



WATERGATE

COMMUNITY ASSOCIATION

October 23, 2017

Member
Watergate Community Association
Emeryville, CA 94608

Dear Member:

In accordance with Article IX, Sections 9.3 (b) and (c) of the Watergate Community Association Bylaws, please find the audited financial statements of the Association for the year ended June 30, 2017.

Please note that our auditor has expressed an unmodified opinion on our financial statements.

Should you have any questions or comments regarding this audit, please mail them to the Association office so that the Board can respond.

Sincerely,

Albert Repola
Treasurer

ALLEN & COOK, INC.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Members
Watergate Community Association

Report on the Financial Statements

We have audited the accompanying financial statements of Watergate Community Association, which comprise the balance sheet as of June 30, 2017, and the related statements of revenues, expenses, and changes in fund balance 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 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 Watergate Community Association as of June 30, 2017, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information on Future Major Repairs and Replacements on pages 12 and 13 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Financial Accounting Standards Board, who 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 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.

Other Matter

We have previously audited Watergate Community Association's 2016 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated September 26, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Allen & Cook, Inc.

San Jose, California

September 29, 2017

Watergate Community Association
Balance Sheets
June 30, 2017
(With Comparative Totals for 2016)

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Totals</u>	
			<u>2017</u>	<u>2016</u>
ASSETS:				
Cash and cash equivalents	\$ 71,357	141,179	212,536	367,602
Accounts receivable - net of allowance for uncollectible accounts of \$89,340 and \$97,848 respectively	11,160		11,160	18,291
Other receivable	16,380		16,380	15,862
Investment in U.S. Treasury Bill		5,462,661	5,462,661	4,006,710
Fixed assets, net of accumulated depreciation of \$146,693 and \$201,520 respectively	99,560		99,560	19,787
Due from replacement fund	166,622		166,622	93,009
Prepaid insurance	358,397		358,397	310,442
Prepaid income tax	9,997		9,997	14,353
Prepaid deposit		104,637	104,637	54,971
Other prepaid expenses	<u>75,182</u>		<u>75,182</u>	<u>68,810</u>
Total Assets	<u><u>808,655</u></u>	<u><u>5,708,477</u></u>	<u><u>6,517,132</u></u>	<u><u>4,969,837</u></u>
 LIABILITIES AND FUND BALANCES:				
Accounts payable	54,137	32,169	86,306	53,642
Accrued expenses	185,766		185,766	146,670
Assessments received in advance	108,188		108,188	117,006
Due to operating fund		166,622	166,622	93,009
Other liabilities	<u>175,825</u>		<u>175,825</u>	<u>197,743</u>
Total Liabilities	523,916	198,791	722,707	608,070
Fund Balances	<u>284,739</u>	<u>5,509,686</u>	<u>5,794,425</u>	<u>4,361,767</u>
Total Liabilities and Fund Balances	<u><u>\$ 808,655</u></u>	<u><u>5,708,477</u></u>	<u><u>6,517,132</u></u>	<u><u>4,969,837</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

Watergate Community Association
Statement of Revenue and Expenses and Changes in Fund Balances
Years Ended June 30, 2017
(With Comparative Totals for 2016)

	Operating Fund	Replacement Fund	Totals	
			2017	2016
REVENUE:				
Regular Assessments (Note 2)	\$ 4,959,343	2,015,997	6,975,340	6,772,108
Interest Income (Note 1-C)	447	26,415	26,862	8,193
Laundry income	186,605		186,605	177,677
Clipper Club Income	10,699		10,699	6,733
Hatchcover Income	21,540		21,540	23,185
Parking Income	39,218		39,218	31,693
Recovery of Bad Debt	5,025		5,025	31,295
Gain on sale of assets				1,200
Other Income	<u>148,720</u>		<u>148,720</u>	<u>124,453</u>
 Total Revenue	 5,371,597	 2,042,412	 7,414,009	 7,176,537
EXPENSES:				
Administrative Expenses	478,593	1,500	480,093	412,698
Insurance	479,771		479,771	452,332
Accounting	259,498		259,498	253,662
Custodial	569,610		569,610	563,680
Landscaping	341,655		341,655	346,700
Repairs and Maintenance	486,892		486,892	492,413
Painting	191,151		191,151	185,662
Property Patrol	481,739		481,739	426,956
Club House Services	273,132		273,132	258,960
Clipper Club	5,701		5,701	5,282
Hatchcover	27,886		27,886	26,114
Legal & Compliance	11,902		11,902	6,512
Depreciation	19,127		19,127	2,008
Provision for Bad Debt Expense	17,500		17,500	16,500
Bad Debt Collection Expenses	3,956		3,956	4,934
Utilities	1,698,936		1,698,936	1,625,475
Interior Finishes Replacement		39,941	39,941	1,857,079
Sanitary Sewer Replacement (Design)		326,336	326,336	
Tennis Court Repair - P/T & Resurfacing				60,111
Recreation Area Access Control		9,064	9,064	
Security Camera System		5,165	5,165	
Rekey Buildings		90,113	90,113	
Mailbox Enclosures at Bldg C&E Ctr Core		37,236	37,236	
Other Common Area Maintenance		120,591	120,591	179,608
Income Taxes (Note 5)	<u>872</u>	<u>3,484</u>	<u>4,356</u>	<u>647</u>
 Total Expenses	 <u>5,347,921</u>	 <u>633,430</u>	 <u>5,981,351</u>	 <u>7,177,333</u>
 Excess (deficiency) of revenue over expense	 23,676	 1,408,982	 1,432,658	 (796)
 Beginning fund balance	 <u>261,063</u>	 <u>4,100,704</u>	 <u>4,361,767</u>	 <u>4,362,563</u>
 Ending fund balance	 <u>\$ 284,739</u>	 <u>5,509,686</u>	 <u>5,794,425</u>	 <u>4,361,767</u>

SEE NOTES TO FINANCIAL STATEMENTS

Watergate Community Association
Statement of Cash Flows
Years Ended June 30, 2017
(With Comparative Totals for 2016)

	Operating Fund	Replacement Fund	Totals 2017	2016
Cash Flows From Operating Activities:				
Excess(deficiency) of revenue over expenses	\$ 23,676	1,408,982	1,432,658	(796)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	19,127		19,127	2,008
Gain on sale of assets				(1,200)
(Increase) - Decrease in:				
Accounts receivable	7,131		7,131	(354)
Other receivable	(518)		(518)	(1,736)
Due from replacement fund	(73,613)		(73,613)	(44,662)
Prepaid insurance	(47,955)		(47,955)	(13,480)
Prepaid income tax	4,356		4,356	(14,353)
Prepaid deposit		(49,666)	(49,666)	100,922
Other prepaid	(6,372)		(6,372)	(416)
Increase - (Decrease) in:				
Accounts payable	2,917	29,747	32,664	(378,450)
Assessments received in advance	(8,818)		(8,818)	(9,652)
Due to operating fund		73,613	73,613	44,662
Other liabilities	17,178		17,178	(36,431)
Federal tax payable				(13,755)
State tax payable				(763)
Net cash flows from operating activities	<u>(62,891)</u>	<u>1,462,676</u>	<u>1,399,785</u>	<u>(368,456)</u>
Cash Flows From Investing Activities:				
Purchase of assets	(98,900)		(98,900)	(20,824)
Purchase of treasury securities		(5,462,661)	(5,462,661)	(4,006,710)
Gain from sale of assets				1,200
Proceeds from matured treasury securities		4,006,710	4,006,710	4,424,296
Net cash flows from investing activities	<u>(98,900)</u>	<u>(1,455,951)</u>	<u>(1,554,851)</u>	<u>397,962</u>
Net increase(decrease) in cash	(161,791)	6,725	(155,066)	29,506
Cash at beginning of year	<u>233,148</u>	<u>134,454</u>	<u>367,602</u>	<u>338,096</u>
Cash at end of year	<u>\$ 71,357</u>	<u>141,179</u>	<u>212,536</u>	<u>367,602</u>

SEE NOTES TO FINANCIAL STATEMENTS

Watergate Community Association
Notes To Financial Statements
June 30, 2017 and 2016

(1) - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

(A) Organization

The Association was incorporated August 7, 1979, to provide for the orderly maintenance, preservation, and architectural control of the common areas within the development, which consists of 1,249 condominium units located in Emeryville, California.

The Association derives its authority and responsibilities from its Declaration of Covenants, Conditions and Restrictions. An elected Board of Directors makes most policy decisions and oversees daily operations, but major decisions are referred to the general association membership if required by the governing documents.

Membership in the Association is mandatory for homeowners. Voting members consist of all owners. Each owner is obligated to pay annual assessments to the Association to support its operations and purposes.

(B) Funds

The Association's accompanying financial statements have been prepared using fund accounting. Under this method of accounting, funds are separated into two categories, the operating funds and replacement funds. Operating funds are those whose disposition is at the discretion of the Board of Directors and are generally used for regular operating expenses. Replacement funds are restricted to the repair or replacement of major common area components.

(C) Investment Income

It is the policy of the Board of Directors that investment income (primarily interest) earned on checking, savings and investments be retained in the fund where such income was earned.

(D) Capitalization Policy and Depreciation

In accordance with industry standards, the Association has not capitalized in the financial statements the common area real property acquired at its inception from the developer, as all beneficial rights of ownership belong to the unit owners and not to the Association.

Replacements and improvements to the real property which are directly associated with the units are not capitalized for the same reasons described above. They are instead charged directly to either operating or replacement funds in the period they are incurred. Capital assets not directly associated with the units, such as office equipment, are capitalized and depreciated over their estimated useful lives on the straight-line method.

Fixed assets, which are used in the Association's business operations as office equipment, furniture and vehicles are capitalized and depreciated over their estimated useful lives on the straight-line basis.

(CONTINUED)

Watergate Community Association
Notes To Financial Statements
June 30, 2017 and 2016

(1) - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES-Continued

(E) Statement of Cash Flow Information

For purposes of the Statement of Cash Flows, the Association considers all short-term investments with maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents are classified with cash in the balance sheet.

(F) Assessments Receivable

Association members are subject to annual assessments (paid in monthly installments) to fund the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent assessments and other fees due from unit owners. The Association's governing documents provide for various collection remedies for delinquent assessments including the filing of liens on the owners unit, foreclosing on the unit owner, and obtaining judgment on other assets of the unit owner.

(G) Bad Debts

The Association uses the allowance method for recording bad debts. This method requires an annual provision for bad debts based on past or industry experience. The provision for bad debts expense at June 30, 2017 & 2016 was \$17,500 and \$16,500 respectively.

(H) Investments

Investments in U.S. Treasury securities are considered to be held-to-maturity investments. They are carried at amortized cost, which approximates their market value.

(I) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(J) Concentration of Credit Risk

Financial instruments, which potentially subject the Association to concentration of credit risk, consist primarily of cash, cash equivalents, investments and accounts receivable. The Association's cash and cash equivalents, which sometimes exceed federally insured limits, are placed primarily in demand deposit accounts with high quality financial institutions. The Association has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk.

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Watergate Community Association
Notes To Financial Statements
June 30, 2017 and 2016

(1) - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES-Continued

(J) Concentration of Credit Risk - Continued

The Association's member receivables may be secured by a lien placed on the residences of delinquent and foreclosure proceeding may be initiated by the Association in order to collect delinquent balances. The Association performs ongoing evaluations of its receivables, initiates collection action when necessary, and provides reserves for potential credit losses.

(K) Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, certificates of deposit, accounts receivable and accounts payable approximate their fair value due to the short term maturities of these instruments.

(L) Comparative Information

The financial statements include certain summarized comparative information from the prior year. This information is presented in total and not by separate funds and does not include sufficient detail to be in conformity with accounting principles in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

(M) Reclassifications

Certain accounts in the prior-year financial statements have been classified for comparative purposes to conform with the presentation in the current-year financial statements.

(2) - REGULAR ASSESSMENTS

During the fiscal years ended June 30, 2017 and 2016, regular annual assessments were payable to the Association in monthly installments ranging from \$383.29 to \$1,725.46 and \$372.12 to \$1,675.20 respectively per unit per month, depending on the type of unit owned .

The annual budget and owners' assessments are determined by the Board of Directors. Annual budgets are approved and assessments are divided between the operating fund to meet normal operating costs and contributions to the replacement funding program.

Delinquent assessments may be secured by a lien on the property against which the assessments are made, and the Association has the power to foreclose the property of any owner who fails to pay assessments.

It is the Association policy that any excess operating funds at the end of a fiscal year be applied to the following year's assessment.

(CONTINUED)

Watergate Community Association
Notes To Financial Statements
June 30, 2017 and 2016

(3) - RESTRICTED FUNDS AND REPLACEMENT FUNDING PROGRAM

Restricted funds represent amounts designated for specific uses by the membership or Board of Directors; generally these funds are set-aside in interest bearing accounts to be retained for the designated purpose. Restricted replacement funds are amounts to be spent on future repair and replacement of selected Association common areas.

A long-term, formal funding program is one that is based on a study that identifies specific common area components such as roofs, streets, paint, decks, etc., the expected replacement costs and expected remaining service lives of each, and provides a plan for accumulating over time the funds that will be needed to replace each major item at the time that replacement becomes necessary.

An independent formal study to determine the adequacy of the current funding program for the replacement of selected Association common area components was conducted by Community Reserve Solutions in 2017. The 2017/2018 budget, which was approved by the Board of Directors in April 2017, incorporates the current funding requirements determined by the study.

Actual expenditures 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 future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

(4) - FIXED ASSETS AND DEPRECIATION

Assets	<u>2017</u>	<u>2016</u>
Equipment	202,011	169,856
Furniture and Fixtures	20,276	20,276
Computers	5,417	12,626
Vehicle	<u>18,549</u>	<u>18,549</u>
Less Accumulated Depreciation	<u>(146,693)</u>	<u>(201,520)</u>
	<u>99,560</u>	<u>19,787</u>

(5) - INCOME TAXES

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the year ended June 30, 2017 and 2016, the Association was taxed as a regular corporation. As a regular corporation, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its non-membership income, such as interest earnings, at regular federal and state corporate rates.

(CONTINUED)

Watergate Community Association
Notes To Financial Statements
June 30, 2017 and 2016

(5) - INCOME TAXES- Continued

Income tax expense at June 30, 2017 and 2016 was \$4,356 and \$647 respectively. During the years ending June 30, 2017 and 2016, the Association paid \$0 and \$29,518 in cash for income taxes each year.

(6) - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table sets forth by level, within the fair value hierarchy, the Association’s assets at fair value as of June 30, 2017 and June 30, 2016:

	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Bills	\$ 5,462,661	\$ ---	\$ ---	\$ 5,462,661
Total	\$ 5,462,661	\$ ---	\$ ---	\$ 5,462,661

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Bills	\$ 4,006,710	\$ ---	\$ ---	\$ 4,006,710
Total	\$ 4,006,710	\$ ---	\$ ---	\$ 4,006,710

(7) - FLEXIBLE STANDARDIZED 401(k) PLAN

The Association adopted a flexible standardized 401(k) plan for all employees. As of June 30, 2017 the Association did not make any contributions to the plan.

(CONTINUED)

Watergate Community Association
Notes To Financial Statements
June 30, 2017 and 2016

(8) - RELATED PARTY TRANSACTIONS

During the year, several homeowners, who are also employees of the Association have provided services to the Association and have been compensated in the amount of \$104,556 for the year ended June 30, 2017.

(9) - COMMITMENTS

In 2017, the Association contracted with Aliquot Associations Inc. for sanitary sewer line replacement design project in the amount about \$500,300 including the change orders. As of June 30, 2017, approximately 36% of the contracts have been completed and billed. The remaining of the contract is expected to be completed and billed during the subsequent year.

The Association also contracted with Vas Security System for security video camera project and recreation area access control project in the amount of \$168,765 and \$124,422 each. As of June 30, 2017, no work has been performed and billed except the deposits. It is anticipated the two projects will be completed and billed in the subsequent year.

(10) - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 29, 2017, the date on which the financial statements were available to be issued. We noted no events that will have an impact on the presented financial statements and notes thereto.

Watergate Community Association
 Supplementary Information On Future Major Repairs And Replacements (Unaudited)
 June 30, 2017

Community Reserve Solutions, conducted a study in 2017 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on future replacement costs at the date of the study. Estimated current replacement costs have been adjusted to reflect a 2.5% inflation factor between the date of the study and the date that the components will require repair and replacement.

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

<u>Components</u>	<u>Estimated Remaining Useful Lives</u>	<u>Estimated Current Replacement Costs</u>
Asphalt - Roads Only	0-30 yrs	\$ 91,358
Asphalt - Parking Garages Only	3 yrs	245,026
Sanitary Sewer Renovation Project	0-35 yrs	4,978,934
Concrete	0-40 yrs	404,690
Parking Garages	0-21 yrs	59,500
Clipper Club Exterior	1-11 yrs	427,800
Anchor/Clipper Club & Office Interiors	1-18 yrs	175,566
Swimming Pool - Clipper Club	0-14 yrs	227,696
Spa - Clipper Club	0-24 yrs	34,300
Swimming Pool - Anchor Club	0-22 yrs	96,375
Spa - Anchor Club	0-32 yrs	56,759
Swimming Pool - B Building	0-5 yrs	80,031
Swimming Pool - D Building	0-5 yrs	79,781
Tennis Courts	9-30 yrs	211,819
Tennis Pro Shop	1-10 yrs	15,240
Signage	18-38 yrs	196,007
The Boardwalk	1-22 yrs	238,700
Fencing	0-43 yrs	677,139
Electrical	0-15 yrs	351,025
Landscape, Irrigation & Sitework	0-16 yrs	1,228,075
Building Water Supply System	3-23 yrs	331,150
Generator, Elevators & Sump Pumps	0-46 yrs	2,823,075
Building Life Safety & Sprinkler Systems	0-39 yrs	6,687,289
Hallway Smoke Doors Repair Allowance	4 yrs	10,000
Hallway Overhead Smoke Doors Allowance	4 yrs	20,000
Residential Building Interiors	0-30 yrs	428,885
Residential Building Exteriors	0-17 yrs	4,723,900
Residential Building Courtyards	0 yr	36,250
Maintenance Allowances	0-29 yrs	525,000
Personal Property	0-39 yrs	260,900
Interior Image Enhancement	0-14 yrs	6,753,543
Exterior Image Enhancement	1-13 yrs	4,376,638
Storm Sewers	0-2 yrs	<u>125,000</u>
 Total		 <u>\$ 36,977,451</u>

The Association uses the cash flow method of funding the replacement fund. Under the cash flow method, the funding for each individual component is not separately calculated. The actual fund balance at June 30, 2017 is \$5,509,686 with expected contributions of \$2,076,477 for the year ending June 30, 2018.

Watergate Community Association
 Supplementary Information On Future Major Repairs And Replacements (Unaudited)
 June 30, 2016

Community Reserve Solutions, conducted a study in 2016 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on future replacement costs at the date of the study. Estimated current replacement costs have been adjusted to reflect a 2.5% inflation factor between the date of the study and the date that the components will require repair and replacement.

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

<u>Components</u>	<u>Estimated Remaining Useful Lives</u>	<u>Estimated Current Replacement Costs</u>
Asphalt - Road Only	0-31 yrs	\$ 91,358
Asphalt - Parking Garages	3 yrs	245,026
Sanitary Sewer Renovation Project	0-36 yrs	3,800,271
Concrete	0-41 yrs	524,690
Parking Garages	0-22 yrs	57,500
Clipper Club Exterior	1-12 yrs	252,800
Anchor/Clipper Club & Office Interiors	1-9 yrs	171,566
Swimming Pool - Clipper Club	2-14 yrs	227,696
Spa - Clipper Club	0-25 yrs	34,300
Swimming Pool - Anchor Club	0-23 yrs	96,375
Spa - Anchor Club	0-33 yrs	56,759
Swimming Pool - B Building	0-6 yrs	80,031
Swimming Pool - D Building	0-6 yrs	79,781
Tennis Courts	10-31 yrs	211,819
Tennis Pro Shop	0-11 yrs	15,240
Signage	19-39 yrs	196,007
The Boardwalk	0-23 yrs	235,700
Fencing	4-43 yrs	667,339
Electrical	0-16 yrs	351,025
Landscape, Irrigation & Sitework	0-26 yrs	380,575
Building Water Supply System	3-24 yrs	331,150
Generator, Elevators & Sump Pumps	0-47 yrs	2,555,075
Building Life Safety & Sprinkler Systems	0-38 yrs	6,630,284
Hallway Smoke Doors Repair Allowance	0 yr	10,000
Hallway Overhead Smoke Doors Allowance	0 yr	20,000
Residential Building Interiors	0-31 yrs	428,885
Residential Building Exteriors	0-18 yrs	4,725,900
Residential Building Courtyards	0 yr	36,250
Maintenance Allowances	0-29 yrs	545,000
Personal Property	0-13 yrs	220,900
Interior Image Enhancement	0-14 yrs	7,045,804
Exterior Image Enhancement	1-14 yrs	3,615,750
Storm Sewers	0-2 yrs	<u>200,000</u>
Total		\$ <u>34,140,856</u>

The Association uses the cash flow method of funding the replacement fund. Under the cash flow method, the funding for each individual component is not separately calculated. The actual fund balance at June 30, 2016 is \$4,100,704 with expected contributions of \$2,015,997 for the year ending June 30, 2017.

