

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 17, 2020

Dear The Glen of Pacific Grove Homeowner,

As required per Civil Code 5305, I have enclosed a copy of the 2019 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 Liane at the Regency office at (831) 647-2442 or via email at lcunningham@regencymg.com.

Cordially,



Carolyn Donaway
General Manager
Regency Management Group

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

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

YEAR ENDED DECEMBER 31, 2019

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

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

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YEAR ENDED DECEMBER 31, 2019**

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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 sheet as of December 31, 2019 and the related statements of revenues, expenses and changes in fund balances, and cash flows, for the year then ended. 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 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.

Accountant's Conclusion

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.

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, Erlanger & Company LLP

March 13, 2020

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**BALANCE SHEET
DECEMBER 31, 2019**

	2019		
	Operations Fund	Replacement Fund	Total Funds
ASSETS			
Cash and cash equivalents (Note 2)	\$ 28,005	\$ 75,682	\$ 103,687
Investment in certificates of deposit (Note 2)		440,000	440,000
Assessments receivable (Note 2)	640		640
Prepaid insurance	1,494		1,494
Other assets	770		770
	<u>30,909</u>	<u>515,682</u>	<u>546,591</u>
Total assets	<u>\$ 30,909</u>	<u>\$ 515,682</u>	<u>\$ 546,591</u>
LIABILITIES			
Accounts payable	\$ 15,628	\$ 16,230	\$ 31,858
Assessments paid in advance	4,141		4,141
Income taxes payable		3,272	3,272
Due to (due from) other fund	(33,397)	33,397	
Contract liabilities - replacement reserve assessments paid in advance (Notes 2 and 4)		462,783	462,783
Future major repairs and replacements (Note 3)	-	-	-
	<u>(13,628)</u>	<u>515,682</u>	<u>502,054</u>
Total liabilities	<u>(13,628)</u>	<u>515,682</u>	<u>502,054</u>
COMMITMENTS (NOTE 5)	-	-	-
FUND BALANCE (DEFICIT)	<u>44,537</u>	<u>-</u>	<u>44,537</u>
Total liabilities and fund balance	<u>\$ 30,909</u>	<u>\$ 515,682</u>	<u>\$ 546,591</u>

See independent accountant's review report and accompanying notes.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2019**

	2019		
	Operations Fund	Replacement Fund	Total Funds
REVENUES			
Assessments (Notes 2 and 4)	\$ 155,760	\$ 60,987	\$ 216,747
Interest income (Note 2)		14,011	14,011
Late charges and other income	371		371
Total revenues	<u>156,131</u>	<u>74,998</u>	<u>231,129</u>
EXPENSES			
<u>Administration</u>			
Income tax provision (Note 2)	-	3,572	3,572
Insurance	17,742		17,742
Legal and accounting	3,745		3,745
Management	17,940		17,940
Office, printing and postage	3,905		3,905
Taxes and permits	1,049		1,049
	<u>44,381</u>	<u>3,572</u>	<u>47,953</u>
<u>Maintenance and operations</u>			
Gate maintenance	2,303	-	2,303
Gutter and downspouts	7,104		7,104
Lake maintenance	5,885		5,885
Landscape maintenance	65,864		65,864
Other maintenance and operations	2,664		2,664
	<u>83,820</u>	<u>-</u>	<u>83,820</u>
<u>Utilities</u>			
Gas and electricity	6,665	-	6,665
Telephone	2,241		2,241
Water and sewer	13,065		13,065
	<u>21,971</u>	<u>-</u>	<u>21,971</u>

See independent accountant's review report and accompanying notes.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2019**

	2019		
	Operations Fund	Replacement Fund	Total Funds
EXPENSES (CONTINUED)			
<u>Major repairs and replacements</u>			
Dry rot repairs	\$ -	\$ 10,979	\$ 10,979
Entry and security system		6,525	6,525
Lakes, ponds and waterways		31,544	31,544
Landscaping, trees and irrigation		1,043	1,043
Roofs		8,800	8,800
Sewer and drainage		6,701	6,701
Other major repairs and replacements		5,834	5,834
	-	71,426	71,426
Total expenses	150,172	74,998	225,170
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	5,959	-	5,959
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	21,353	-	21,353
FUND BALANCE (DEFICIT), BEGINNING OF YEAR (NOTE 4)	17,225	-	17,225
FUND BALANCE (DEFICIT), END OF YEAR (NOTE 4)	\$ 44,537	\$ -	\$ 44,537

See independent accountant's review report and accompanying notes.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019**

	2019		
	Operations Fund	Replacement Fund	Total Funds
OPERATING ACTIVITIES			
Excess (deficiency) of revenues over expenses	\$ 5,959	\$ -	\$ 5,959
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:			
Decrease (increase) in assets:			
Assessments receivable	(256)	-	(256)
Prepaid insurance	2,114		2,114
Other assets	(770)		(770)
Other prepaid expenses	3		3
Increase (decrease) in liabilities:			
Accounts payable	(2,235)	16,230	13,995
Assessments paid in advance	(1,426)		(1,426)
Income taxes payable		2,477	2,477
Contract liabilities - replacement reserve assessments paid in advance		(7,700)	(7,700)
Due to (due from) other fund	(826)	826	
Total adjustments	(3,396)	11,833	8,437
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>2,563</u>	<u>11,833</u>	<u>14,396</u>
INVESTING ACTIVITIES			
Net (purchase) sale of certificates of deposit	-	30,000	30,000
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>-</u>	<u>30,000</u>	<u>30,000</u>

See independent accountant's review report and accompanying notes.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019**

	2019		
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 2,563	\$ 41,833	\$ 44,396
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	21,353	-	21,353
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,089</u>	<u>33,849</u>	<u>37,938</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 28,005</u>	<u>\$ 75,682</u>	<u>\$ 103,687</u>
<u>Supplemental Disclosures</u>			
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ 1,095</u>	<u>\$ 1,095</u>

See independent accountant's review report and accompanying notes.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

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
YEAR ENDED DECEMBER 31, 2019**

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, 2019 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
YEAR ENDED DECEMBER 31, 2019**

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
YEAR ENDED DECEMBER 31, 2019**

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
YEAR ENDED DECEMBER 31, 2019**

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 supersedes 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.

Assessment Revenues Reconciliation

	Operations Fund	Replacement Fund	Total Funds
Assessment revenues <u>per budget</u>	\$ 155,760	\$ 74,640	\$ 230,400
Effects of applying <u>new guidance</u>			
Reclassify interfund transfers	-	(21,353)	(21,353)
Adjust revenues to equal expenses	-	7,700	7,700
Total effects of new guidance	-	(13,653)	(13,653)
Assessment revenues <u>per financial statements</u>	<u>\$ 155,760</u>	<u>\$ 60,987</u>	<u>\$ 216,747</u>

See independent accountant's review report.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

4. FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION (CONTINUED)

The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance. The modified retrospective method of transition also requires disclosure of the effect of applying the new guidance on each item included in the 2019 financial statements. The adoption of the new revenue recognition guidance resulted in the following changes to financial statements:

	Amounts That Would Have <u>Been Reported</u>	Effects Of Applying New <u>Guidance</u>	As Reported
<u>Balance Sheet</u>			
Contract liabilities - replacement reserve assessments paid in advance	\$ -	\$ 462,783	\$ 462,783
Total liabilities	\$ 39,271	\$ 462,783	\$ 502,054
Ending fund balances	\$ 507,320	\$ (462,783)	\$ 44,537
 <u>Statement Of Revenues, Expenses And Changes In Fund Balances</u>			
<u>Revenues</u>			
Assessments	\$ 230,400	\$ (13,653)	\$ 216,747
Interest income (Note 2)	14,011	-	14,011
Other revenues	371	-	371
Total revenues	<u>244,782</u>	<u>(13,653)</u>	<u>231,129</u>
 <u>Expenses</u>			
Operating expenses	150,172	-	150,172
Replacement reserve expenses	74,998	-	74,998
Total expenses	<u>225,170</u>	<u>-</u>	<u>225,170</u>
Excess (deficiency) of revenues over expenses	19,612	(13,653)	5,959
Interfund reclassifications and transfers	-	21,353	21,353
Beginning fund balances	487,708	(470,483)	17,225
Ending fund balances	<u>\$ 507,320</u>	<u>\$ (462,783)</u>	<u>\$ 44,537</u>
 <u>Statement Of Cash Flows</u>			
Excess (deficiency) of revenues over expenses	\$ 19,612	\$ (13,653)	\$ 5,959
Change in contract liabilities - replacement reserve assessments paid in advance	\$ -	\$ (7,700)	\$ (7,700)

See independent accountant's review report.

THE GLEN OF PACIFIC GROVE HOMEOWNERS' ASSOCIATION, INC.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

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. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 13, 2020, 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, 2019
(UNAUDITED)**

The following information on common area major components was compiled by Association Reserves of San Francisco, California **as of July 2019** and has served as the basis for the current estimates of replacement reserve funding:

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
Common Area Components				
103	Concrete Surfaces - Repair	10	4	\$66,950
201	Asphalt - Resurface	30	23	\$170,000
202	Asphalt - Seal/Repair	5	2	\$16,450
319	Pole Light Posts - Replace	50	22	\$46,350
320	Pole Light Fixtures - Replace	25	24	\$8,655
324	Wall Lights - Replace	25	22	\$13,900
403	Mailboxes - Replace	30	4	\$18,550
502	Chain Link Fence - Replace	30	20	\$15,950
503	Metal Fence - Replace	30	22	\$25,250
505	Wood Fence - Partial Replace	10	5	\$7,935
702	Vehicle Gates - Replace	30	6	\$18,550
704	Intercom - Replace	15	14	\$5,820
706	Gate Operators - Replace	10	8	\$13,400
1001	Backflow Device - Replace	25	10	\$9,015
1008	Trees - Removal & Replacement	10	4	\$53,550
1009	Lake - Dredge/Repair	7	2	\$58,700
1107	Metal Fence - Repaint	5	2	\$4,585
1116	Exterior Surfaces - Repaint	10	5	\$170,000
1121	Exterior Surfaces - Repair	10	5	\$27,800
1303	Comp Shingle Roof - Replace	30	19	\$510,000
1310	Gutters/Downspouts - Replace (ph.1)	30	27	\$75,200
1311	Gutters/Downspouts - Replace (ph.2)	30	15	\$37,600
1603	Tennis Court - Refurbish	10	1	\$8,910
1701	Creek Bridge - Replace	25	14	\$20,050
1703	Pond Sump Pumps - Replace	10	8	\$5,155
1811	Plumbing - Repair/Replace	10	6	\$30,950
26	Total Funded Components			

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%** 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, 2019 totaled **\$515,682**. The estimated **liability** for major repairs and replacements at this date totaled approximately **\$592,000**. The portion of **2020** regular **assessments** budgeted to be allocated to the replacement fund totals **\$78,072**.

See independent accountant's review report and accompanying notes.