

THE GLEN OF PACIFIC GROVE

HOMEOWNERS ASSOCIATION

FINANCIAL REPORT

AUGUST 31, 1985

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October 22, 1985

The Glen of Pacific Grove
Homeowners Association

The attached financial reports were prepared from figures in the audited statement furnished by Trilex, prepared by Brooks, Stednetz & Rhodes for the period March 1, 1983 (inception) through March 31, 1985, with addition of unaudited figures furnished by Mangold Property Management for the period from April 1, 1985 through August 31, 1985. Preliminary financial statements for the fiscal year September 1, 1984 through August 31, 1985 were prepared by Harold Tillinghast, Treasurer and audited by Bernard Wileman, President and Mary Fair, Vice President. Following the audit, they prepared annual financial statements which conform to the Association's fiscal year and the term of office of the current Board of Directors.

The Reserve Account Summaries indicate a need for \$22.38 per month for each unit or \$1342.00 per month to maintain the reserves at a level needed to provide the funds required for these items, at current costs. It appears funding has not been adequate for projected future replacement costs, and the Association has the right to increase assessments, pass special assessments, or delay replacement until funds are available. It is recommended that the adequacy of reserve balances and the calculation of replacement costs be reviewed on a semi-annual basis.

The assessment being collected for current operating costs and reserves is \$65.00 per month per unit. Budget projections for fiscal year ending August 31, 1986, indicate a required assessment of \$79.88 per month per unit. Effective November 1, 1985, assessments have been increased the allowable 12% to \$78.00 per month per unit. Based on projected costs there will be a deficit of \$1.88 per unit per month. This figure should be monitored closely so as to provide sufficient funds for current operating expenses without jeopardizing the reserve account balances.

In the opinion of the Board of Directors, the financial statements enclosed present fairly the financial position of The Glen of Pacific Grove Homeowners Association as of August 31, 1985 and the results of its operations for the period then ended.

*The Board of Directors
The Glen of Pacific Grove Homeowners Assoc.*

THE GLEN OF PACIFIC GROVE HOMEOWNERS ASSOCIATION
INCOME STATEMENT FOR THE PERIOD SEPTEMBER 1, 1984 TO AUGUST 31, 1985

INCOME	TRILEX		MANGOLD		RESERVE SAVINGS	ADJUSTED 5 MONTHS	BALANCE ENDING 8-31-85
	9-1-84 TO 3-31-85 7 MONTHS	ADJUSTED PER AUDIT	4-1-85 TO 8-31-85 5 MONTHS				
Regular Assessments	\$ 25,174.10	\$ (1,820.00)	\$ 19,300.00	\$	460.44	\$ 2,020.00	\$ 44,674.10
Interest Earned	388.81						849.25
Total Income	25,562.91	(1,820.00)	19,300.00		460.44	2,020.00	45,523.35
<u>EXPENSES</u>							
Insurance	4,048.37	2,129.63	7,561.00			(5,040.20)	8,698.80
Landscaping	5,190.00		6,583.00				11,773.00
Water	2,303.57		1,240.02				3,543.59
Electricity	1,491.47		828.15				2,319.62
Contingency	12.50						12.50
Gate Maintenance	576.35		(226.81)				349.54
Office	3.01						3.01
Custodial	634.47						634.47
License			2.50				2.50
Telephone			94.06				94.06
Misc. Expense			11.44				11.44
Management Fee			2,575.00				2,575.00
Misc. Repairs			1,410.57				1,410.57
Painting			68.43				68.43
Plumbing Repairs			39.25				39.25
Electrical Repairs			135.00				135.00
Total Expenses	14,259.74	2,129.63	20,321.61			(5,040.20)	13,670.78
<u>NET INCOME</u>							
	\$ 11,303.17	(3,949.63)	(1,021.61)		460.44	7,060.20	13,852.57
<u>PROVISION FOR INCOME TAXES</u>							
	(116.64)					(138.14)	(254.78)
<u>NET EXCESS OF ASSESSMENTS AND REVENUES OVER EXPENSES</u>							
	\$ 11,186.53						\$ 13,597.79

SUMMARY OF ASSESSMENTS
FOR FISCAL YEAR SEPT. 1, 1984 TO AUG. 31, 1985

Assessments receivable March 31, 1985	\$ 1,885
Assessments due for the period April through August 1985	<u>19,500</u>
	21,385
Assessment paid in advance March 31, 1985	<u>(65)</u>
	21,320
Assessments received April through August 1985	<u>19,300</u>
Unpaid assessments due at August 31, 1985	<u><u>\$ 2,020</u></u>

UNPAID ASSESSMENTS BY OWNER AS OF AUGUST 31, 1985

<u>Unit Owner</u>	<u>Unit Number</u>	<u>Balance Unpaid</u>
Charles Adams	# 3	\$ 65.00
Hirokaza Kitamura	# 5	65.00
Tonti Construction	# 9	130.00 *
Trilex Corporation	#11	65.00 *
Patrick Brauner	#12	390.00
Trilex Corporation	#13	65.00 *
Trilex Corporation	#15	65.00 *
Marvin Schneider	#19	65.00
Cecilia Chiang	#36	65.00
Robert Hardcastle	#42	65.00
Mark Elliot	#61	195.00
Doris Ciancio	#65	65.00 *
Mark Risley	#69	65.00
Gilbert Beirne	#80	195.00 *
Tonti Dev-Co. Inc.	#90	130.00 *
Jack McAuley	#92	65.00 *
Trilex Corporation	#98	65.00 *
Trilex Corporation	#100	65.00 *
Trilex Corporation	#104	65.00 *
Trilex Corporation	#106	65.00 *
Tonti Dev-Co. Inc.	#108	130.00 *
Grace Eleanor Cox	#88	(125.00)
 TOTAL		 <u><u>\$2020.00</u></u>

* Accounts Current as of October 31, 1985

RESERVE ACCOUNT SUMMARY		ACTUAL RESERVE ACCOUNT BALANCES			BUDGETED RESERVE ACCOUNT BALANCES		
	FUNDED BALANCE PER AUDIT 3-1-85 TO 3-31-85	ADDITIONS 4-1-85 TO 8-31-85	DEDUCTIONS 4-1-85 TO 8-31-85	BALANCE 8-31-85	ADDITIONS FROM ASSESSMENTS 4-1-85 TO 8-31-85	BALANCE 8-31-85	
PAINT	\$ 7,901	\$ 2,202	\$ 2,767	\$ 7,336	\$ 3,783	\$11,119	
ROOF	7,095	971	1,220	6,846	1,668	8,514	
STREETS/DRIVES	2,004	173	218	1,959	298	2,257	
TENNIS COURT	313	104	131	286	179	465	
TENNIS COURT NETS	116	17	21	112	30	142	
NEW CONSTRUCTION	1,700	—	—	1,700	—	1,700	
	\$19,129	\$ 3,467 ¹	\$ 4,357 ²	\$18,239	\$ 5,958 ³	\$24,197 ⁴	

1. Funds in excess of audited reserve balance received from Trilex April - June 1985 and interest earned.

2. Amount advanced to operating fund to pay additional insurance premium expense.

3. Assumes all assessments paid for 5 month period with \$19.30 per unit per month, or \$1,158 per month set aside to reserve account per budget 84 - 85 year.

4. Does not consider effect of additional interest earned had monies from assessments been on deposit in reserve account.

ESTIMATED RESERVE NEEDS
AS OF AUGUST 31, 1985

Paint

Estimated cost -	\$0.78 per sq. ft.		
Estimated Area -	90,900 sq. ft.		
Estimated Life -	7 years		
Replacement Cost -	\$70,902		
30,300 sq. ft. 2½ yrs. old		\$8,440.71	
30,300 sq. ft. 1½ yrs. old		5,064.43	
30,300 sq. ft. ½ yrs. old		<u>1,688.14</u>	\$15,193.28

Roof

Estimated Cost -	\$0.95 per sq. ft.		
Estimated Area -	95,868 sq. ft.		
Estimated Life -	20 years		
Replacement Cost -	\$91,075		
31,956 sq. ft. 2½ yrs. old		\$3,974.78	
31,956 sq. ft. 1½ yrs. old		2,276.87	
31,956 sq. ft. ½ yrs. old		<u>758.95</u>	6,830.60

Streets

Estimated Cost -	\$0.08 per sq. ft.		
Estimated Area -	51,596 sq. ft.		
Estimated Life -	5 years		
Replacement Cost -	\$4,128		
Presently 2½ years old			2,063.84

Tennis Court

Estimated Cost to Resurface -	\$2,500		
Estimated Life -	5 years		
Net Replacement -	\$90		
Presently needs resurfacing		\$2,500.00	
Needs new net		<u>90.00</u>	<u>2,590.00</u>
Amount Needed in Current Reserve Account to Provide Funds as Expenditures Become Necessary			\$26,677.72
New Construction			<u>1,700.00</u>
Recommended Reserve Balance			<u>\$28,378.00</u>

RECOMMENDED RESERVE ACCOUNT BALANCES
 BASED ON PROJECTIONS FOR ESTIMATED RESERVE NEEDS

	<u>BALANCE 8-31-85</u>	<u>RECOMMENDED BALANCE 8-31-85</u>	<u>DEFICIENCY (EXCESS) BALANCE 8-31-85</u>	<u>PER UNIT</u>
PAINT	\$ 7,336	\$15,193	\$ 7,857	\$130.95
ROOF	6,846	6,831	(15)	(.25)
STREETS/DRIVES	1,959	2,064	105	1.75
TENNIS COURT	286	2,500	2,214	36.90
TENNIS COURT NETS	112	90	(22)	(.37)
NEW CONSTRUCTION	<u>1,700</u>	<u>1,700</u>	<u> </u>	<u> </u>
	<u>\$18,239</u>	<u>\$28,378</u>	<u>\$10,139</u>	<u>\$168.98</u>

BUDGET FISCAL YEAR 1985 - 1986

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<u>ACCOUNTS</u>		<u>TOTAL ANNUAL</u>	<u>TOTAL MONTHLY</u>	<u>PER UNIT MONTHLY</u>
<u>OPERATING EXPENSES</u>				
Landscape		\$ 18,900	\$ 1,575	\$ 26.25
Maintenance	\$1325			
Repairs, replantings	250			
Water*		2,400	200	3.33
Electric*		2,100	175	2.92
Management Fee		6,000	500	8.33
Insurance		7,500	625	10.42
Common Area Maintenance & Repairs*		4,500	375	6.25
Total Operating Expenses		41,400	3,450	57.50
<u>RESERVES</u>				
	<u>% OF TOTAL</u>			
Painting	63.5%	10,128	844	14.07
Roof	28.0	4,553	379	6.33
Streets	5.0	826	69	1.15
Tennis Courts	3.0	500	42	.70
Net	.5	90	8	.13
Total Reserves		16,097	1,342	22.38
TOTAL OPERATING EXPENSES AND RESERVES		<u>\$54,407</u>	<u>\$ 4,792</u>	<u>\$ 79.88</u>
ASSESSMENT EFFECTIVE NOVEMBER 1, 1985				\$78.00
<u>ANTICIPATED DEFICIT</u>				<u>(\$ 1.88)</u>

* Costs based on average for actual costs incurred in 1984 and for 5 month period April - August 1985.