENT HIGHLIGHTS

- **Decrease in Cash of \$1.4M**
 - Decrease is due to investment of excess operating cash in marketable securities.
- **Increase in Investments of \$3.2M**
 - Increase in investments resulted from \$1.2M of investment income, including realized and unrealized gains, plus the additional funding from operating cash and purchases of securities offset by withdrawals for capital expenses totaling a net increase of \$2M.
- **Increase in Accounts Receivable of \$105K**
 - Increase is due to an increase in membership and program revenue.
- **Increase in Property & Equipment of \$864K**
 - Increase in property and equipment resulted from investments in equipment, building improvements, furniture, and CIP during the year.
- **Liabilities increased by \$790K mostly due to a \$1.1M increase in deferred membership dues resulting from future collections shifting to December 2025 and a net \$300K decrease in other liabilities.**
- **Increase in Net Assets of \$1.9M**
- **Revenues increased from \$11.2M to \$12M from a member dues increase and more capital fees.**
- **Increase in Expenses of \$152K**



FINANCIAL STATEMENT HIGHLIGHTS

Revenue Segmentation 3 Year Trends





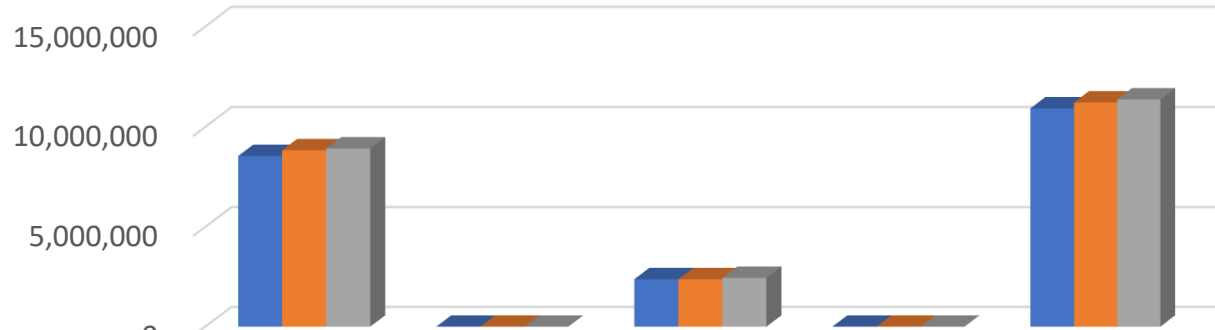
FINANCIAL STATEMENT HIGHLIGHTS

- Membership Dues increased \$232K
 - 30 new members in 2025 and annual dues in 2025 increased to \$530.
- Increase in New Member Capital and Initial Fees of \$476K
 - More homes were sold in 2025 – 918 vs. 833 in 2024 – further driven up by increased fee of \$3,100 in 2025 vs. \$3,000 in 2024.
- Increase in investment income of \$131K
 - Overall, interest and dividends, and realized and unrealized gains were higher year over year.
- Increase in Member, Tenant, and Guest Fees of \$5K
 - Overall, revenue was comparable year over year.
- Increase in Program Income of \$94K
 - Increased program fees associated with higher attendance in 2025.



FINANCIAL STATEMENT HIGHLIGHTS

Expense Trends by Major Group



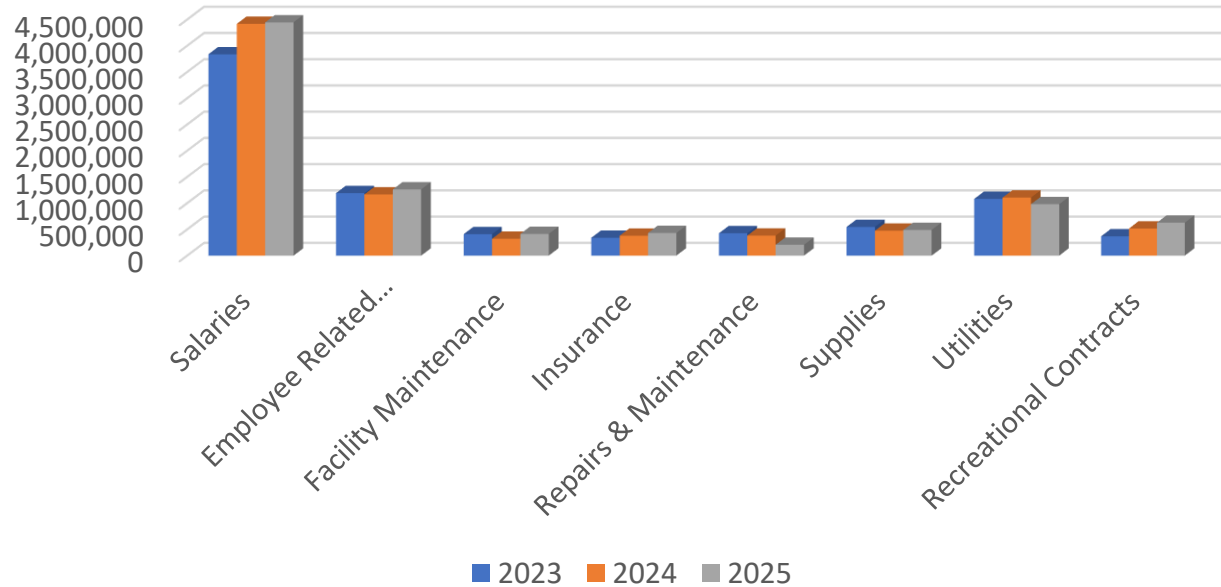
	Program	% Program	G&A	% G&A	Total
■ 2023	8,547,789	78%	2,380,249	22%	10,928,038
■ 2024	8,837,316	79%	2,380,505	21%	11,217,821
■ 2025	8,925,123	78%	2,445,005	22%	11,370,128

■ 2023 ■ 2024 ■ 2025



FINANCIAL STATEMENT HIGHLIGHTS

Expense Segmentation 3 Year Trends





FINANCIAL STATEMENT HIGHLIGHTS

- Increase in Salaries and Wages of \$29K
 - Comparable to the prior year.
- Increase in Employee Related Expenses of \$94K
 - Primarily related to \$89K increase in medical and life insurance costs resulting from more participants in 2025 and higher premiums.
- Increase in Facility Maintenance of \$92K
 - Primarily related to \$54K increase in facility repairs & maintenance and the remaining increase in maintenance contracts.
- Increase in Insurance of \$51K
 - Overall increase resulted from a rate increase year over year.
- Decrease in Repairs and Maintenance of \$175K
 - Reduced outsourced custodial labor in favor of using employees to maintain facilities and pools in 2025 compared to 2024.



FINANCIAL STATEMENT HIGHLIGHTS

- Increase in Supplies of \$12K
 - Comparable to prior year.
- Decrease in Utilities of \$125K
 - Resulted from less consumption of gas from Desert Hills and Abrego South pool closures and warmer weather in 2025.
- Increase in Recreational Contracts of \$111K
 - Resulted from more shows and entertainers engaged in 2025 compared to 2024.



FINANCIAL STATEMENT HIGHLIGHTS

- Statement of Cash Flows –
 - Cash provided by operating activities increased \$2.9M
 - Increased operating cash flows resulted primarily from the shifting of member receipts from 2026 to 2025.
 - Cash used by investing activities increased \$4.7M
 - Purchased more marketable securities in 2025.
 - Cash used by financing activities is comparable year over year



FINANCIAL STATEMENT HIGHLIGHTS

- Notes to the Financial Statements –
 - Note C – Investment in Marketable Securities
 - Note E – Operating and Finance Leases
 - Note G – Refundable Membership Change Fee Liability
 - Note L – Future Major Repairs and Replacements



MANAGEMENT LETTER COMMENTS

- We are pleased to report that R&A did not issue a Management Letter in 2025
 - We did not identify any matters that required communication to management.



INDUSTRY UPDATES

- Homeowners' associations have experienced annual industry revenue growth of 0.5% over the last five years in the US (1.1% growth in 2025) and 1.6% growth in Arizona. This does not include inflation.
- Over the next five years, industry revenue for homeowners' associations will rise at an annual growth rate of 1.4% in the US and 1.3% in Arizona. This does not include inflation.
- Despite a slight decline in the homeownership rate over the next five years, the industry will experience expanding membership from rising disposable incomes.
- Investors in Arizona properties for renting prefer housing structured as an association.
- One of the drivers for these communities is the market evidence for rising demand for offerings such as social clubs, holiday celebrations, and recreational activities.



INDUSTRY UPDATES

- Counties and municipalities are mandating more responsibility to residential developers, leading them to establish homeowners' associations for infrastructure and community service tasks.
- Senior living communities will continue to be a key element to industry revenue – at least for the next 10 years.
- Housing starts are a key external driver in the industry. New housing permits in December 2025 stood at 691 and were 317 in December 2024. There was a spike in December in the Tucson Metro area, which includes Green Valley.
- Housing developers have experienced annual industry revenue growth of 2.6% over the last five years in the US and 3.5% growth in Arizona. This does not include inflation.
- Over the next five years, industry revenue for housing developers will rise at an annual growth rate of 1.5% in the US and 1.9% in Arizona. This does not include inflation.
- While the CPI ended 2025 with a 2.4% increase, much closer to the Federal Reserves target rate of 2.0%.



INDUSTRY UPDATES

- With three rate cuts between September and December 2025, the Federal Reserve is clearly looking to ease monetary policy.
- Real estate statistics indicate the median sale price of homes in Green Valley decreased 1.4% in February 2026 compared to last year.
- The Arizona Association of Realtors says housing inventory improved leading to a balanced market between supply and demand.
- Days on the market decreased to 59 days in March 2026 versus 2025.
- The Arizona Association of Realtors anticipates increased transaction activity in 2026, but as a gradual recovery of the market.



UPCOMING ACCOUNTING STANDARDS AFFECTING GVR

- No New Significant Accounting Standards for 2026



THANK YOU

R&A's partners and staff thank the Chief Financial Officer, management, and staff of Green Valley Recreation, Inc. for their cooperation throughout the audit.

We also thank the Board of Directors for the opportunity to serve Green Valley Recreation, Inc.



QUESTIONS