

**Niguel Shores Community Association**  
**Community Update – March 9, 2026**  
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**From the President**

Neighbors,

Please excuse the length of this message. I felt it was important to provide clear, up-to-date information so the community has an accurate understanding of the Association's financial position.

This update was originally intended to be included in my **"From the Helm"** article in the Seashore News. However, because the final year-end financial numbers were not received late last week, I chose to wait and communicate once the information was complete and accurate.

Recently, statements were made during a General Session meeting suggesting that Niguel Shores is facing a "\$500,000 deficit for fiscal 2025." I have also received personal emails from residents repeating that claim. While I believe the issue was raised in good faith, the way the information was characterized has led to understandable confusion within the community

**That characterization is not accurate**, and it is important that the financial facts be stated clearly.

The financial amounts I reference below represent the Association's final 2025 unaudited financial results, prepared by KBF Advisors and reviewed by the Niguel Shores Finance Committee. The 2025 Financial Statements are currently being audited by an Independent Accounting Firm as required by California Civil Code §5305, and may change as a result of the Audit. The 2025 NSCA Audited Financial Statements will be available in April 2026.

In 2025, the Association experienced \$419,880 in expenses above budget, primarily due to unanticipated operational and legal expenses. This is referred to as an unfavorable expense variance. See explanation of expense overages below.

**Niguel Shores is not facing a \$419,880 "deficit."** During the year, the Board approved a Special Assessment of \$232,901 that offset a significant portion of the expense variance.

To improve the Equity position of the Association, the Board will approve at the March 18, Board Meeting deferring one quarter transfer to the Maintenance Reserve Fund in the amount of \$232,613. By withholding the Transfer, **NSCA Equity will improve to a positive \$175,939. Additionally, NSCA current Maintenance Reserve Fund will exceed 75%** of the fully funded balance, which is generally considered good.

For additional context, **Niguel Shores currently maintains \$5,925,557.00 in reserves**, held across secured and insured investment accounts to protect the long-term financial stability and capital needs of the community. These reserve funds are actively invested in secure

accounts and currently generate approximately **\$38,000 per month in interest income. In 2025 alone, these investments produced approximately \$252,000 in earnings for the Association.**

To provide additional clarity on the expense variance, the primary cost drivers during the year included:

- **\$56,000 – Water:** July–Sept. averaged approximately \$47,000 per month due to drier than normal conditions
- **\$68,000 – Drainage:** Tasman Bay sump pump project
- **\$50,000 – Patrol Services:** addition of another patrol officer for 24-hour presence
- **\$36,000 – Insurance:** umbrella policy coverage
- **\$48,000 – Legal**
- **\$87,000 – Litigation:** larger number of legal matters than originally anticipated
- **\$19,000 – GoAccess quarterly license fee:** The fee is more expensive compared to Dwelling Live quarterly license fee
- **\$37,558 – Taxes that were budgeted in Reserves:** Appropriately charged to Operations (not considered a spending issue).

Overspending should always be examined and corrected. In 2025, the Board approved spending to correct a significant drainage issue, increase nightly patrol service for community security, address higher water usage, increase insurance coverage, and handle unforeseen legal matters. Unfortunately, more homeowners are using litigation to resolve disagreements with neighbors and the Association at a level we have not experienced in the past.

GoAccess was approved in early 2025 to modernize gate access and improve the flow of traffic at Mariner Gate Entrance. Had the Board known that these other expenses would come before the Board in 2025, the Board may have deferred approving GoAccess to 2026.

There has also been discussion regarding the cost of the GoAccess gate system upgrade. Rumors suggesting that the Association spent \$350,000 on this project are incorrect.

**The Board-approved original budget for the project was:**

- Reserve allocation: \$182,000
- Capital Improvements allocation: \$67,413
- Total original budget: \$249,413

**During implementation, two unforeseen items became necessary:**

- Gate kiosks: \$11,835
- Network infrastructure upgrades: \$21,084

**These additions brought the total project cost to:  
\$282,332**

While the project did exceed the original budget due to infrastructure requirements discovered during installation, the final cost was \$282,332 — **not \$350,000**

The GoAccess project modernized and replaced aging gate infrastructure and brought our access control system up to current operational standards while improving overall gate functionality and security.

### **Actions Taken**

The Board and Finance Committee were not happy with the prior accounting firm's work product and providing timely information. Their contract was terminated. The accounting firm of KBF Advisors has been hired to provide accounting services going forward.

In the future, all un-budgeted spending discussed by the Board and before approving, the Board will need to ensure the expense is covered through lower spending in other areas, expense savings through the year, or the use of the contingency in the 2026 Budget of \$100,000.

Topics such as dog safety and coyote encounters are legitimate concerns that affect residents on a daily basis. Addressing one community topic in a newsletter does not mean other matters are being ignored.

The Board and management work continuously on multiple issues at the same time, including financial oversight, infrastructure, safety, and community operations.

Leadership requires steadiness, clarity, and a balanced approach to the issues facing our community... That is what we will continue to provide.

Mark Russell  
President  
Niguel Shores Community Association

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