

LAKE DON PEDRO OWNERS' ASSOCIATION
FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT
YEAR ENDED JUNE 30, 2020

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

LAKE DON PEDRO OWNERS' ASSOCIATION

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YEAR ENDED JUNE 30, 2020**

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LEVY, ERLANGER & COMPANY LLP
Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board Of Directors
Lake Don Pedro Owners' Association
La Grange, California

We have reviewed the accompanying financial statements of **Lake Don Pedro Owners' Association** (the Association) which comprise the balance sheet as of June 30, 2020 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

August 7, 2020

LAKE DON PEDRO OWNERS' ASSOCIATION

**BALANCE SHEET
JUNE 30, 2020**

	<u>2020</u>		
	<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)	\$ 324,352	\$ 557,608	\$ 881,960
Assessments receivable, less allowance for doubtful accounts of \$113,000 (Note 2)	879		879
Prepaid insurance	21,057		21,057
Other assets	4,720		4,720
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 351,008</u>	<u>\$ 557,608</u>	<u>\$ 908,616</u>
LIABILITIES			
Accounts payable	\$ 4,544	\$ -	\$ 4,544
Assessments paid in advance	158,251		158,251
Refundable deposits	10,337		10,337
Payroll taxes and benefits payable	5,214		5,214
Other liabilities	14,385		14,385
Contract liabilities - replacement reserve assessments paid in advance (Notes 2 and 4)		557,608	557,608
Future major repairs and replacements (Note 3)	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>192,731</u>	<u>557,608</u>	<u>750,339</u>
COMMITMENTS (NOTE 5)			
	-	-	-
FUND BALANCE (DEFICIT)			
	<u>158,277</u>	<u>-</u>	<u>158,277</u>
Total liabilities and fund balance	<u>\$ 351,008</u>	<u>\$ 557,608</u>	<u>\$ 908,616</u>

See independent accountant's review report and accompanying notes.

LAKE DON PEDRO OWNERS' ASSOCIATION

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020**

	2020		
	Operations	Replacement	Total
	Fund	Fund	Funds
REVENUES			
Assessments (Notes 2 and 4)	\$ 272,200	\$ 43,157	\$ 315,357
Bad debt recovery (expense)	(3,458)		(3,458)
Interest income (Note 2)	30	1,057	1,087
Rental income	30,293		30,293
Late charges and other income	41,964		41,964
Total revenues	<u>341,029</u>	<u>44,214</u>	<u>385,243</u>
EXPENSES			
<u>Administration</u>			
Insurance	40,837	-	40,837
Legal and accounting	8,380		8,380
Newsletter	12,072		12,072
Office, printing and postage	38,203		38,203
Reserve study	3,200		3,200
Social activity expenses	225		225
	<u>102,917</u>	<u>-</u>	<u>102,917</u>
<u>Maintenance and operations</u>			
Hacienda expenses	16,583	-	16,583
Janitorial services	18,402		18,402
Parks expense	492		492
Payroll, payroll taxes and benefits	150,174		150,174
Pool and spa maintenance	2,489		2,489
Septic maintenance and test	6,035		6,035
Well maintenance	525		525
Other maintenance and operations	2,388		2,388
	<u>197,088</u>	<u>-</u>	<u>197,088</u>

See independent accountant's review report and accompanying notes.

LAKE DON PEDRO OWNERS' ASSOCIATION

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020**

	2020		
	Operations Fund	Replacement Fund	Total Funds
EXPENSES (CONTINUED)			
<u>Utilities</u>			
Garbage collection	\$ 4,561	\$ -	\$ 4,561
Gas and electricity	24,210		24,210
Water and sewer	2,544		2,544
	<u>31,315</u>	<u>-</u>	<u>31,315</u>
<u>Major repairs and replacements</u>			
Apartment remodeling project	-	44,214	44,214
	<u>-</u>	<u>44,214</u>	<u>44,214</u>
Total expenses	<u>331,320</u>	<u>44,214</u>	<u>375,534</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	9,709	-	9,709
FUND BALANCE (DEFICIT), BEGINNING OF YEAR (NOTE 4)	<u>148,568</u>	<u>-</u>	<u>148,568</u>
FUND BALANCE (DEFICIT), END OF YEAR (NOTE 4)	<u>\$ 158,277</u>	<u>\$ -</u>	<u>\$ 158,277</u>

See independent accountant's review report and accompanying notes.

LAKE DON PEDRO OWNERS' ASSOCIATION

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020**

	2020		
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
OPERATING ACTIVITIES			
Excess (deficiency) of revenues over expenses	\$ 9,709	\$ -	\$ 9,709
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:			
Bad debt (recovery) expense	3,458	-	3,458
Decrease (increase) in assets:			
Assessments receivable	(2,677)		(2,677)
Other assets	(1,350)		(1,350)
Prepaid insurance	4,739		4,739
Increase (decrease) in liabilities:			
Accounts payable	(3,071)		(3,071)
Refundable deposits	(2,855)		(2,855)
Assessments paid in advance	(10,266)		(10,266)
Other liabilities	(1,328)		(1,328)
Payroll taxes and benefits payable	(535)		(535)
Contract liabilities - replacement reserve assessments paid in advance		(3,157)	(3,157)
Total adjustments	(13,885)	(3,157)	(17,042)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(4,176)</u>	<u>(3,157)</u>	<u>(7,333)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,176)	(3,157)	(7,333)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>328,528</u>	<u>560,765</u>	<u>889,293</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 324,352</u>	<u>\$ 557,608</u>	<u>\$ 881,960</u>

See independent accountant's review report and accompanying notes.

LAKE DON PEDRO OWNERS' ASSOCIATION

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020**

	2020		
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</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.

LAKE DON PEDRO OWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

1. THE ASSOCIATION

Lake Don Pedro Owners' Association (the Association) is a common interest development located in La Grange, California which consists of 3122 lots and certain common area property. The Association was organized as a nonprofit mutual-benefit corporation in August 1968 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 annual 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.

LAKE DON PEDRO OWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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 June 30, 2020 totaled approximately \$633,000.

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.

LAKE DON PEDRO OWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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 has received exemption from tax under IRC Section 501(c)(7) and is subject to tax on net nonmembership income at 21%. California income taxes approximate 9% of taxable 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.

LAKE DON PEDRO OWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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.

LAKE DON PEDRO OWNERS' ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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 July 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 July 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>	\$ 272,200	\$ 40,000	\$ 312,200
Effects of applying <u>new guidance</u>			
Adjust revenues to equal expenses	<u>-</u>	<u>3,157</u>	<u>3,157</u>
Total effects of new guidance	<u>-</u>	<u>3,157</u>	<u>3,157</u>
Assessment revenues <u>per financial statements</u>	<u>\$ 272,200</u>	<u>\$ 43,157</u>	<u>\$ 315,357</u>

See independent accountant's review report.

LAKE DON PEDRO OWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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 2019-2020 financial statements. The adoption of the new revenue recognition guidance resulted in the following changes to financial statements:

	Amounts That Would Have Been Reported	Effects Of Applying New Guidance	As Reported
<u>Balance Sheet</u>			
Contract liabilities - replacement reserve assessments paid in advance	\$ -	\$ 557,608	\$ 557,608
Total liabilities	\$ 192,731	\$ 557,608	\$ 750,339
Ending fund balances	\$ 715,885	\$ (557,608)	\$ 158,277
<u>Statement Of Revenues, Expenses And Changes In Fund Balances</u>			
<u>Revenues</u>			
Assessments	\$ 312,200	\$ 3,157	\$ 315,357
Interest income (Note 2)	1,087	-	1,087
Other revenues	68,799	-	68,799
Total revenues	<u>382,086</u>	<u>3,157</u>	<u>385,243</u>
<u>Expenses</u>			
Operating expenses	331,320	-	331,320
Replacement reserve expenses	44,214	-	44,214
Total expenses	<u>375,534</u>	<u>-</u>	<u>375,534</u>
Excess (deficiency) of revenues over expenses	6,552	3,157	9,709
Beginning fund balances	709,333	(560,765)	148,568
Ending fund balances	<u>\$ 715,885</u>	<u>\$ (557,608)</u>	<u>\$ 158,277</u>
<u>Statement Of Cash Flows</u>			
Excess (deficiency) of revenues over expenses	\$ 6,552	\$ 3,157	\$ 9,709
Change in contract liabilities - replacement reserve assessments paid in advance	\$ -	\$ (3,157)	\$ (3,157)

See independent accountant's review report.

LAKE DON PEDRO OWNERS' ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

5. COMMITMENTS

The Association enters into contracts for management and/or maintenance services in the normal course of its business operations. These contracts are generally cancelable on thirty to ninety days' advance notice.

6. COVID-19

In December 2019 a novel strain of coronavirus surfaced and has spread around the world, resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization in January 2020. The effect of this virus on the financial position and/or results of operations of the Association is unknown at this time.

7. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through August 7, 2020, the date that the financial statements were available to be issued.

See independent accountant's review report.

LAKE DON PEDRO OWNERS' ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
JUNE 30, 2020
(UNAUDITED)**

The following information on common area major components was compiled by Browning Reserve Group of Sacramento, California **as of February 2020** and has served as the basis for the current estimates of replacement reserve funding:

<i>Reserve Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2019/2020 Fully Funded Balance</i>
01000 - Paving	115,771	3-25	1-19	34,569
02000 - Concrete	7,855	8-10	1-5	4,561
03000 - Painting: Exterior	26,459	8-10	2-3	20,642
03500 - Painting: Interior	3,114	5-5	4-4	623
04000 - Structural Repairs	87,242	20-30	1-18	35,388
04500 - Decking/Balconies	6,096	10-25	7-22	1,154
05000 - Roofing	120,282	10-30	1-14	80,499
08000 - Rehab	86,155	5-20	1-7	59,333
12000 - Pool	27,566	3-12	1-10	7,367
14000 - Recreation	1,374	5-5	1-1	1,099
18500 - Lakes / Ponds	6,245	5-5	1-1	4,996
19000 - Fencing	49,527	15-30	4-18	36,021
20000 - Lighting	26,163	15-30	5-9	18,091
21000 - Signage	1,247	10-10	1-1	1,122
22000 - Office Equipment	3,839	5-5	2-2	2,303
23000 - Mechanical Equipment	45,255	15-30	1-23	25,144
24000 - Furnishings	42,203	10-25	0-19	31,556
24500 - Audio / Visual	2,045	10-10	4-6	881
24600 - Safety / Access	25,170	6-10	3-4	13,271
25000 - Flooring	53,708	5-20	0-16	27,473
26000 - Outdoor Equipment	38,489	5-30	1-14	17,153
27000 - Appliances	22,771	10-25	0-21	10,190
28000 - Water System	26,495	6-20	0-20	20,130
30000 - Miscellaneous	53,212	15-20	1-14	24,168
Totals	\$878,280			\$477,734
Estimated Ending Balance				\$576,759
Percent Funded				120.7%

See independent accountant's review report and accompanying notes.

LAKE DON PEDRO OWNERS' ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
JUNE 30, 2020
(UNAUDITED)**

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 **2-1/2%** on replacement fund cash balances and an annual **inflation rate** of **2-1/2%** on major component replacement costs. The replacement fund **cash** and investment balances at June 30, 2020 totaled **\$557,608**. The estimated **liability** for major repairs and replacements at this date totaled approximately **\$478,000**. The portion of **2021** regular **assessments** budgeted to be allocated to the replacement fund totals **\$45,000**.

See independent accountant's review report and accompanying notes.