

RHONEWOOD PARK ASSOCIATION

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

YEAR ENDED DECEMBER 31, 2019

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

RHONEWOOD PARK ASSOCIATION

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YEAR ENDED DECEMBER 31, 2019**

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LEVY, ERLANGER & COMPANY LLP
Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board Of Directors
Rhonedwood Park Association
Livermore, California

We have reviewed the accompanying financial statements of **Rhonedwood Park Association** (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
April 21, 2020

RHONEWOOD PARK ASSOCIATION

**BALANCE SHEET
DECEMBER 31, 2019**

	2019		
	<u>Operations</u>	<u>Replacement</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS			
Cash and cash equivalents (Note 2)	\$ 14,771	\$ 182,853	\$ 197,624
Assessments receivable, less allowance for doubtful accounts of \$12,000 (Note 2)	82		82
Prepaid insurance	3,141		3,141
Total assets	<u>\$ 17,994</u>	<u>\$ 182,853</u>	<u>\$ 200,847</u>
LIABILITIES			
Contract liabilities - replacement reserve assessments paid in advance (Notes 2 and 4)	\$ -	\$ 182,853	\$ 182,853
Future major repairs and replacements (Note 3)	-	-	-
Total liabilities	-	182,853	182,853
COMMITMENTS (NOTE 5)	-	-	-
FUND BALANCE (DEFICIT)	<u>17,994</u>	<u>-</u>	<u>17,994</u>
Total liabilities and fund balance	<u>\$ 17,994</u>	<u>\$ 182,853</u>	<u>\$ 200,847</u>

See independent accountant's review report and accompanying notes.

RHONEWOOD PARK ASSOCIATION

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

	2019		
	Operations	Replacement	Total
	Fund	Fund	Funds
REVENUES			
Assessments (Notes 2 and 4)	\$ 124,388	\$ 3,104	\$ 127,492
Bad debt recovery (expense)	(6,000)		(6,000)
Interest income (Note 2)		199	199
Pool-related income	32,825		32,825
Swim team income	40,944	3,000	43,944
Swim lessons	20,913		20,913
Recreation facility rental income	2,198		2,198
Other income	16,043		16,043
Total revenues	<u>231,311</u>	<u>6,303</u>	<u>237,614</u>
EXPENSES			
<u>Administration</u>			
Business manager	20,600	-	20,600
Insurance	10,040		10,040
Legal and accounting	5,810		5,810
Office expense	5,901		5,901
	<u>42,351</u>	<u>-</u>	<u>42,351</u>
<u>Maintenance and operations</u>			
Chemicals	11,303	-	11,303
Equipment and supplies	17,083		17,083
Payroll taxes and workers' compensation	15,435		15,435
Salaries and wages	39,086		39,086
Social expense	2,347		2,347
Soda and ice cream	2,951		2,951
Swim lessons	17,096		17,096
Swim team expenses	38,109		38,109
Other maintenance and operations	16,280		16,280
	<u>159,690</u>	<u>-</u>	<u>159,690</u>

See independent accountant's review report and accompanying notes.

RHONEWOOD PARK ASSOCIATION

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

	2019		
	Operations Fund	Replacement Fund	Total Funds
EXPENSES (CONTINUED)			
<u>Utilities and operations</u>			
Gardener	\$ 3,240	\$ -	\$ 3,240
Utilities	27,437		27,437
	<u>30,677</u>	<u>-</u>	<u>30,677</u>
 <u>Major repairs and replacements</u>			
Parking lot paving	-	6,300	6,300
Other major repairs and replacements		3	3
	<u>-</u>	<u>6,303</u>	<u>6,303</u>
 Total expenses	<u>232,718</u>	<u>6,303</u>	<u>239,021</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	 (1,407)	 -	 (1,407)
 BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	 (13,801)	 -	 (13,801)
 FUND BALANCE (DEFICIT), BEGINNING OF YEAR (NOTE 4)	 <u>33,202</u>	 <u>-</u>	 <u>33,202</u>
 FUND BALANCE (DEFICIT), END OF YEAR (NOTE 4)	 <u>\$ 17,994</u>	 <u>\$ -</u>	 <u>\$ 17,994</u>

See independent accountant's review report and accompanying notes.

RHONWOOD PARK ASSOCIATION

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2019

	2019		
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
OPERATING ACTIVITIES			
Excess (deficiency) of revenues over expenses	\$ (1,407)	\$ -	\$ (1,407)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:			
Bad debt expense (recovery)	6,000	-	6,000
Decrease (increase) in assets:			
Assessments receivable	(5,337)		(5,337)
Prepaid insurance	(198)		(198)
Contract liabilities - replacement reserve assessments paid in advance		19,197	19,197
Total adjustments	465	19,197	13,662
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(942)</u>	<u>19,197</u>	<u>18,255</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(942)	19,197	18,255
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	(13,801)	-	(13,801)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>29,514</u>	<u>163,656</u>	<u>193,170</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 14,771</u>	<u>\$ 182,853</u>	<u>\$ 197,624</u>
<u>Supplemental Disclosures</u>			
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent accountant's review report and accompanying notes.

RHONEWOOD PARK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

1. THE ASSOCIATION

Rhonedwood Park Association (the Association) is a common interest development located in Livermore, California which consists of 339 residential units and certain common area property. The Association was organized as a nonprofit mutual-benefit corporation in August 1970 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.

RHONEWOOD PARK ASSOCIATION

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.

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.

RHONEWOOD PARK ASSOCIATION

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 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.

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.

RHONWOOD PARK ASSOCIATION

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 cost increase (aka inflation) and interest earning rates.

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 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 until funds are available.

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

See independent accountant's review report.

RHONEWOOD PARK ASSOCIATION

**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 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.

Assessment Revenues Reconciliation

	Operations <u>Fund</u>	Replacement <u>Fund</u>	<u>Total Funds</u>
Assessment revenues <u>per budget</u>	\$ 124,388	\$ 8,500	\$ 132,888
Effects of applying <u>new guidance</u>			
Reclassify <u>interfund transfers</u>	-	13,801	13,801
Adjust <u>revenues to equal expenses</u>	<u>-</u>	<u>(19,197)</u>	<u>(19,197)</u>
Total effects of new guidance	<u>-</u>	<u>(5,396)</u>	<u>(5,396)</u>
Assessment revenues <u>per financial statements</u>	<u>\$ 124,388</u>	<u>\$ 3,104</u>	<u>\$ 127,492</u>

See independent accountant's review report.

RHONEWOOD PARK ASSOCIATION

**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:

	<u>Amounts That Would Have Been Reported</u>	<u>Effects Of Applying New Guidance</u>	<u>As Reported</u>
<u>Balance Sheet</u>			
Contract liabilities - replacement reserve			
assessments paid in advance	\$ -	\$ 182,853	\$ 182,853
Total liabilities	\$	\$ 182,853	\$ 182,853
Ending fund balances	\$ 200,847	\$ (182,853)	\$ 17,994
 <u>Statement Of Revenues, Expenses And Changes In Fund Balances</u>			
<u>Revenues</u>			
Assessments	\$ 132,888	\$ (5,396)	\$ 127,492
Interest income (Note 2)	199	-	199
Other revenues	109,923	-	109,923
Total revenues	<u>243,010</u>	<u>(5,396)</u>	<u>237,614</u>
 <u>Expenses</u>			
Operating expenses	232,718	-	232,718
Replacement reserve expenses	6,303	-	6,303
Total expenses	<u>239,021</u>	<u>-</u>	<u>239,021</u>
Excess (deficiency) of revenues over expenses	3,989	(5,396)	(1,407)
Interfund reclassifications and transfers	-	(13,801)	(13,801)
Beginning fund balances	196,858	(163,656)	33,202
Ending fund balances	<u>\$ 200,847</u>	<u>\$ (182,853)</u>	<u>\$ 17,994</u>
 <u>Statement Of Cash Flows</u>			
Excess (deficiency) of revenues over expenses	\$ 3,989	\$ (5,396)	\$ (1,407)
Change in contract liabilities - replacement reserve assessments paid in advance	\$ -	\$ 19,197	\$ 19,197

See independent accountant's review report.

RHONEWOOD PARK ASSOCIATION

**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' 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 April 21, 2020, the date that the financial statements were available to be issued.

See independent accountant's review report.

RHONWOOD PARK ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2019
(UNAUDITED)**

The following information on common area major components was compiled by John D. Beatty & Company of San Ramon, California as of January 2018 and has served as the basis for the current estimates of replacement reserve funding:

<u>Description</u>	<u>Est.</u> <u>Use.</u> <u>Life</u>	<u>Est.</u> <u>Rem.</u> <u>Life</u>	<u>Curr.</u> <u>Repl.</u> <u>Cost</u>	<u>Year</u> <u>Rplc.</u> <u>Prov.</u>	<u>Est.</u> <u>Liab.</u> <u>12-19</u>
BUILDING EXTERIORS:					
Wood Siding & Trim Paint	5	0	1830	366	1830
Wood Siding & Trim Repair	10	1	120	12	108
Tuff Shed Paint & Repairs	5	0	895	179	895
Door Replace - Pump Room	16	13	743	46	139
Utility Doors Repl	10	0	4371	437	4371
FENCING & WALLS					
Chain Link Repairs	30	1	1283	43	1240
Entry Gate Repr/Repl	6	3	450	75	225
Entry Gate Replace	18	9	4502	250	2251
Emergency Gate Repr/Repl	6	2	901	150	600
Emergency Gate Replace	18	14	0	0	0
Wood Fence Replace (Front)	15	10	7502	500	2501
Wood Fence Replace (Shared)	15	0	3403	227	3403
Wood Fence (Parking Perimeter)	15	1	2079	139	1941
LANDSCAPING					
Irrigation Timer Replace	15	1	681	45	636
Irrigation Valves Replace	3	0	1150	383	1150
Backflow Device Replace	15	0	1628	109	1628
LIGHT FIXTURES					
Exterior Bldg Spot Replace	25	6	895	36	681
Exterior Roof Spot Replace	25	6	359	14	273
Exterior Bldg Latern Replace	25	6	239	10	181
Pole Lights (Parking Lot)	25	14	6921	277	3045
Pole Lights (Pool Area)	25	11	5294	212	2965
Bollard Lights	25	10	3026	121	1815
Re-Wire Pole Lights (Parking Lot)	30	19	6921	231	2538
PAVED SURFACES					
Asphalt Remove & Replace	25	15	56576	2263	22630
Asphalt Minor Repairs	10	0	10608	1061	10608
Asphalt Sealcoat	5	0	2530	506	2530
General Concrete Repairs	5	0	7013	1403	7013
Replace Entire Concrete Deck	30	16	92268	3076	43058
RECREATION FACILITIES - MAIN POOL					
Automatic Chlorinator	15	14	6173	412	412
Chemstrol System Replace	8	5	3349	419	1256
Chlorinator Replace	5	0	418	84	418
Filters Replace	10	1	2268	227	2041
Heater Replace	15	3	5015	334	4012
Pool Plumbing Replace	30	16	51428	1714	24000
Pump Impeller Replace	10	7	2049	205	615
Pump Motor Replace	10	8	3183	318	637
Resurface Pool Interior	12	9	69863	5822	17466
Tile & Coping Replace	24	10	21101	879	12309

See independent accountant's review report and accompanying notes.

RHONWOOD PARK ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS DECEMBER 31, 2019 (UNAUDITED)

Description	Est. Use. Life	Est. Rem. Life	Curr. Repl. Cost	Year Rplc. Prov.	Est. Liab. 12-19
RECREATION FACILITIES - WADING POOL					
Automatic Chlorinator	15	0	3156	210	3156
Chlorinator Replace	5	0	418	84	418
Filter Replace	10	0	895	90	895
Pumps Replace	10	0	716	72	716
Resurface Pool Interior	12	9	3738	311	934
Tile & Coping Replace	24	10	2927	122	1707
ROOFING SYSTEM					
Composition Shingles	30	6	7479	249	5983
Gutters Repr/Repl	5	0	633	127	633
SWIM TEAM ITEMS					
Life Guard Chair	15	12	1530	102	306
Lane Lines Replace	10	3	2420	242	1694
Starting Blocks Replace	15	0	21933	1462	21933
Lane Line Drums Replace	20	0	1916	96	1916
Timing System Replace	10	8	4742	474	948
OTHER					
Defibrillator Replace	5	3	212	42	85
Door Access System Replace	15	5	2852	190	1901
Pool Furniture Repl	10	2	10134	1013	8107
Wood Bench Refinish & Repr	5	0	337	67	337
Wood Bench Replace	15	10	1351	90	450
Restrooms Paint & Repairs	5	0	2533	507	2533
Reserve Study Update					
Reserve Study Update Inspection					
UNSCHEDULED EXPENSE	1	0	610	610	610
Rounding to nearest \$1,000/\$5,000				<u>256</u>	<u>1314</u>
Estimated major component repair and replacement provision for the year ending December 31, 2020				<u><u>29000</u></u>	
Estimated liability for repair and replacement of common area major components at December 31, 2019					<u><u>240000</u></u>

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 **before-tax interest rate** of **1/10%** 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 **\$182,853**. The estimated **liability** for major repairs and replacements at this date totaled approximately **\$240,000**. The portion of **2020** regular **assessments** budgeted to be allocated to the replacement fund totals **\$8,500**.

See independent accountant's review report and accompanying notes.