

CARLYON BEACH HOMEOWNERS ASSOCIATION

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022

**DNM & Associates, P.S.
Certified Public Accountants
Olympia, Washington**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Carlyon Beach Homeowners Association
Olympia, Washington

Opinion

We have audited the financial statements of Carlyon Beach Homeowners Association, which comprise the balance sheet as of June 30, 2022, and the related statement of revenues, expenses, and changes in fund balances, and cash flows, for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Carlyon Beach Homeowners Association as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Carlyon Beach Homeowners Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter – Supplementary Schedule

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of association expenses on page 14 is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Matter - Disclaimer of Opinion on 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 on page 15 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, 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 not audited, reviewed, or compiled the required supplementary information, and, accordingly, we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Carlyon Beach Homeowners Association's ability to continue as a going concern for one year from the date of this report.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Carlyon Beach Homeowners Association's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Carlyon Beach Homeowners Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

DNM + Associates, P.S.

Olympia, Washington

November 8, 2022

**CARLYON BEACH HOMEOWNERS ASSOCIATION
BALANCE SHEET
JUNE 30, 2022**

	Operating Fund	Replacement Fund	Marina Fund	Sewer Fund	Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 328,397	\$ 175,252	\$ 80,743	\$ 846	\$ 585,238
Certificates of deposit	-	257,997	-	-	257,997
Assessments, fees, and charges receivable, net	8,653	-	35	28,805	37,493
Other receivable, net	21,750	-	-	-	21,750
Federal income tax refund receivable	3,884	-	-	-	3,884
Prepaid expenses	3,917	-	1,317	1,387	6,621
Due from operating fund	-	24,510	-	-	24,510
Total Current Assets	366,601	457,759	82,095	31,038	937,493
PROPERTY AND EQUIPMENT, NET	253,780	-	232,610	498,428	984,818
OTHER ASSET					
Restricted cash	-	-	13,277	1,512	14,789
Total Assets	\$ 620,381	\$ 457,759	\$ 327,982	\$ 530,978	\$ 1,937,100
LIABILITIES AND FUND BALANCES					
CURRENT LIABILITIES					
Accounts payable	\$ 20,831	\$ -	\$ -	\$ -	\$ 20,831
Accrued vacations	13,452	-	-	-	13,452
Prepaid assessments	40,485	-	14,135	2,347	56,967
Deposits	21,550	-	-	-	21,550
Due to replacement fund	24,510	-	-	-	24,510
Total Current Liabilities	120,828	-	14,135	2,347	137,310
FUND BALANCES	499,553	457,759	313,847	528,631	1,799,790
Total Liabilities and Fund Balances	\$ 620,381	\$ 457,759	\$ 327,982	\$ 530,978	\$ 1,937,100

See accompanying notes and independent auditor's report.

**CARLYON BEACH HOMEOWNERS ASSOCIATION
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022**

	Operating Fund	Replacement Fund	Marina Fund	Sewer Fund	Total
REVENUES					
Assessments	\$ 554,519	\$ 178,290	\$ -	\$ -	\$ 732,809
Sewer service charges	-	-	-	307,894	307,894
Marina revenue	-	-	57,750	-	57,750
Member fees	44,976	-	-	-	44,976
Finance charges and NSF fees	4,851	-	-	-	4,851
Interest	2,536	-	116	-	2,652
Other	18,430	-	-	2,950	21,380
	<u>625,312</u>	<u>178,290</u>	<u>57,866</u>	<u>310,844</u>	<u>1,172,312</u>
OPERATING EXPENSES					
Payrolls, taxes and benefits	300,082	-	6,572	131,039	437,693
Property, excise and income taxes	2,173	-	-	4,662	6,835
Utilities	27,588	-	-	14,976	42,564
Maintenance and repairs	100,171	-	3,821	19,163	123,155
Professional services	20,143	-	110	97,886	118,139
Depreciation	22,875	-	12,212	54,631	89,718
Other operating expenses	156,988	-	4,226	50,396	211,610
	<u>630,020</u>	<u>-</u>	<u>26,941</u>	<u>372,753</u>	<u>1,029,714</u>
REPLACEMENT FUND EXPENSES					
Replacement fund expenses	-	113,724	-	-	113,724
Excess of Revenues over Expenses (Expenses over Revenues)					
	(4,708)	64,566	30,925	(61,909)	28,874
Interfund transfers	70,024	(136,085)	62,338	3,723	-
FUND BALANCE, beginning of year	<u>434,237</u>	<u>529,278</u>	<u>220,584</u>	<u>586,817</u>	<u>1,770,916</u>
FUND BALANCE, end of year	<u>\$ 499,553</u>	<u>\$ 457,759</u>	<u>\$ 313,847</u>	<u>\$ 528,631</u>	<u>\$ 1,799,790</u>

See accompanying notes and independent auditor's report.

CARLYON BEACH HOMEOWNERS ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Excess of revenues over expenses	\$ 28,874
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities	
Depreciation	89,718
Bad debts	2,319
Interest added to certificates of deposit	(1,777)
(Increase) decrease in:	
Assessments, fees, and charges receivable	5,433
Other receivable	1,000
Federal income tax refund receivable	(3,405)
Prepaid expenses	(2,247)
Increase (decrease) in:	
Accounts payable	20,831
Credit cards payable	(2,464)
Federal income tax payable	-
Accrued expenses	(30,297)
Accrued vacations	(233)
Prepaid assessments	(4,157)
Deposits	300
	103,895
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(136,085)
	(136,085)
Net Decrease in Cash and Cash Equivalents	(32,190)
Cash and Cash Equivalents, beginning of year	632,217
	632,217
Cash and Cash Equivalents, end of year	\$ 600,027
	600,027
 Shown on the accompanying balance sheet as:	
Cash and cash equivalents	\$ 585,238
Restricted cash	14,789
	600,027
	\$ 600,027

Supplemental disclosure of cash flow information:

The Association paid federal income taxes totaling \$1,400 during the fiscal year ended June 30, 2022.

See accompanying notes and independent auditor's report.

CARLYON BEACH HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 NATURE OF THE ASSOCIATION

Carlyon Beach Homeowners Association (the Association) was incorporated as a not-for-profit organization under the laws of the state of Washington in 1959. The Association consists of 718 member lots in Olympia, Washington. The Association is responsible for the construction, improvement, operation, and maintenance of the common areas of the Carlyon Beach Homeowners Association. Common areas include all roads and public parking areas within the Association's boundaries, a community water system, water treatment facilities, a marina, parks and recreational facilities, an office building, and other miscellaneous structures.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Association's accounts are maintained, and financial statements prepared, using the accrual basis of accounting. This basis recognizes revenues when earned and expenses when incurred.

Fund Accounting

The Association reports information regarding its assets, liabilities, fund balance, and activities in accordance with Accounting Standards Codification (ASC) 972-205 related to common-interest realty associations. 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 on 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 restricted to the financing of future major repairs and replacement costs and future community asset additions. The source of financing is reserve fund assessments.

Marina Fund

This fund is used to account for financial resources available for the operation of the marina.

CARLYON BEACH HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting, Continued

Sewer Fund

This fund is used to account for financial resources available for the water treatment facility and effluent pumping services provided to members.

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term highly liquid investments with original maturities of three months or less.

Certificates of Deposit

Two certificates of deposit were held by the Replacement Fund at June 30, 2022, with a total balance of \$257,997. The certificates bear interest from .35% to 2.0%. The certificates matured after year end and were renewed in due course.

Accounts Receivable and Revenue Recognition

Association members are subject to annual assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Members are subject to effluent pumping service billings. Marina charges are based on use of the facility and services rendered. The Association also charges interest or late fees on outstanding balances on a monthly basis and various fees according to its By-laws. Revenue is recognized in the period in which the services are provided.

Accounts receivable at the balance sheet date represents amounts due from members less an allowance for doubtful accounts estimated by management. Any excess assessments at the year-end are retained by the Association for use in the succeeding year. The Association implements various policies to mitigate risk of loss from uncollectible accounts. Member receivables may be secured by a lien on the applicable member lot and attached real property.

The Association evaluates its accounts receivable and establishes an allowance for doubtful accounts based on a history of past write-offs, the current economic conditions within the Association's service area, as well as a review of all member accounts 90 days or more past due. The evaluation of individual accounts includes consideration of recent payment history, current disputes, and other pertinent information known by management. Management estimated the allowance for doubtful accounts at June 30, 2022, to be \$24,536.

The Association may write-off a member's receivable balance when the receivable balance is deemed uncollectible. This may occur when lien was filed on the property or foreclosure proceedings were initiated. If payment is received from a member which debt was previously written off, the payment is recognized as income at the period when it is received.

CARLYON BEACH HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Receivable

The other receivable with a balance of \$29,000 at June 30, 2022, consists of a judgment obtained against a former employee for repayments of thefts of Association funds. The judgement is payable in monthly payments of \$100, beginning April 20, 2011. Management estimated the allowance for doubtful accounts related to the other receivable at June 30, 2022, to be \$7,250.

Property and Equipment

Property and equipment are carried at cost. When retired or otherwise disposed of, the related carrying value and accumulated depreciation are removed from the respective accounts and the difference, less any amount realized from disposition, is reflected in earnings. Maintenance and repairs are charged to operating expenses. Costs of significant improvements and renewals are capitalized. For financial statement purposes, depreciation is provided using the straight-line method over the estimated useful lives of the assets. For federal income tax purposes, depreciation is provided using methods and lives prescribed by applicable tax laws. The Association incurred depreciation expense of \$89,718 for the year ended June 30, 2022.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates include management's estimate of the collectability of accounts receivable and the methods and lives used to depreciate fixed assets.

CARLYON BEACH HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Taxes

Homeowners' associations may be taxed either as homeowners' associations in accordance with Internal Revenue Service Section 528 or as regular corporations. For the year ended June 30, 2022, the Association filed as a regular corporation.

Management of the Association has evaluated the Association's tax positions and has concluded that the Association has taken no uncertain tax positions that require adjustment to the financial statements to comply with the authoritative guidance from Financial Accounting Standards Board ASC 740 for disclosure of uncertain tax positions. This guidance requires the Association to analyze all open tax years, as defined by the statutes of limitations, for all major jurisdictions.

The current federal income provision for the year ended June 30, 2022, was a benefit of \$1,908. This resulted from a current expense of \$609 less recognition of payments for prior years previously written off of \$2,517.

State and Local Taxes

The Association is subject to state and local property taxes on real property. Although the Association's revenue is generally not subject to sales and use taxes, the revenues derived from the wastewater system are subject to a state utility tax.

Interest Income

Interest income is recognized when earned and is allocated to the funds based on the fund allocation of the interest-bearing deposits.

Subsequent Events

Management of the Association has evaluated subsequent events through November 8, 2022, the date on which the financial statements were available to be issued.

CARLYON BEACH HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents balances at June 30, 2022, were as follows:

	Operating Fund	Replacement Fund	Marina Fund	Sewer Fund	Total
Checking accounts	\$ 328,397	\$ -	\$ 80,743	\$ 846	\$ 409,986
Money market accounts	-	175,252	-	-	175,252
Restricted checking accounts	-	-	13,277	1,512	14,789
	<u>\$ 328,397</u>	<u>\$ 175,252</u>	<u>\$ 94,020</u>	<u>\$ 2,358</u>	<u>\$ 600,027</u>

The Marina Fund and Sewer Fund restricted cash balances relate to leases between the Association and the Washington State Department of Natural Resources.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2022, consisted of the following:

	Operating Fund	Marina Fund	Sewer Fund	Total
Roads, stormwater and other improvements	\$ 1,820,751	\$ -	\$ -	\$ 1,820,751
Water treatment system	-	-	1,215,938	1,215,938
Water system	630,447	-	-	630,447
Docks	-	246,537	-	246,537
Transportation equipment	24,307	-	200,950	225,257
Buildings and improvements	42,143	-	-	42,143
Machinery and equipment	27,290	-	6,454	33,744
Office equipment	15,721	-	-	15,721
Website	5,000	-	-	5,000
	<u>2,565,659</u>	<u>246,537</u>	<u>1,423,342</u>	<u>4,235,538</u>
Less accumulated depreciation	<u>2,311,879</u>	<u>13,927</u>	<u>924,914</u>	<u>3,250,720</u>
	<u>\$ 253,780</u>	<u>\$ 232,610</u>	<u>\$ 498,428</u>	<u>\$ 984,818</u>

CARLYON BEACH HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 COMMITMENTS

The Association has entered into lease and annual use agreements with the Washington Department of Natural Resources for aquatic use associated with the marina and the wastewater treatment plant.

The marina related lease expired on August 31, 2021, after which the Association became a holdover tenant. The Association has an annual Joint Aquatic Resources Permit under the lease, which requires an annual payment of \$7,903 for the twelve months ending August 31, 2022. A twelve-year permit has been applied for.

The treatment plant related lease expired on June 30, 2012, after which the Association became a holdover tenant. The Association has an annual Joint Aquatic Resources Permit under the lease, which requires an annual payment of \$1,185 for the twelve months ending June 30, 2022. A twelve-year permit has been applied for.

Both leases require the Association to restore the land to its original condition if the permits are terminated. Management expects the permits will be renewed in due course, and accordingly, has not estimated or recorded a cost for any required restoration.

NOTE 6 CONCENTRATIONS OF RISK

The Association maintains its cash in bank checking and money market accounts which, at times, may exceed federally insured limits. Management does not believe that the Association is exposed to any significant credit risk on cash.

Since all revenues are from individuals located within the same geographic area, the future collectability of dues and assessments could be affected by conditions impacting the local economy or financial viability of members. The Association had accounts receivable at June 30, 2022, equal to 3.1% of total assets.

NOTE 7 OWNERS' ASSESSMENTS

The annual budget and members' assessments are determined by a vote of the membership. The Association retains excess operating funds, if any, at the end of the operating year for use in future operating periods.

CARLYON BEACH HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds (assets less liabilities as reported on the balance sheet), were \$457,759 at June 30, 2022. Cash and cash equivalent balances are held in separate accounts and are not available for operating purposes.

An independent engineering firm conducted a study in August 2022 to estimate the remaining useful lives and the replacement costs of the components of common property and the water systems. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study.

Management of the Association uses the results of the annual independent studies performed to determine the adequacy of the accumulated reserve for future repairs and replacements. If additional funds are needed, the Board of Directors of the Association has the right, subject to limitations of its authority as described in the Association's governing documents, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

The supplemental information shown on page 15 is based on the reserve study conducted in August 2022, and presents significant information about the components of common property and water system.

CARLYON BEACH HOMEOWNERS ASSOCIATION
SCHEDULE OF ASSOCIATION EXPENSES
YEAR ENDED JUNE 30, 2022

	Operating Fund	Replacement Fund	Marina Fund	Sewer Fund	Total
Payrolls, taxes and benefits					
Gross wages	\$ 226,797	\$ -	\$ 4,705	\$ 102,862	\$ 334,364
Employee benefits	47,606	-	1,311	17,045	65,962
Payroll taxes	25,679	-	556	11,132	37,367
	<u>300,082</u>	<u>-</u>	<u>6,572</u>	<u>131,039</u>	<u>437,693</u>
Property, excise and income taxes					
Excise taxes	-	-	-	4,662	4,662
Property taxes	4,081	-	-	-	4,081
Federal income tax benefit	(1,908)	-	-	-	(1,908)
	<u>2,173</u>	<u>-</u>	<u>-</u>	<u>4,662</u>	<u>6,835</u>
Utilities					
Electricity	23,202	-	-	8,539	31,741
Sewer	-	-	-	6,437	6,437
Trash and recycling	4,386	-	-	-	4,386
	<u>27,588</u>	<u>-</u>	<u>-</u>	<u>14,976</u>	<u>42,564</u>
Maintenance and repairs					
Equipment	59,741	-	3,821	8,921	72,483
Vehicles	40,430	-	-	10,242	50,672
	<u>100,171</u>	<u>-</u>	<u>3,821</u>	<u>19,163</u>	<u>123,155</u>
Professional services					
Other outside services	8,082	-	-	95,985	104,067
Information technology	6,576	-	110	1,901	8,587
Legal	5,485	-	-	-	5,485
	<u>20,143</u>	<u>-</u>	<u>110</u>	<u>97,886</u>	<u>118,139</u>
Depreciation	<u>22,875</u>	<u>-</u>	<u>12,212</u>	<u>54,631</u>	<u>89,718</u>
Other operating expenses					
Parts and supplies	36,211	-	1,946	15,010	53,167
Insurance	45,137	-	-	-	45,137
Gas and oil	9,198	-	-	24,919	34,117
Bank and credit card fees	19,119	-	-	-	19,119
Licenses and fees	4,598	-	2,005	3,063	9,666
Telephone and communications	6,988	-	-	2,462	9,450
Postage and printing	6,469	-	172	2,233	8,874
DNR leases	7,464	-	-	1,185	8,649
Office supplies and equipment	6,361	-	99	1,252	7,712
Security	6,588	-	-	-	6,588
Miscellaneous	3,344	-	-	215	3,559
Bad debts	2,319	-	-	-	2,319
Propane	1,489	-	-	-	1,489
Dues and subscriptions	1,223	-	-	-	1,223
Equipment rental	480	-	4	57	541
	<u>156,988</u>	<u>-</u>	<u>4,226</u>	<u>50,396</u>	<u>211,610</u>
	<u>\$ 630,020</u>	<u>\$ -</u>	<u>\$ 26,941</u>	<u>\$ 372,753</u>	<u>\$ 1,029,714</u>

CARLYON BEACH HOMEOWNERS ASSOCIATION
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)
JUNE 30, 2022

Reserve Consultants, LLC, an independent engineering firm, conducted a study in August 2022 to estimate the remaining useful lives and the replacement costs of the components of common property and water systems. Funding requirements are as of August 22, 2022, and are based on a schedule determined by the future estimated replacement costs and remaining useful lives of the components. Funding requirements consider an annual inflation rate of 3.5 to 4% and after-tax interest of 1 to 2.5% over a 30 year period. The following tables are based on the study and presents significant information about the components of common property and water system.

Component Number	Component	Useful Life	Remaining Useful Life	Current Replacement Cost	Future Replacement Cost
2.2.1	Jolly Drain Way - maintenance	10	10	\$ 6,000	\$ 8,504
2.3.1	Bioswale - maintenance	26	13	84,150	132,243
2.3.2	Bioswale - inspection	5	2	5,260	5,662
2.4.1	Bio-Filter Park - maintenance	1	1	22,000	22,880
2.6.1	Asphalt Road - major repairs	2	0	150,000	161,460
2.6.2	Gravel Road - repair	5	1	39,140	40,706
2.7.1	Chain-link Fence - maintenance	5	3	10,850	12,099
2.9.1	Mooring Docks - repair	35	34	130,000	Not Provided
2.9.2	Mooring Docks - replace	1	0	52,000	54,080
2.9.3	Log Boom - repair	10	1	21,040	21,882
2.9.4	Marina Floats - repair	35	34	85,160	Not Provided
2.9.5	Marina Metal Pilings - replace	50	47	66,670	Not Provided
2.9.6	Marina Wood Pilings - replace	50	1	23,340	24,274
2.9.7	Marina Main Walkway - replace	50	41	163,620	Not Provided
3.3.1	Bulkhead Retaining Walls - ph. 1 repair	50	41	429,480	Not Provided
3.3.2	Bulkhead Retaining Walls - ph. 2 repair	50	3	382,040	425,621
6.2.1	Clubhouse Exterior Surfaces - repair	7	8	5,990	7,926
7.4.1	Clubhouse Shingle Roof - replace	24	13	15,140	23,793
7.4.2	Picnic Area Wanagan Roof - replace	30	10	4,520	6,407
7.4.3	Maintenance Bldg. Shingle Roof - replace	30	29	9,700	26,432
8.5.1	Clubhouse Windows - replace	40	8	47,960	63,459
9.6.1	Clubhouse Carpet Flooring - replace	10	7	10,100	12,912
9.8.1	Clubhouse Exterior Surfaces - paint	7	8	14,970	19,808
9.8.2	Water Tower Exterior - paint	20	2	60,000	64,584
10.1.1	Carport - replace	20	17	9,380	16,915
10.1.2	Waterfront Playground - replace	20	19	20,640	39,872
10.1.3	Westwind Playground - replace	20	6	10,320	12,747
11.2.1	Riding Mower - replace	10	2	7,370	7,933
11.2.2	Backhoe - replace	18	5	40,500	48,334
11.2.3	Hydroexcavator - replace	20	5	31,710	37,843
11.2.4	Vehicles - contingency	5	0	30,000	35,803
11.2.5	Main Pump Truck - replace	10	6	173,560	214,380
11.2.6	Dump Trailer - replace	20	3	10,510	11,709
11.2.7	Diesel Tank - replace	15	1	11,070	11,513
11.2.8	Miscellaneous Equipment - contingency	10	7	13,510	17,272
12.1.1	Clubhouse Interiors - update	10	3	10,510	11,709
12.1.2	Clubhouse Office Equipment - replace	5	6	5,260	6,497
12.1.3	Misc. Building repair - contingency	10	0	6,000	8,504
15.1.1	Plumbing System - contingency	3	2	10,510	11,313
15.1.2	Water Tower - maintenance	5	1	10,000	5,200
15.1.3	Water System Computer 1 - contingency	15	3	10,790	12,021
15.1.4	Well Pump 1 - maintenance	12	0	20,640	31,339
15.1.5	Water System Computer 2 - contingency	15	3	10,790	12,021
15.1.6	Well Pump 2 - maintenance	12	11	16,200	23,766
15.1.7	Water Meters - installation	1	1	20,640	21,466
15.1.8	Water Meters - maintenance	5	5	12,360	14,751
15.1.9	Water System Telemetry - maintenance	20	0	24,070	48,126
15.5.1	Clubhouse Septic Tanks - contingency	30	4	16,470	18,991
15.5.2	Decanter Unit - contingency	10	4	18,930	21,828
15.5.3	Aeration Manifoldd - contingency	20	4	24,250	27,962
15.5.4	Aerobic System Controls - contingency	20	3	21,040	23,440
15.5.5	Mixer Unit - contingency	20	4	24,250	27,962
15.5.6	Small Air Compressor - maintenance	5	2	13,130	14,133
15.5.7	Large Air Compressor - maintenance	5	2	19,690	21,194
15.5.8	UV Disinfection Controller - contingency	20	15	42,080	70,839
15.5.9	Waste Water Treatment Facility - contingency	20	12	94,660	143,729
15.5.10	Sampler - contingency	10	3	12,120	13,503
15.6.1	Treatment Plant Outfall - contingency	15	13	20,000	31,430
17.2.1	Fire Hydrant & PSV - maintenance	25	10	9,790	13,876
16.1.1	Electrical System - contingency	5	2	10,510	11,313
16.3.1	Emergency Generator - maintenance	10	2	30,630	32,970
16.3.2	Sewage Treatment Emergency Generator - contingency	10	1	25,000	26,000
18.1.1	Surveillance System - update	10	7	21,040	26,898
18.2.1	Security Lighting - replace	10	2	10,510	11,313
	Total Components			\$ 2,769,570	