

**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 7, 2023

Dear The Glen of Pacific Grove Homeowner,

As required per Civil Code 5305, I have enclosed a copy of the 2022 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](mailto:lcunningham@regencymg.com).

Cordially,

*Liane Cunningham*

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, 2022 AND 2021**

**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, 2022 AND 2021**

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**LEVY, ERLANGER & COMPANY LLP**  
Certified Public Accountants

100 Montgomery Street, Suite 715  
San Francisco, CA 94104

**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, 2022 and 2021, 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*

February 20, 2023

**THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.**

**BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021**

	2022			2021
	Operations Fund	Replacement Fund	Total Funds	Total Funds
<b>ASSETS</b>				
Cash and cash equivalents (Note 2)	\$ 6,988	\$ 143,477	\$ 150,465	\$ 593,761
Investment in certificates of deposit (Note 2)		450,000	450,000	
Assessments receivable (Note 2)	1,715		1,715	
Insurance claims receivable	16,450		16,450	
Interest receivable		3,391	3,391	
Prepaid insurance	3,449		3,449	6,158
Prepaid income taxes				1,831
Other assets	770		770	770
Total assets	<u>\$ 29,372</u>	<u>\$ 596,868</u>	<u>\$ 626,240</u>	<u>\$ 602,520</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 35,074	\$ 9,310	\$ 44,384	\$ 31,115
Assessments paid in advance	4,900		4,900	12,960
Income taxes payable		1,105	1,105	
Due to (due from) other fund	(23,357)	23,357		
Contract liabilities - replacement reserve assessments paid in advance (Notes 2 and 4)		563,096	563,096	555,861
Future major repairs and replacements (Note 3)	-	-	-	-
Total liabilities	<u>16,617</u>	<u>596,868</u>	<u>613,485</u>	<u>599,936</u>
<b>COMMITMENTS (NOTE 5)</b>				
	-	-	-	-
<b>FUND BALANCE (DEFICIT)</b>				
	<u>12,755</u>	<u>-</u>	<u>12,755</u>	<u>2,584</u>
Total liabilities and fund balance	<u>\$ 29,372</u>	<u>\$ 596,868</u>	<u>\$ 626,240</u>	<u>\$ 602,520</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, 2022 AND 2021**

	<u>2022</u>			<u>2021</u>
	<u>Operations</u>	<u>Replacement</u>	<u>Total</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
<b>REVENUES</b>				
Assessments (Notes 2 and 4)	\$ 184,020	\$ 77,190	\$ 261,210	\$ 227,055
Interest income (Note 2)	5	5,226	5,231	96
Late charges and other income	1,108		1,108	465
Total revenues	<u>185,133</u>	<u>82,416</u>	<u>267,549</u>	<u>227,616</u>
<b>EXPENSES</b>				
<u>Administration</u>				
Income tax provision (Note 2)	-	1,105	1,105	-
Insurance	27,387		27,387	24,200
Legal and accounting	9,770		9,770	6,948
Management	18,660		18,660	18,660
Office, printing and postage	4,366		4,366	6,808
Reserve study		808	808	3,510
	<u>60,183</u>	<u>1,913</u>	<u>62,096</u>	<u>60,126</u>
<u>Maintenance and operations</u>				
Gate maintenance	1,018	-	1,018	1,386
Lake maintenance	7,540		7,540	8,589
Landscape maintenance	71,816		71,816	61,281
Roof and gutter	8,269		8,269	8,707
Other maintenance and operations	1,988		1,988	4,189
	<u>90,631</u>	<u>-</u>	<u>90,631</u>	<u>84,152</u>
<u>Utilities</u>				
Gas and electricity	6,453	-	6,453	5,803
Telephone	2,552		2,552	2,844
Water and sewer	20,298		20,298	21,140
	<u>29,303</u>	<u>-</u>	<u>29,303</u>	<u>29,787</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, 2022 AND 2021**

	2022			2021
	Operations Fund	Replacement Fund	Total Funds	Total Funds
<b>EXPENSES (CONTINUED)</b>				
<u>Major repairs and replacements</u>				
Boundary survey	\$ -	\$ -	\$ -	\$ 14,129
Fences and gates		6,414	6,414	5,039
Landscaping, trees and irrigation		7,444	7,444	24,514
Other building exterior		3,623	3,623	
Paving and concrete		1,900	1,900	4,536
Roofs		34,194	34,194	
Sewer and drainage		18,655	18,655	3,861
Siding and trim		6,740	6,740	1,611
Other major repairs and replacements		1,533	1,533	1,477
	-	80,503	80,503	55,167
 Total expenses	180,117	82,416	262,533	229,232
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	 5,016	 -	 5,016	 (1,616)
 <b>BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS</b>	 5,155	 -	 5,155	 5,985
 <b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	 2,584	 -	 2,584	 (1,785)
 <b>FUND BALANCE (DEFICIT), END OF YEAR</b>	 \$ 12,755	 \$ -	 \$ 12,755	 \$ 2,584

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, 2022 AND 2021**

	<u>2022</u>		<u>2021</u>	
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
<b>OPERATING ACTIVITIES</b>				
Excess (deficiency) of revenues over expenses	\$ 5,016	\$ -	\$ 5,016	\$ (1,616)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:				
Decrease (increase) in assets:				
Assessments receivable	(1,715)	-	(1,715)	692
Insurance claims receivable	(16,450)		(16,450)	
Interest receivable		(3,391)	(3,391)	
Prepaid insurance	2,709		2,709	(1,813)
Prepaid income taxes		1,831	1,831	
Increase (decrease) in liabilities:				
Accounts payable	21,345	(8,076)	13,269	23,623
Assessments paid in advance	(8,060)		(8,060)	8,939
Income taxes payable		1,105	1,105	
Contract liabilities - replacement reserve assessments paid in advance		7,235	7,235	18,960
Due to (due from) other fund	(11,092)	11,092		
Total adjustments	(13,263)	9,796	(3,467)	50,401
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>(8,247)</u>	<u>9,796</u>	<u>1,549</u>	<u>48,785</u>
<b>INVESTING ACTIVITIES</b>				
Net (purchase) sale of certificates of deposit	-	(450,000)	(450,000)	300,000
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<u>-</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>300,000</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, 2022 AND 2021**

	<u>2022</u>		<u>2021</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ (8,247)	\$ (440,204)	\$ (448,451)
<b>BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS</b>	5,155	-	5,155
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>10,080</u>	<u>583,681</u>	<u>593,761</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 6,988</u>	<u>\$ 143,477</u>	<u>\$ 150,465</u>
<u>Supplemental Disclosures</u>			
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ (1,831)</u>	<u>\$ (1,831)</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, 2022 AND 2021**

### **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. The Association's policy is to account for reserve fund expenditures using reserve fund assessments before reserve fund interest income.

**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, 2022 AND 2021**

**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, 2022 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, 2022 AND 2021**

**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, 2022 AND 2021**

**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, 2022 AND 2021**

**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.

<b><u>2021 Assessment Revenues Reconciliation</u></b>	Operations <u>Fund</u>	Replacement <u>Fund</u>	<b><u>Total Funds</u></b>
Assessment revenues <b><u>per budget</u></b>	\$ 168,468	\$ 83,532	\$ 252,000
Effects of applying <b><u>new guidance</u></b>			
Reclassify <b>interfund transfers</b>	-	(5,985)	<b>(5,985)</b>
Adjust <b>revenues to equal expenses</b>	-	<u>(18,960)</u>	<b><u>(18,960)</u></b>
Total effects of new guidance	-	<u>(24,945)</u>	<b><u>(24,945)</u></b>
Assessment revenues <b><u>per financial statements</u></b>	<b><u>\$ 168,468</u></b>	<b><u>\$ 58,587</u></b>	<b><u>\$ 227,055</u></b>

<b><u>2022 Assessment Revenues Reconciliation</u></b>	Operations <u>Fund</u>	Replacement <u>Fund</u>	<b><u>Total Funds</u></b>
Assessment revenues <b><u>per budget</u></b>	\$ 184,020	\$ 89,580	\$ 273,600
Effects of applying <b><u>new guidance</u></b>			
Reclassify <b>interfund transfers</b>	-	(5,155)	<b>(5,155)</b>
Adjust <b>revenues to equal expenses</b>	-	<u>(7,235)</u>	<b><u>(7,235)</u></b>
Total effects of new guidance	-	<u>(12,390)</u>	<b><u>(12,390)</u></b>
Assessment revenues <b><u>per financial statements</u></b>	<b><u>\$ 184,020</u></b>	<b><u>\$ 77,190</u></b>	<b><u>\$ 261,210</u></b>

See independent accountant's review report.

**THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**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 February 20, 2023, 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, 2022  
(UNAUDITED)**

The following information on common area major components was compiled by Reserve Analysis Consulting of Sausalito, California as of **October 2022** and has served as the basis for the current estimates of replacement reserve funding:

Code #	Component Description	2022 End Req'd in Bank	Year New	Useful Life	Rmng. (2023)	Current Cost	Annual Allocation
1.00	SITE COMPONENTS						
2.00	ASPHALT & CONCRETE						
2.01	Asphalt Sealing (includes fire access road)	\$15,026	2023	6	6	\$18,031	\$3,005
2.02	Striping & Designations - Inventory in Note	\$1,087	2023	6	6	\$1,304	\$217
2.03	Asphalt Repair/Replacement Allowance ~ 5% of Total	\$10,417	2023	6	6	\$12,500	\$2,083
2.04	Asphalt Major Repair/Replacement/Overlay	\$90,156	2012	30	19	\$270,468	\$9,016
2.05	Concrete Repair/Replacement Allowance	\$0	2022	5	4	\$5,000	\$1,000
	<b>Category Sub-Total</b>	<b>\$116,685</b>				<b>\$307,303</b>	<b>\$15,321</b>
3.00	ENTRY AREA						
3.01	Vehicle Entry Gates - Metal ~14' (swing)	\$1,800	2019	25	21	\$15,000	\$600
3.02	Vehicle Entry Gate - Loops/Safety Upgrades	\$1,500	2019	5	1	\$2,500	\$500
3.03	Gate Hardware Repair/Replacement Allowance	\$1,500	2019	5	1	\$2,500	\$500
3.04	Vehicle Gate Operators - 'Liftmaster'	\$9,000	2013	10	0	\$10,000	\$1,000
3.05	Entry Intercom - 'Door King'	\$1,800	2019	10	6	\$6,000	\$600
3.06	Light - Fluorescent Fixture @ Entry Intercom	\$244	1983	40	0	\$250	\$6
3.07	Entry Intercom - Metal Structure - Repair / Replace Allow.	\$1,170	1983	50	10	\$1,500	\$30
3.08	Pedestrian Gate	\$300	2019	25	21	\$2,500	\$100
3.09	Stone Faced Columns @ Entry - Repair Allowance	\$1,500	2010	20	7	\$2,500	\$125
3.10	Entry Monument Plaque 'The Glen of Pacific Grove'	\$2,925	1983	100	60	\$7,500	\$75
3.11	Bulletin Board / Cabinet - Repair / Replacement	\$1,800	2010	25	12	\$3,750	\$150
	<b>Category Sub-Total</b>	<b>\$23,539</b>				<b>\$54,000</b>	<b>\$3,686</b>
4.00	LIGHTING, MAILBOXES, SIGNAGE & MISC.						
4.01	Street Light Pole w/ Lantern Fixture ~12'	\$66,690	1983	50	10	\$85,500	\$1,710
4.02	Street Light Pole w/ 2 Lantern Fixture ~12' @ Main Entry	\$7,800	1983	50	10	\$10,000	\$200
4.03	Mailboxes - 16 Box Cluster w/ 2 Parcel Boxes	\$960	2020	25	22	\$12,000	\$480
4.04	Lattice ~6' @ Mailboxes - Repair Allowance	\$175	2015	20	12	\$500	\$25
4.05	Signage - HOA / MISC. Replacement Allowance	\$6,000	2020	5	2	\$15,000	\$3,000
4.06	Benches - Replacement (Metal / Wood / Masonry)	\$1,600	2010	30	17	\$4,000	\$133
	<b>Category Sub-Total</b>	<b>\$83,225</b>				<b>\$127,000</b>	<b>\$5,548</b>
5.00	LAKE / CREEK & BRIDGE COMPONENTS						
5.01	Lake / Creek - Repair / Replace Allowance	\$3,000	2022	1	0	\$3,000	\$3,000
5.02	Dredging Allowance	\$0	2022	2	1	\$16,753	\$8,377
5.03	Bank & Base - Investigation / Repair Allowance	\$10,500	2015	10	2	\$15,000	\$1,500
5.04	Water Drain Valve / Pipe Repair / Replace Allowance	\$4,875	1983	40	0	\$5,000	\$125
5.05	Pump - Motor / Impeller Replacement Allowance	\$4,333	2009	15	1	\$5,000	\$333
5.06	Pump Electronics - Repair / Replace Allowance	\$2,167	2009	15	1	\$2,500	\$167
5.07	Bridge Trex Decking - Resurface / Replacement	\$1,728	2010	25	12	\$3,600	\$144
5.08	Bridge Railing - Wood ~4'	\$1,824	2010	25	12	\$3,800	\$152
5.09	Bridge Structure - Repair Allowance	\$16,250	1983	60	20	\$25,000	\$417
5.10	Vault Hatch - Wood - Pond Equipment	\$1,440	2010	25	12	\$3,000	\$120
	<b>Category Sub-Total</b>	<b>\$46,117</b>				<b>\$82,653</b>	<b>\$14,334</b>
6.00	FENCING & RETAINING WALLS						
6.01	Fence - Cyclone (black) @ Property Perimeter ~6'	\$2,296	2015	30	22	\$9,840	\$328
6.02	Fence - Metal ~5' @ Entrance	\$7,101	2010	40	27	\$23,670	\$592
6.03	Pedestrian Gate - Metal @ Property Perimeter	\$1,773	1983	55	15	\$2,500	\$45
6.04	Pedestrian Gate - Cyclone @ Property Perimeter	\$532	1983	55	15	\$750	\$14
6.05	Retaining Wall - Stone Faced Masonry - Main Entry ~2-3'	\$5,571	1983	70	30	\$10,000	\$143
6.06	Retaining Wall - Stone Faced Masonry - Entry / #19 ~1.5'	\$4,429	1983	70	30	\$7,950	\$114
	<b>Category Sub-Total</b>	<b>\$21,702</b>				<b>\$54,710</b>	<b>\$1,235</b>
7.00	IRRIGATION, LANDSCAPING, TREES & DRAINAGE						
7.01	Irrigation Equipment - Replacement Allowance - Minor	\$5,000	2022	1	0	\$5,000	\$5,000
7.02	Irrigation Equipment - Replacement Allowance - Major	\$0	2022	5	4	\$15,000	\$3,000
7.03	Irrigation Backflow Preventers	\$8,667	1983	45	5	\$10,000	\$222
7.04	Landscaping - Replacement Allowance - Minor	\$5,000	2022	1	0	\$5,000	\$5,000
7.05	Landscaping - Replacement Allowance - Major	\$0	2022	5	4	\$15,000	\$3,000
7.06	Tree Removal & Replacement Allowance - Minor	\$5,000	2022	1	0	\$5,000	\$5,000
7.07	Tree Removal & Replacement Allowance - Major	\$0	2022	5	4	\$15,000	\$3,000
7.08	Slope - Investigation & Mitigation Allowance	\$0	2022	3	2	\$7,500	\$2,500
7.09	Drainage - Investigation & Mitigation Allowance	\$0	2022	3	2	\$7,500	\$2,500
	<b>Category Sub-Total</b>	<b>\$23,667</b>				<b>\$85,000</b>	<b>\$29,222</b>
8.00	TENNIS COURT AREA						

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, 2022  
(UNAUDITED)**

Code #	Component Description	2022 End Req'd in Bank	Year New	Useful Life	Rmng. (2023)	Current Cost	Annual Allocation
8.01	Tennis Court Re-Surface/Repair	\$4,638	2020	5	2	\$11,596	\$2,319
8.02	Tennis Court Major Repair/Replacement	\$54,000	1983	52	12	\$72,000	\$1,385
8.03	Cyclone Fence @ Tennis Court ~ 10'	\$0	2022	30	29	\$5,275	\$176
8.04	Pedestrian Gates - Cyclone	\$600	2010	30	17	\$1,500	\$50
8.05	Windscreen	\$1,634	2010	13	0	\$1,770	\$136
8.06	Tennis Court Net	\$130	2020	5	2	\$325	\$65
8.07	Net Post Replacement	\$400	2010	30	17	\$1,000	\$33
8.08	Storage Building - Replacement	\$1,375	2000	40	17	\$2,500	\$63
	<b>Category Sub-Total</b>	<b>\$62,777</b>				<b>\$95,966</b>	<b>\$4,227</b>
9.00	<b>BUILDING - EXTERIORS</b>						
9.01	Roof - Inspection & Repair Allowance	\$8,333	2017	6	0	\$10,000	\$1,667
9.02	Roof - Composition Shingle	\$441,309	2008	25	10	\$788,051	\$31,522
9.03	Roof - Gutters	\$53,559	2008	25	10	\$95,641	\$3,826
9.04	Roof - Downspouts	\$14,633	2008	25	10	\$26,130	\$1,045
9.05	Roof - Chimney Caps	\$15,120	2008	25	10	\$27,000	\$1,080
9.06	Roof - Spark Arrestors	\$15,120	2008	25	10	\$27,000	\$1,080
9.07	Utility Boxes - Wood	\$31,200	1983	45	5	\$36,000	\$800
9.08	Entry Railing - Iron ~4'	\$8,900	1983	50	10	\$11,410	\$228
9.09	Wood Lattice @ Buildings Replace Allowance	\$0	2022	5	4	\$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
	<b>Category Sub-Total</b>	<b>\$588,174</b>				<b>\$1,031,232</b>	<b>\$43,248</b>
10.00	<b>GARAGES</b>						
10.01	Roof - Composition Shingle	\$36,127	2008	25	10	\$64,512	\$2,580
10.02	Roof - Gutters - Garages	\$7,862	2008	25	10	\$14,040	\$562
10.03	Roof - Downspouts - Garages	\$1,048	2008	25	10	\$1,872	\$75
10.04	Vehicle Entry Doors	\$0	1983	0	0	\$0	\$0
	<b>Category Sub-Total</b>	<b>\$45,037</b>				<b>\$80,424</b>	<b>\$3,217</b>
11.00	<b>PAINTING &amp; SIDING/TRIM REPAIR ALLOWANCES</b>						
11.01	Paint Building & Garage Exteriors - Inventory in Note	\$215,632	2024	10	1	\$269,540	\$26,954
11.02	Siding / Trim - Repair/Replacement Allowance ~5%	\$88,494	2023	10	10	\$98,326	\$9,833
11.03	Siding / Trim - Repair/Replacement Allowance - Major 25%	\$319,560	1983	60	20	\$491,631	\$8,194
11.04	Paint Site Components - Inventory in Note	\$3,605	2024	10	1	\$4,506	\$451
11.05	Maintenance Shed - Repair Allowance	\$1,200	2024	10	1	\$1,500	\$150
11.06	Paint & Building Repair Allowance (Mid-Cycle)	\$9,000	2019	10	6	\$30,000	\$3,000
	<b>Category Sub-Total</b>	<b>\$637,491</b>				<b>\$895,504</b>	<b>\$48,581</b>
12.00	<b>MISCELLANEOUS ALLOWANCES</b>						
12.01	Property Survey / Professional Fees - Allowance	\$1,302	2021	10	8	\$13,019	\$1,302
12.02	Plumbing Investigation & Repair Allowance	\$8,000	2018	5	0	\$10,000	\$2,000
	<b>Category Sub-Total</b>	<b>\$9,302</b>				<b>\$23,019</b>	<b>\$3,302</b>
						<b>Total Value of Components:</b>	<b>\$2,836,811</b>
						<b>Annual Straight-Line Allocation:</b>	<b>\$171,922</b>
		<b>2022 End</b>					
	<b>Total Dollars Necessary to be 100% Funded:</b>	<b>\$1,657,716</b>					

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 **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, 2022 totaled **\$593,477**. The estimated **liability** for major repairs and replacements at this date totaled approximately **\$1,658,000**. The portion of **2023** regular **assessments** budgeted to be allocated to the replacement fund totals **\$103,915**.

See independent accountant's review report and accompanying notes.