HAMILTON COVE HOMEOWNERS ASSOCIATION

Audited Financial Statements

For The Year Ended December 31, 2019

TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hamilton Cove Homeowners Association

We have audited the accompanying financial statements of Hamilton Cove Homeowners Association, which comprise the balance sheet as of December 31, 2019, and the related statements of revenue and expenses and association funds, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hamilton Cove Homeowners Association as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of- Matter Regarding Supplemental Information

Per California Civil Code requirements, the Association has conducted a study to estimate the remaining lives and replacement costs of the common property within the past three years. The schedule that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be a part of, the basic financial statements has used the most current study, dated October 4, 2017. The projections of this study have not been updated and may no longer be valid.

Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements of common property on page 16 be presented to supplement the basic financial statements. Such information, although not a 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Owens, Moskowitz and Associates, Inc.

Owens, Moskowitz and Associates, Inc.

April 21, 2020

HAMILTON COVE HOMEOWNERS ASSOCIATION
BALANCE SHEET
DECEMBER 31, 2019

	OPERATING FUND	REPLACEMENT FUND	LAND PURCHASE FUND	TOTAL
ASSETS				
Cash	$ 169,706	$ 1,167,918	$ -	$ 1,337,624
Assessments receivable	19,801	-	2,206	22,007
Prepaid expenses	3,500	-	-	3,500
Prepaid insurance	103,472	-	-	103,472
Prepaid taxes	46	-	-	46
Land	-	-	423,481	423,481
Fixed assets	228,930	-	-	228,930
Accumulated depreciation	(228,218)	-	-	(228,218)
Due from other funds	-	122,125	-	122,125
Due to other funds	(122,125)	-	-	(122,125)
Total Assets	**$ 175,112**	**$ 1,290,043**	**$ 425,687**	**$ 1,890,842**
LIABILITIES AND ASSOCIATION FUNDS				
Liabilities				
Note payable	$ -	$ -	$ 423,481	$ 423,481
Accounts payable	50,843	-	-	50,843
Prepaid assessments	25,331	-	-	25,331
Master land liability	17,022	-	-	17,022
Contract liabilities (Assessments received in advance - replacement reserve)	-	1,290,043	-	1,290,043
Accrued interest payable	-	-	2,206	2,206
Income taxes payable	101	-	-	101
Total Liabilities	**93,297**	**1,290,043**	**425,687**	**1,809,027**
Commitments	-	-	-	-
Association funds	**81,815**	**-**	**-**	**81,815**
Total Liabilities & Association Funds	**$ 175,112**	**$ 1,290,043**	**$ 425,687**	**$ 1,890,842**

SEE INDEPENDENT AUDITORS' REPORT AND ACCOMPANYING NOTES

HAMILTON COVE HOMEOWNERS ASSOCIATION
STATEMENT OF REVENUE EXPENSES AND ASSOCIATION FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	OPERATING FUND	REPLACEMENT FUND	LAND PURCHASE FUND	TOTAL
REVENUE				
Assessments	$ 1,909,990	$ 194,717	$ -	$ 2,104,707
Price adjustment-bad debt recovery	14,292	-	-	14,292
Interfund transfers	38,724	(38,724)	-	-
Preferred mooring fees	27,400	-	-	27,400
Interest income	41	2,529	-	2,570
Cell tower income	19,193	-	-	19,193
Sublease rent	-	-	28,944	28,944
Other income	37,439	-	-	37,439
Total Revenue	**2,047,079**	**158,522**	**28,944**	**2,234,545**
EXPENSES				
Accounting	9,138	-	-	9,138
Property taxes	10,689	-	-	10,689
Administrative	27,933	868	-	28,801
Legal and audit	25,147	-	-	25,147
Insurance	742,059	-	-	742,059
Pool	12,039	-	-	12,039
Rubbish collection	25,100	-	-	25,100
Pest control	7,944	-	-	7,944
Landscape maintenance	11,715	-	-	11,715
Painting	27,200	-	-	27,200
General maintenance	19,819	4,295	-	24,114
Interest expense	-	-	28,944	28,944
Depreciation	476	-	-	476
Telephone	43,906	-	-	43,906
Electricity	36,991	-	-	36,991
Water	46,146	-	-	46,146
Custodial	20,624	-	-	20,624
Automotive	13,416	-	-	13,416
Plumbing	7,972	-	-	7,972
Uniforms	4,519	-	-	4,519
Salaries and related expenses	859,825	-	-	859,825
Golf course	2,704	-	-	2,704
Fire system	48,652	1,760	-	50,412
Pier and dock	37,118	-	-	37,118
Mooring fees	66,458	-	-	66,458
Mooring maintenance	19,250	-	-	19,250
Elevator	4,844	72,499	-	77,343
Chain replacement	-	49,569	-	49,569
Building repairs	-	18,103	-	18,103
Carpet	-	8,421	-	8,421
Salt water	-	3,007	-	3,007
Income tax	3,871	-	-	3,871
Total Expenses	**2,135,555**	**158,522**	**28,944**	**2,323,021**
Deficiency of revenue over expenses	**(88,476)**	**-**	**-**	**(88,476)**
Association funds balance beginning of year	**170,291**	**-**	**-**	**170,291**
Association funds balance end of year	**$ 81,815**	**$ -**	**$ -**	**$ 81,815**

SEE INDEPENDENT AUDITORS' REPORT AND ACCOMPANYING NOTES

HAMILTON COVE HOMEOWNERS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	OPERATING FUND	REPLACEMENT FUND	LAND PURCHASE FUND	TOTAL
Cash flows from operating activities:				
Cash received from members	$ 2,040,993	$ 41,276	$ 28,944	$ 2,111,213
Cash paid to suppliers of goods and services	(2,157,848)	(158,522)	-	(2,316,370)
Interest received	41	2,529	-	2,570
Interest paid	-	-	(28,944)	(28,944)
Income taxes paid	(11,497)	-	-	(11,497)
Net cash provided by (used in) operating activities	**(128,311)**	**(114,717)**	-	**(243,028)**
Cash flows from investing activities:				
Sale of land interest	-	-	113,209	113,209
Cash flows from financing activities:				
Interfund borrowings	122,125	(122,125)	-	-
Principal payments on debt	-	-	(113,209)	(113,209)
Net cash provided by (used in) financing activities	122,125	(122,125)	(113,209)	(113,209)
Net increase (decrease) in cash and cash equivalents	**(6,186)**	**(236,842)**	-	**(243,028)**
Cash and cash equivalents at beginning of year	**175,892**	**1,404,760**	-	**1,580,652**
Cash and cash equivalents at end of year	**$ 169,706**	**$ 1,167,918**	**$ -**	**$ 1,337,624**

HAMILTON COVE HOMEOWNERS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

RECONCILIATION OF EXCESS OF REVENUE OVER EXPENSES
TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	OPERATING FUND	REPLACEMENT FUND	LAND PURCHASE FUND	TOTAL
Excess (deficiency) of revenue over expenses	**$ (88,476)**	**$ -**	**$ -**	**$ (88,476)**
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities:				
Depreciation	476	-	-	476
Change in assessments receivable	20,716	-	(1,195)	19,521
Change in prepaid insurance	(18,375)	-	-	(18,375)
Change in prepaid expenses	(3,500)	-	-	(3,500)
Change in prepaid taxes	(46)	-	-	(46)
Change in accounts payable	(4,765)	-	-	(4,765)
Change in contract liabilities	-	(114,717)	-	(114,717)
Change in accrued interest payable	-	-	1,195	1,195
Change in prepaid assessments	(25,059)	-	-	(25,059)
Change in master land liability	(1,702)	-	-	(1,702)
Change in income tax payable	(7,580)	-	-	(7,580)
Net cash provided by (used in) operating activities	**$ (128,311)**	**$ (114,717)**	**$ -**	**$ (243,028)**

SEE INDEPENDENT AUDITORS' REPORT AND ACCOMPANYING NOTES

NOTE 1 NATURE OF ORGANIZATION

Hamilton Cove Homeowners Association was incorporated on March 9, 1982, in the state of California. It is responsible for the operation and maintenance of the common property within the development, which is located Catalina Island, California. The development consists of 185 residential units. Three single family residences located on adjacent land have been annexed into the Association. The Association does not have any responsibility for the structures.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The books of Hamilton Cove Homeowners Association are maintained on the modified cash basis of accounting with entries made to convert them to the accrual basis for audit and tax purposes.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure 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 the following funds established according to their nature and purpose:

Operating fund -	This fund is used to account for financial resources available for the general operations of the Association.
Replacement fund -	This fund is used to accumulate financial resources designated for future major repairs and replacements.
Land purchase fund -	This fund is used to account for the purchase of land upon which the Association is located. (Note 7)

Property and Equipment

Real property and common areas acquired by the original homeowners from the developer are owned by the individual owners in common and are not capitalized on the Association's financial statements. Replacements and improvements to the real property and common areas also belong to the owners and are not capitalized on the Association's financial statements.

Fixed assets purchased by the Association are capitalized at cost and depreciated over useful lives of five to seven years using the straight-line method and declining balance methods of depreciation.

Cash Equivalents and Short-term Investments

Cash equivalents consist primarily of certificates of deposit and other securities with original maturities of 90 days or less. Certificates of deposit and other securities with original maturities over 90 days are classified as short-term investments. Cash equivalents and short-term investments are stated at cost, which approximates market value.

The Association maintains bank accounts at various financial institutions. During the course of the year, the accounts may fluctuate over the FDIC insured amount of $250,000.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The Association uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Member 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 is 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 homeowners whose assessments are thirty days or more delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. At December 31, 2019, the Association had delinquent assessments of $22,007. It is the opinion of the board of directors that the Association will ultimately prevail against homeowners with delinquent assessments and, accordingly, no allowance for uncollectible accounts is deemed necessary.

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 balances of assessments receivable as of the beginning and end of the year are $55,820 and $22,007, respectively.

Contract Liabilities (Assessments received in advance-replacement fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement fund) is (are) recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The activity in contract liabilities (assessments received in advance-replacement fund) during 2019 is as follows:

Contract Liabilities, at January 1, 2019	$	1,404,760
Assessments Budgeted for Replacement Reserve		80,000
Interfund Transfers		(38,724)
Revenue Released to Match Reserve Expenses		(155,993)
Contract Liabilities, at December 31, 2019	$	1,290,043

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. We adopted the standard on January 1, 2018. We have analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers,* and have concluded that the changes detailed in Note 7 are required.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326).* This guidance represents a significant change in the accounting model for credit losses by requiring immediate recognition of management's estimates of "current expected credit losses". Under the prior model, losses were recognized only as they were incurred, which FASB has noted delayed recognition of expected losses that might not yet have met the threshold of being probable. The new model is applicable to all financial instruments that are not accounted for at fair value through net income, thereby bringing consistency in accounting treatment across different types of financial instruments and requiring consideration of a broader range of variables when forming loss estimates. Although this change affects any entity holding financial instruments (ie: trade receivables or investments in debt securities) the financial services industry by its nature bears the most exposure. The effect of adoption of this standard will be to accelerate the recognition of credit losses. The effective date of this standard is for years beginning after December 15, 2023, with early adoption allowed. We do not plan an early adoption of this standard.

NOTE 3 REPLACEMENT FUND

The Association is funding contributions to capital for the future replacement of selected Association common areas. The funds are held in separate savings accounts to be used for the replacement of common areas only and not in the course of normal operations.

California Civil Code Section 5550 requires that associations identify the estimated remaining life of assets the association is obligated to maintain and the methods of funding used to defray future repair and replacement costs.

Industry practice is to engage outside consultants with experience in construction and maintenance to study and report on the estimated remaining life of assets that the Association is obligated to maintain and the costs of their repair and replacement. These reports address the adequacy of reserves and their funding.

A study of the Association's funding program for the replacement of Association common areas, conducted as of December 31, 2017, indicated the Association's ideal cash replacement fund balance was $ 2,053,530 at that date. The study indicated the replacement fund was approximately 44% ideally funded.

An independent study to determine the adequacy of the funding program for the replacement of Association common areas has not been conducted for the current year. The preparation of such a study involves significant estimates by the persons preparing the study, and these estimates are subject to annual revision for changing prices, circumstances and assumptions. Accordingly, the current program and cash savings may not be sufficient to meet all future replacement costs. Therefore, when replacement funds are needed, the Association has the right to increase the monthly assessments, pass special assessments, or delay replacement until funds are available.

NOTE 4 INCOME TAXES

The Association is a corporation that is potentially taxable on all of its net income, including unspent member assessments. However, under state and federal filing elections, the Association may choose to be taxed only on its net non-membership income, which includes interest income.

The State of California allows qualifying homeowner associations to file an election to be taxed under special rules. Under this election, income from members (such as assessments) is exempt from taxation.

NOTE 4 INCOME TAXES (Continued)

Federal law offers a similar election, which must be made annually. However, net non-membership income under this election is taxed at a flat rate of 30%. If the Association chooses to file as a regular corporation, it may still exclude from taxation its net membership income by making certain elections. Tax at the regular corporate tax rate is generally lower. Some of these elections, however, have come under IRS attack and certain issues are yet to be clarified.

In 2019, the Association filed as a regular corporation for federal taxes, since it had an excess of maintenance expenses over membership source income. That excess may be carried over to future periods to offset future membership source income when the Association files as a regular corporation. This election is not related to the issues involved in the recent IRS audits.

Regardless of how the Association files its taxes, non-membership income (interest) may not be offset with membership expenses (such as common area maintenance costs). That is why the Association's taxable income can be greater than its net income as recorded in the financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress. The Association's management believes it is no longer subject to income tax examinations for years prior to 2015.

Federal and California income taxes have been accrued based on the taxable portion of the income reported in the accompanying financial statements. Income taxes for the current year were:

2019 INCOME TAXES	FEDERAL	STATE TAX	STATE FEE	TOTAL
Income Taxes	$ 2,403	$ 1,458	$ 10	$ 3,871
Less: Credit from prior year return	(578)	(451)	-	(1,029)
Less: Estimated payments	(1,734)	(1,053)	-	(2,787)
Prepaid tax		**$ 46**		**$ 46**
Income tax payable	**$ 91**		**$ 10**	**$ 101**

NOTE 5 ASSESSMENTS

During 2019, assessments were billed at a rate of $ 840 per unit per month. Effective January 1, 2020, the rate increased to $ 930 per unit per month.

NOTE 6 INTERFUND ACCOUNT

The interfund account represents the amount one fund owes another fund. Various scenarios may cause this situation which include, but are not limited to, one fund paying the expenses of another fund, one fund borrowing from another fund, or the operating fund not paying the full annual budgeted contribution amount to the replacement fund.

NOTE 7 FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, *Real Estate—Common Interest Realty Associations, Revenue Recognition*, and 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.

The Association adopted the requirements of new guidance as of January 1, 2018, 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, 2018. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenue and contract liabilities related to the replacement fund, as previously described.

The effect of the adoption is an increase in 2019 assessments by $114,717 and a recording of a contract liability (assessments received in advance-replacement fund) at December 31, 2019, of $1,290,043. The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

NOTE 8 LAND PURCHASE

In January 2010, the Association acquired the land on which the existing buildings are located, including the beach area, and all of the improvements including all of the buildings, subject to 185 individual subleases, for $8,325,000 plus costs and fees of $256,569. Subsequently, the Association immediately transferred undivided fractional fee interests in the land and the improvements and fee title to their condominiums to 119 owners who exercised the option to purchase in full. In the process, the subleases of those 119 owners were cancelled. Sixty-six owners remained sub-lessees of the Association.

The Association obtained a loan, in the amount of $3,215,000, to finance the purchase. The remaining sub-lessee owners participate in the Master Land Loan (MLL), which has the following terms: 15 year note; monthly payments consisting of principal and interest; annual interest rate of 6.25%, adjustable every five years; final payment of all unpaid principal and interest will become due on January 20, 2025; collateral on the loan is the title to the land and improvements. Sub-lessee owners pay $419.67 per month in lieu of the rent called for by their subleases. Upon payment in full of his/her pro-rata share, the Association transfers an undivided fractional fee interest in the land and improvements and fee title to their condominiums. As of December 31, 2019, there were still 20 owners under the MLL; monthly principal and interest payments on the MLL were $8,393.40.

NOTE 9 RELATED PARTY TRANSACTIONS

The Association has entered into a legal services agreement with a law firm of which the Board President is the managing partner. During 2019, the law firm was paid $19,050 in costs and fees for work in connection with unit transfers, refinancing, and other general legal services.

NOTE 10 CONTINGENCY

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. It is at least reasonably possible that this matter will negatively impact the Association. However, the financial impact and duration cannot be reasonably estimated at this time.

NOTE 11 SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2018, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is April 21, 2020, which is the date on which the financial statements were issued.

SUPPLEMENTAL INFORMATION

HAMILTON COVE HOMEOWNERS ASSOCIATION
SUPPLEMENTAL INFORMATION ON FUTURE MAJOR REPAIRS
AND REPLACEMENTS
DECEMBER 31, 2019
(UNAUDITED)

Please Note: A current year study has not been conducted.

The board of directors contracted an independent consultant who conducted a October 4, 2017 study, projected to December 31, 2017, to estimate the remaining useful lives and replacement costs of the components of common property. Funding requirements include an inflation factor of 2% and an interest rate of 1%.

The following table is based on the study and presents information about the components of common property.

Components	Estimated Remaining Useful Lives	Estimated Current Replacement Cost	2018 Funding Requirement	Recommended Fund Balances
Streets	0 to 4 years	$ 374,532	$ 56,746	$ 331,002
Roofs	0 years	29,887	1,275	39,887
Painting	2 years	62,000	18,550	31,000
Fencing	3 to 7 years	126,923	19,048	110,660
Beach Area	0 to 23 years	449,823	36,413	203,513
Clubhouse	0 to 23 years	261,071	26,544	187,102
Pool/Spa	1 to 5 years	101,374	9,394	80,091
Tennis Courts	17 years	9,770	999	-
Building 10	7 to 19 years	28,380	1,585	15,336
Decks	0 years	60,000	17,952	60,000
Equipment	0 to 19 years	396,750	90,992	300,841
Irrigation/Motors	0 to 12 years	225,000	25,626	180,200
Grounds	0 to 1 year	52,900	5,860	52,079
Termite Control	0 to 8 years	449,280	24,949	364,032
Contingency	n/a	-	16,986	97,787
		$ 2,627,690	**$ 352,919**	**$ 2,053,530**

As shown above, the study recommended a replacement fund total assets balance of $2,053,530 as of December 31, 2017 and contributions to reserves of $352,919 during 2018. The Association's replacement fund total assets balance at December 31, 2017 was $912,288 or 44.43% of the recommended fund balance.