

The Glen of Pacific Grove Homeowners Association
c/o Regency Management Group
24571 Silver Cloud Court, Suite 101
Monterey, CA 93940
(831) 647-2442

April 21, 2022

Dear The Glen of Pacific Grove Homeowner,

As required per Civil Code 5305, I have enclosed a copy of the 2021 reviewed financial statements which were prepared by Levy, Erlanger & Company Certified Public Accountants.

Please take a few moments to review the enclosed documents, and feel free to call me if you have any questions. Make sure to keep current copy of the Associations financial statements with your other Association related documents.

If you have questions or concerns, please feel free to contact me at the Regency office at (831) 647-2442 or via email at lcunningham@regencymg.com.

Cordially,



Liane Cunningham
Community Association Manager

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

YEARS ENDED DECEMBER 31, 2021 AND 2020

**LEVY, ERLANGER & COMPANY LLP
Certified Public Accountants
San Francisco, California**

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

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YEARS ENDED DECEMBER 31, 2021 AND 2020**

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LEVY, ERLANGER & COMPANY LLP
Certified Public Accountants

290 King Street, Suite 12
San Francisco, CA 94107

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board Of Directors

The Glen Of Pacific Grove Homeowners' Association, Inc.
Pacific Grove, California

We have reviewed the accompanying financial statements of **The Glen Of Pacific Grove Homeowners' Association, Inc.** (the Association) which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of revenues, expenses and changes in fund balances and cash flows, for the years 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 engagements in accordance with 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 **The Glen Of Pacific Grove Homeowners' Association, Inc.** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, 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.

Future Major Repairs and Replacements

As further discussed in the notes to the financial statements, the Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting replacement reserve funding plan is a function of the completeness of the major component list and the accuracy of the estimated quantity, useful and remaining lives, and replacement costs of those components.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until sufficient funds are available.

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 required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed or compiled the required supplementary information, and we do not express an opinion, a conclusion, nor provide any assurance on it.

Levy, Elmer & Company LLP

March 11, 2022

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**BALANCE SHEETS
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>			<u>2020</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
ASSETS				
Cash and cash equivalents (Note 2)	\$ 10,080	\$ 583,681	\$ 593,761	\$ 238,991
Investment in certificates of deposit (Note 2)				300,000
Assessments receivable (Note 2)				692
Prepaid insurance	6,158		6,158	4,345
Prepaid income taxes		1,831	1,831	1,831
Other assets	770		770	770
	<u>17,008</u>	<u>585,512</u>	<u>602,520</u>	<u>546,629</u>
Total assets	<u>\$ 17,008</u>	<u>\$ 585,512</u>	<u>\$ 602,520</u>	<u>\$ 546,629</u>
LIABILITIES				
Accounts payable	\$ 13,729	\$ 17,386	\$ 31,115	\$ 7,492
Assessments paid in advance	12,960		12,960	4,021
Due to (due from) other fund	(12,265)	12,265		
Contract liabilities - replacement reserve assessments paid in advance (Notes 2 and 4)		555,861	555,861	536,901
Future major repairs and replacements (Note 3)	-	-	-	-
	<u>14,424</u>	<u>585,512</u>	<u>599,936</u>	<u>548,414</u>
Total liabilities	<u>14,424</u>	<u>585,512</u>	<u>599,936</u>	<u>548,414</u>
COMMITMENTS (NOTE 5)				
	-	-	-	-
FUND BALANCE (DEFICIT)				
	<u>2,584</u>	<u>-</u>	<u>2,584</u>	<u>(1,785)</u>
Total liabilities and fund balance	<u>\$ 17,008</u>	<u>\$ 585,512</u>	<u>\$ 602,520</u>	<u>\$ 546,629</u>

See independent accountant's review report and accompanying notes.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021		2020	
	Operations Fund	Replacement Fund	Total Funds	Total Funds
REVENUES				
Assessments (Notes 2 and 4)	\$ 168,468	\$ 58,587	\$ 227,055	\$ 194,926
Interest income (Note 2)	6	90	96	7,640
Late charges and other income	465		465	280
Total revenues	168,939	58,677	227,616	202,846
EXPENSES				
<u>Administration</u>				
Income tax provision (Note 2)	-	-	-	1,789
Insurance	24,200		24,200	22,928
Legal and accounting	6,948		6,948	8,500
Management	18,660		18,660	17,940
Office, printing and postage	6,808		6,808	3,591
Reserve study		3,510	3,510	948
	56,616	3,510	60,126	55,696
<u>Maintenance and operations</u>				
Gate maintenance	1,386	-	1,386	615
Lake maintenance	8,589		8,589	12,240
Landscape maintenance	61,281		61,281	60,325
Roof and gutter	8,707		8,707	6,265
Other maintenance and operations	4,189		4,189	2,178
	84,152	-	84,152	81,623
<u>Utilities</u>				
Gas and electricity	5,803	-	5,803	5,136
Telephone	2,844		2,844	2,621
Water and sewer	21,140		21,140	17,947
	29,787	-	29,787	25,704

See independent accountant's review report and accompanying notes.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021		2020	
	Operations Fund	Replacement Fund	Total Funds	Total Funds
EXPENSES (CONTINUED)				
<u>Major repairs and replacements</u>				
Boundary survey	\$ -	\$ 14,129	\$ 14,129	\$ -
Fences and gates		5,039	5,039	
Lakes, ponds and waterways				16,753
Landscaping, trees and irrigation		24,514	24,514	3,438
Mailboxes				11,910
Paving and concrete		4,536	4,536	3,634
Sewer and drainage		3,861	3,861	
Siding and trim		1,611	1,611	
Tennis courts				11,596
Other major repairs and replacements		1,477	1,477	170
	<u>-</u>	<u>55,167</u>	<u>55,167</u>	<u>47,501</u>
Total expenses	<u>170,555</u>	<u>58,677</u>	<u>229,232</u>	<u>210,524</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(1,616)	-	(1,616)	(7,678)
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	5,985	-	5,985	(38,644)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(1,785)</u>	<u>-</u>	<u>(1,785)</u>	<u>44,537</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 2,584</u>	<u>\$ -</u>	<u>\$ 2,584</u>	<u>\$ (1,785)</u>

See independent accountant's review report and accompanying notes.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021		2020	
	Operations Fund	Replacement Fund	Total Funds	Total Funds
OPERATING ACTIVITIES				
Excess (deficiency) of revenues over expenses	\$ (1,616)	\$ -	\$ (1,616)	\$ (7,678)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:				
Decrease (increase) in assets:				
Assessments receivable	692	-	692	(52)
Prepaid insurance	(1,813)		(1,813)	(2,851)
Prepaid income taxes				(1,831)
Increase (decrease) in liabilities:				
Accounts payable	6,237	17,386	23,623	(24,366)
Assessments paid in advance	8,939		8,939	(120)
Income taxes payable				(3,272)
Contract liabilities - replacement reserve assessments paid in advance		18,960	18,960	74,118
Due to (due from) other fund	(12,265)	12,265		
Total adjustments	1,790	48,611	50,401	41,626
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	174	48,611	48,785	33,948
INVESTING ACTIVITIES				
Net (purchase) sale of certificates of deposit	-	300,000	300,000	140,000
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	-	300,000	300,000	140,000

See independent accountant's review report and accompanying notes.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021		2020	
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 174	\$ 348,611	\$ 348,785	\$ 173,948
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	5,985	-	5,985	(38,644)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,921</u>	<u>235,070</u>	<u>238,991</u>	<u>103,687</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 10,080</u>	<u>\$ 583,681</u>	<u>\$ 593,761</u>	<u>\$ 238,991</u>
<u>Supplemental Disclosures</u>				
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,892</u>

See independent accountant's review report and accompanying notes.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

1. THE ASSOCIATION

The Glen Of Pacific Grove Homeowners' Association, Inc. (the Association) is a common interest development located in Pacific Grove, California which consists of 60 residential units and certain common area property. The Association was organized as a nonprofit mutual-benefit corporation in June 1982 to provide for management, maintenance and architectural control of the individual units and the common area property. The Association is governed by a member-elected Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions (CC&Rs), by laws, and rules and regulations. Major decisions, as determined by the CC&Rs, are referred to the Association owners as a whole.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 are 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 retain legal counsel and place liens on the properties of owners whose assessments are delinquent. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The estimate of allowance for doubtful accounts, if any, is based, generally on amounts past due greater than 90 to 120 days.

Basis of presentation. The accompanying financial statements, and the Association's corporate income tax returns, have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized when incurred.

See independent accountant's review report.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents. For purposes of the statement of cash flows, the Association considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents are classified with cash in the balance sheet.

Concentrations of credit risk. Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Association maintains its financial instruments with what management believes to be high credit quality financial institutions and limits the amount of credit exposure to any one particular institution. Cash, cash equivalents and investments in excess of federal deposit insurance (FDIC) coverage limits as of December 31, 2021 totaled approximately \$-0-.

Contract liabilities - replacement reserve assessments paid in advance. The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability - replacement reserve assessments paid in advance is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments.

Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and the differences could be material.

Fund accounting. The Association's governing documents provide certain guidelines for governing its financial activities. To ensure the 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 two funds established according to their nature and purpose. The operations fund is used to account for the financial resources available for the general day-to-day operations of the Association. The replacement fund is used to accumulate financial resources designated for future major repairs and replacements.

See independent accountant's review report.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes are paid on income from sources which are not related to the nonprofit, membership purposes of the Association. Nonmembership income, less related nonmembership expenses, subject to federal and California income taxes includes interest earned on cash and cash equivalents, and investments.

For federal purposes, the Association may elect to be taxed as either a regular corporation or as a homeowners association. In the former instance, it is taxed at a flat 21% rate on net nonmember income; in the latter case it is taxed at a flat 30% rate on net nonexempt function income (which is generally similar to net nonmember income). California income tax approximates 9% of net nonmember income.

The Association's tax filings are subject to audit by various taxing authorities: federal income tax returns for the previous three years remain open to examination by the Internal Revenue Service and California income tax returns for the previous four years remain open to examination by the Franchise Tax Board. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Interest earned on operations and replacement funds, net of related income taxes, is retained in said respective funds. With the implementation of FASB ASC 606 new accounting guidance, reported replacement reserve interest income may be less than earned.

Investments consist of federally-insured certificates of deposit stated at cost which approximates market value.

Membership in the Association is mandatory by virtue of unit ownership.

Real and personal common property acquired by the original owners from the developer is not recognized in the Association's financial statements, in accordance with prevalent industry practice, because it is commonly owned by the individual Association members and its disposition by the Board Of Directors is restricted. Similarly, major repairs, replacements and improvements to real and personal property are not recognized.

See independent accountant's review report.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

3. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents, and California state law (Civil Code Section 5300), require that the Board Of Directors provide for the repair and replacement of Association common area major components. Accordingly, funds which comprise the replacement fund are not generally available for the payment of day-to-day operating expenses.

The Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting reserve funding plan is a function of the completeness of the major component list, the accuracy of the estimated quantity, useful and remaining lives and current replacement costs of those components, and the reasonableness of significant funding assumptions, including but not limited to the projected major component cost increases (aka inflation) and interest earning rate(s) on replacement fund cash balances.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material.

Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until funds are available.

Additional information about future major repairs and replacements may be found in the annually-distributed pro forma operating budget and related assessment and reserve funding disclosure summary (pursuant to California Civil Code Section 5300).

See independent accountant's review report.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

4. FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) has issued new guidance that created Accounting Standards Codification (ASC) Topic 606. This new guidance supercedes the revenue recognition requirements in FASB ASC 972-605, Real Estate - Common Interest Realty Associations (CIRAs), Revenue Recognition, and now requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services (i.e. the accumulation of unspent replacement reserve cash and investments from assessment payments over time which are eventually to be used for common area major repairs and replacements).

The Association has adopted the new guidance as of January 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenues and contract liabilities - replacement reserve assessments paid in advance.

<u>2021 Assessment Revenues Reconciliation</u>	Operations Fund	Replacement Fund	Total Funds
Assessment revenues <u>per budget</u>	\$ 168,468	\$ 83,532	\$ 252,000
Effects of applying <u>new guidance</u>			
Reclassify interfund transfers	-	(5,985)	(5,985)
Adjust revenues to equal expenses	-	(18,960)	(18,960)
Total effects of new guidance	-	(24,945)	(24,945)
Assessment revenues <u>per financial statements</u>	<u>\$ 168,468</u>	<u>\$ 58,587</u>	<u>\$ 227,055</u>
<u>2020 Assessment Revenues Reconciliation</u>	Operations Fund	Replacement Fund	Total Funds
Assessment revenues <u>per budget</u>	\$ 152,328	\$ 78,072	\$ 230,400
Effects of applying <u>new guidance</u>			
Reclassify interfund transfers	-	38,644	38,644
Adjust revenues to equal expenses	-	(74,118)	(74,118)
Total effects of new guidance	-	(35,474)	(35,474)
Assessment revenues <u>per financial statements</u>	<u>\$ 152,328</u>	<u>\$ 42,598</u>	<u>\$ 194,926</u>

See independent accountant's review report.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

5. COMMITMENTS

The Association enters into contracts for management and/or maintenance services in the normal course of its business operations. These contracts are generally cancelable on thirty to ninety days' advance notice.

6. COVID-19

In December 2019 a novel strain of coronavirus surfaced and has spread around the world, resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization in January 2020. The effect of this virus on the financial position and/or results of operations of the Association is unknown at this time.

7. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 11, 2022, the date that the financial statements were available to be issued.

See independent accountant's review report.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2021
(UNAUDITED)**

The following information on common area major components was compiled by Reserve Analysis Consulting of Sausalito, California as of November 2021 and has served as the basis for the current estimates of replacement reserve funding:

Code #	Component Description	2021 End Req'd in Bank	Year New	Useful Life	Rmng. (2022)	Current Cost	Annual Allocation
1.00	SITE COMPONENTS						
2.00	ASPHALT & CONCRETE						
2.01	Asphalt Sealing (includes fire access road)	\$14,425	2022	5	5	\$18,031	\$3,606
2.02	Striping & Designations - Inventory in Note	\$1,043	2022	5	5	\$1,304	\$261
2.03	Asphalt Repair/Replacement Allowance - 5% of Total	\$10,417	2022	6	6	\$12,500	\$2,083
2.04	Asphalt Major Repair/Replacement/Overlay	\$77,760	2012	30	20	\$259,199	\$8,640
2.05	Concrete Repair/Replacement Allowance	\$1,000	2020	5	3	\$5,000	\$1,000
	Category Sub-Total	\$104,644				\$296,034	\$15,590
3.00	ENTRY AREA						
3.01	Vehicle Entry Gates - Metal -14' (swing)	\$800	2019	25	22	\$10,000	\$400
3.02	Vehicle Entry Gate - Loops/Safety Upgrades	\$1,000	2019	5	2	\$2,500	\$500
3.03	Gate Hardware Repair/Replacement Allowance	\$1,000	2019	5	2	\$2,500	\$500
3.04	Vehicle Gate Operators - 'Liftmaster'	\$7,200	2013	10	1	\$9,000	\$900
3.05	Entry Intercom - 'Door King'	\$900	2019	10	7	\$4,500	\$450
3.06	Light - Fluorescent Fixture @ Entry Intercom	\$190	1983	40	1	\$200	\$5
3.07	Entry Intercom - Metal Structure - Repair / Replace Allow.	\$1,140	1983	50	11	\$1,500	\$30
3.08	Pedestrian Gate	\$200	2019	25	22	\$2,500	\$100
3.09	Stone Faced Columns @ Entry - Repair Allowance	\$1,375	2010	20	8	\$2,500	\$125
3.10	Entry Monument Plaque 'The Glen of Pacific Grove'	\$2,850	1983	100	61	\$7,500	\$75
3.11	Bulletin Board / Cabinet - Repair / Replacement	\$1,650	2010	25	13	\$3,750	\$150
	Category Sub-Total	\$18,305				\$46,450	\$3,235
4.00	LIGHTING, MAILBOXES, SIGNAGE & MISC.						
4.01	Street Light Pole w/ Lantern Fixture -12'	\$43,320	1983	50	11	\$57,000	\$1,140
4.02	Street Light Pole w/ 2 Lantern Fixture -12' @ Main Entry	\$5,320	1983	50	11	\$7,000	\$140
4.03	Mailboxes - 16 Box Cluster w/ 2 Parcel Boxes	\$476	2020	25	23	\$11,910	\$476
4.04	Lattice -6' @ Mailboxes - Repair Allowance	\$150	2015	20	13	\$500	\$25
4.05	Signage - HOA / MISC. Replacement Allowance	\$3,000	2020	5	3	\$15,000	\$3,000
4.06	Benches - Replacement (Metal / Wood / Masonry)	\$1,467	2010	30	18	\$4,000	\$133
	Category Sub-Total	\$53,733				\$95,410	\$4,915
5.00	LAKE / CREEK & BRIDGE COMPONENTS						
5.01	Lake / Creek - Repair / Replace Allowance	\$3,000	2021	1	0	\$3,000	\$3,000
5.02	Dredging Allowance	\$8,377	2020	2	0	\$16,753	\$8,377
5.03	Bank & Base - Investigation / Repair Allowance	\$9,000	2015	10	3	\$15,000	\$1,500
5.04	Water Drain Valve / Pipe Repair / Replace Allowance	\$4,750	1983	40	1	\$5,000	\$125
5.05	Pump - Motor / Impeller Replacement Allowance	\$4,000	2009	15	2	\$5,000	\$333
5.06	Pump Electronics - Repair / Replace Allowance	\$2,000	2009	15	2	\$2,500	\$167
5.07	Bridge Trex Decking - Resurface / Replacement	\$1,584	2010	25	13	\$3,600	\$144
5.08	Bridge Railing - Wood -4'	\$1,672	2010	25	13	\$3,800	\$152
5.09	Bridge Structure - Repair Allowance	\$15,833	1983	60	21	\$25,000	\$417
5.10	Vault Hatch - Wood - Pond Equipment	\$1,320	2010	25	13	\$3,000	\$120
	Category Sub-Total	\$51,536				\$82,653	\$14,334
6.00	FENCING & RETAINING WALLS						
6.01	Fence - Cyclone (black) @ Property Perimeter -6'	\$1,968	2015	30	23	\$9,840	\$328
6.02	Fence - Metal -5' @ Entrance	\$6,509	2010	40	28	\$23,670	\$592
6.03	Pedestrian Gate - Metal @ Property Perimeter	\$1,382	1983	55	16	\$2,000	\$36
6.04	Pedestrian Gate - Cyclone @ Property Perimeter	\$518	1983	55	16	\$750	\$14
6.05	Retaining Wall - Stone Faced Masonry - Main Entry -2-3'	\$5,429	1983	70	31	\$10,000	\$143
6.06	Retaining Wall - Stone Faced Masonry - Entry / #19 -1.5'	\$4,316	1983	70	31	\$7,950	\$114
	Category Sub-Total	\$20,122				\$54,210	\$1,226
7.00	IRRIGATION, LANDSCAPING, TREES & DRAINAGE						
7.01	Irrigation Equipment - Replacement Allowance - Minor	\$5,000	2021	1	0	\$5,000	\$5,000
7.02	Irrigation Equipment - Replacement Allowance - Major	\$12,000	2022	5	5	\$15,000	\$3,000
7.03	Irrigation Backflow Preventers	\$8,444	1983	45	6	\$10,000	\$222
7.04	Landscaping - Replacement Allowance - Minor	\$5,000	2021	1	0	\$5,000	\$5,000
7.05	Landscaping - Replacement Allowance - Major	\$12,000	2022	5	5	\$15,000	\$3,000
7.06	Tree Removal & Replacement Allowance - Minor	\$5,000	2021	1	0	\$5,000	\$5,000
7.07	Tree Removal & Replacement Allowance - Major	\$12,000	2022	5	5	\$15,000	\$3,000
7.08	Slope Drainage - Investigation & Mitigation Allowance	\$0	2021	5	4	\$15,000	\$3,000

See independent accountant's review report and accompanying notes.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2021
(UNAUDITED)**

Code #	Component Description	2021 End Req'd in Bank	Year New	Usefl Life	Rmng. (2022)	Current Cost	Annual Allocation
Category Sub-Total		\$59,444				\$85,000	\$27,222
8.00	TENNIS COURT AREA						
8.01	Tennis Court Re-Surface/Repair	\$2,319	2020	5	3	\$11,596	\$2,319
8.02	Tennis Court Major Repair/Replacement	\$52,615	1983	52	13	\$72,000	\$1,385
8.03	Cyclone Fence @ Tennis Court ~ 10'	\$1,934	2010	30	18	\$5,275	\$176
8.04	Pedestrian Gates - Cyclone	\$550	2010	30	18	\$1,500	\$50
8.05	Windscreen	\$1,623	2010	12	0	\$1,770	\$148
8.06	Tennis Court Net	\$65	2020	5	3	\$325	\$65
8.07	Net Post Replacement	\$367	2010	30	18	\$1,000	\$33
8.08	Storage Building - Replacement	\$1,313	2000	40	18	\$2,500	\$63
Category Sub-Total		\$60,785				\$95,966	\$4,238
9.00	BUILDING - EXTERIORS						
9.01	Roof - Inspection & Repair Allowance	\$4,000	2017	5	0	\$5,000	\$1,000
9.02	Roof - Composition Shingle	\$307,340	2008	25	11	\$591,038	\$23,642
9.03	Roof - Gutters	\$45,908	2008	25	11	\$88,284	\$3,531
9.04	Roof - Downspouts	\$12,542	2008	25	11	\$24,120	\$965
9.05	Roof - Chimney Caps	\$14,040	2008	25	11	\$27,000	\$1,080
9.06	Roof - Spark Arrestors	\$14,040	2008	25	11	\$27,000	\$1,080
9.07	Utility Boxes - Wood	\$25,333	1983	45	6	\$30,000	\$667
9.08	Entry Railing - Iron ~4'	\$7,433	1983	50	11	\$9,780	\$196
9.09	Wood Lattice @ Buildings Replace Allowance	\$8,000	2022	5	5	\$10,000	\$2,000
9.10	Vehicle Entry Doors - OWNERS' RESPONSIBILITY	\$0	1983	0	0	\$0	\$0
9.11	Doors - Unit Entry - OWNERS' RESPONSIBILITY	\$0	1983	0	0	\$0	\$0
9.12	Light Fixtures - OWNERS' RESPONSIBILITY	\$0	1983	0	0	\$0	\$0
9.13	Windows - OWNERS' RESPONSIBILITY	\$0	1983	0	0	\$0	\$0
Category Sub-Total		\$438,636				\$812,222	\$34,160
10.00	GARAGES						
10.01	Roof - Composition Shingle	\$25,160	2008	25	11	\$48,384	\$1,935
10.02	Roof - Gutters - Garages	\$6,739	2008	25	11	\$12,960	\$518
10.03	Roof - Downspouts - Garages	\$899	2008	25	11	\$1,728	\$69
10.04	Vehicle Entry Doors	\$0	1983	0	0	\$0	\$0
Category Sub-Total		\$32,797				\$63,072	\$2,523
11.00	PAINTING & SIDING/TRIM REPAIR ALLOWANCES						
11.01	Paint Building & Garage Exteriors - Inventory in Note	\$171,514	2014	10	2	\$245,020	\$24,502
11.02	Siding / Trim - Repair/Replacement Allowance ~5%	\$62,592	2014	10	2	\$89,418	\$8,942
11.03	Paint Site Components - Inventory in Note	\$3,154	2014	10	2	\$4,506	\$451
11.04	Maintenance Shed - Repair Allowance	\$1,050	2014	10	2	\$1,500	\$150
Category Sub-Total		\$238,311				\$340,444	\$34,044
12.00	MISCELLANEOUS ALLOWANCES						
12.01	Property Survey / Professional Fees - Allowance	\$0	2021	10	9	\$13,019	\$1,302
12.02	Plumbing Investigation & Repair Allowance	\$6,000	2018	5	1	\$10,000	\$2,000
Category Sub-Total		\$6,000				\$23,019	\$3,302
Total Value of Components:						\$1,994,480	
Annual Straight-Line Allocation:							\$144,790
2021 End		\$1,084,314					
Total Dollars Necessary to be 100% Funded:		\$1,084,314					

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THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2021
(UNAUDITED)**

The Association has conducted a study to estimate the useful and remaining lives and current replacement costs of common property major components. Funding requirements consider an estimated **after-tax interest rate** of **1/2%** on replacement fund cash balances and an annual **inflation rate** of **3%** on major component replacement costs. The replacement fund **cash** and investment balances at December 31, 2021 totaled **\$583,681**. The estimated **liability** for major repairs and replacements at this date totaled approximately **\$1,084,000**. The portion of **2022** regular **assessments** budgeted to be allocated to the replacement fund totals **\$89,582**.

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