

BEECH MOUNTAIN LAKES ASSOCIATION, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Zavada & Associates

Certified Public Accountants

**BEECH MOUNTAIN LAKES ASSOCIATION, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Beech Mountain Lakes Association, Inc.

Opinion

We have audited the accompanying financial statements of the Beech Mountain Lakes Association, Inc., which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of revenues and expenses, changes in fund balance and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Beech Mountain Lakes Association, Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the Beech Mountain Lakes Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the Beech Mountain Lakes Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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 the Beech Mountain Lakes Association, Inc.'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 the Beech Mountain Lakes Association, Inc.'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.

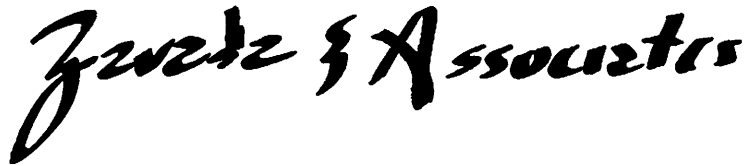
Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The detail statement of selected revenues and expenses on pages 12 through 14 are presented for purposes of additional analysis are not a required part of the financial statements. Such information is the responsibility of the Association's 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.

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Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information on the future major repairs and replacements on page 15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

A handwritten signature in black ink that reads "Zavada & Associates". The signature is written in a cursive, flowing style.

Forty Fort, Pennsylvania
March 24, 2022

**BEECH MOUNTAIN LAKES ASSOCIATION, INC.
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020**

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and cash equivalents - operating	\$ 33,103	\$ 141,565
- restricted	406,793	418,114
- reserve	348,165	287,197
Dues receivable, net of allowance for doubtful accounts of \$277,275 for 2021 and \$283,300 for 2020	19,795	20,287
Accounts receivable	11,400	11,536
Inventory	<u>9,441</u>	<u>7,582</u>
Total Current Assets	828,697	886,281
Property and Equipment, net	<u>1,644,102</u>	<u>1,710,477</u>
Total Assets	<u>\$ 2,472,799</u>	<u>\$ 2,596,758</u>
LIABILITIES AND FUND BALANCE		
Current Liabilities:		
Accounts payable	\$ 20,602	\$ 19,008
Deferred member assessments	90,004	97,548
Refundable deposits	19,630	14,323
Accrued expenses	-	8,947
Current portion of PPP loan payable	<u>-</u>	<u>79,793</u>
Total Current Liabilities	<u>130,236</u>	<u>219,619</u>
Long-Term Liabilities:		
Long-term portion of PPP loan payable	<u>-</u>	<u>8,907</u>
Total Long-Term Liabilities	<u>-</u>	<u>8,907</u>
Total Liabilities	<u>130,236</u>	<u>228,526</u>
Fund Balance:		
Board designated for capital replacement and additions and dam spillway	754,958	705,311
Paid in capital	985,519	985,519
Undesignated	<u>602,086</u>	<u>677,402</u>
Total Fund Balance	<u>2,342,563</u>	<u>2,368,232</u>
Total Liabilities and Fund Balance	<u>\$ 2,472,799</u>	<u>\$ 2,596,758</u>

See notes to financial statements.

BEECH MOUNTAIN LAKES ASSOCIATION, INC.
STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Revenues:		
Member dues	\$ 1,054,560	\$ 1,053,780
Garbage fee income	213,620	213,125
Quail Hollow Village reimbursement	135,000	135,000
Amenity income	296,922	221,510
Interest income	5,358	10,392
Other income	<u>117,853</u>	<u>106,542</u>
Total Revenues	<u>1,823,313</u>	<u>1,740,349</u>
Expenses:		
Security	197,490	200,795
Recreation	85,062	74,969
Maintenance	171,354	155,052
Administration	159,012	128,802
Restaurant	267,754	217,959
Campground	1,116	150
Pool	15,026	11,244
Professional expense	41,458	42,373
Bad debt provision	16,230	24,716
Depreciation	106,058	99,804
Communications	6,326	6,040
Garbage	212,400	216,000
Insurance	59,613	65,036
Road maintenance	504,817	229,081
Taxes and licenses	2,963	3,012
Utilities	54,834	50,444
Water and sewer	21,230	20,345
Fire hydrant fees	<u>14,939</u>	<u>15,206</u>
Total Expenses	<u>1,937,682</u>	<u>1,561,028</u>
Other Non-Operating Revenue:		
Proceeds from PPP loan forgiveness	<u>88,700</u>	<u>-</u>
Total other Non-Operating Revenue	<u>88,700</u>	<u>-</u>
Excess of Revenues over (under) Expenses	<u>\$ (25,669)</u>	<u>\$ 179,321</u>

See notes to financial statements.

**BEECH MOUNTAIN LAKES ASSOCIATION, INC.
STATEMENTS OF CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>Designated Fund Balance</u>	<u>Undesignated Fund Balance</u>	<u>Paid In Capital</u>	<u>Total</u>
Fund Balance, December 31, 2019	\$ 667,576	\$ 535,816	\$ 985,519	\$ 2,188,911
Net revenues (expenses) (See page 3)	-	179,321	-	179,321
Transfers to designated fund balance	<u>37,735</u>	<u>(37,735)</u>	-	-
Fund Balance, December 31, 2020	\$ 705,311	\$ 677,402	\$ 985,519	\$ 2,368,232
Net revenues (expenses) (See page 3)	-	(25,669)	-	(25,669)
Transfers to designated fund balance	<u>49,647</u>	<u>(49,647)</u>	-	-
Fund Balance, December 31, 2021	<u>\$ 754,958</u>	<u>\$ 602,086</u>	<u>\$ 985,519</u>	<u>\$ 2,342,563</u>

See notes to financial statements.

BEECH MOUNTAIN LAKES ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Excess of revenues over (under) expenses	\$ (25,669)	\$ 179,321
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	106,058	99,804
Net (increase) decrease in net dues receivable	492	(766)
Net (increase) decrease in accounts receivable	136	2,018
Net (increase) decrease in inventory	(1,859)	3,170
Net increase (decrease) in accounts payable, prepaid dues, refundable deposits and accrued expenses	<u>(9,590)</u>	<u>(50,936)</u>
Net cash provided by operating activities	<u>69,568</u>	<u>232,611</u>
Cash flows from investing activities:		
Acquisition of property and equipment	<u>(39,683)</u>	<u>(175,770)</u>
Cash flows from financing activities:		
Proceeds/forgiveness from Paycheck Protection Program Loan	<u>(88,700)</u>	<u>88,700</u>
Net cash provided by (used in) financing activities	<u>(88,700)</u>	<u>88,700</u>
Net increase (decrease) in cash and cash equivalents	(58,815)	145,541
Cash and cash equivalents, beginning of year	<u>846,876</u>	<u>701,335</u>
Cash and cash equivalents, end of year	<u>\$ 788,061</u>	<u>\$ 846,876</u>
Supplemental Disclosures:		
Interest paid	\$ -	\$ -
Income tax paid	\$ -	\$ -

See notes to financial statements.

**BEECH MOUNTAIN LAKES ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Beech Mountain Lakes Association, Inc. is a 1,264 property community association, located in Northeastern Pennsylvania, organized as a not for profit corporation for purposes of maintaining and preserving the common property of the community.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles.

Cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include money market accounts and certificates of deposit with a maturity of six months or less.

Property and equipment

Property and equipment purchased are stated at cost. The recreation complex, which was granted to the Association as part of the turnover agreement as of January 7, 1998, is stated at its appraised value as of that date. Expenditures for original paving of roads are capitalized. Road repaving and repairs are expensed in the period incurred.

Inventory

Inventory is stated at the lower of cost or market on a first-in, first-out basis.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Subsequent events were evaluated through March 24, 2022 which is the date the financial statements were available to be issued.

Reclassification of Prior Year Amounts

Certain prior year amounts have been reclassified for consistency with the current year's presentation. These reclassifications had no effect on the prior year's reported results of operations.

**BEECH MOUNTAIN LAKES ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 2. DUES RECEIVABLE:

Dues receivable consists of the following:

	<u>2021</u>	<u>2020</u>
Member dues and special assessments	\$ 179,821	\$ 183,498
Garbage fee receivable	27,367	26,407
Late charges and other	<u>89,882</u>	<u>93,682</u>
	297,070	303,587
Less: Allowance for doubtful accounts	<u>(277,275)</u>	<u>(283,300)</u>
	<u>\$ 19,795</u>	<u>\$ 20,287</u>

It is the Association's practice to bill the succeeding year's assessment in December of the current fiscal year. Since these billings relate to the succeeding fiscal years, they are not included in dues receivable as of the balance sheet date. Annual billings totaled \$1,054,560 and \$1,053,780 for the years ended December 31, 2021 and 2020. Amounts collected on these billings in advance of the years to which they relate are recorded as deferred member assessments.

Assessment revenue is recognized when assessments are due. Any amounts received in advance of the due date are deferred until due. The Financial Accounting Standards Board issued Accounting Standards Code 606 requiring the deferral of the recognition of income until the services are rendered. The Association has determined ASC 606 does not apply to the Association as no customer relationship exists as it is defined by the Code. The Association does not defer the recognition of any portion of revenue as a Contract Liability.

Substantially all of the Association's revenue is derived from homeowners in Beech Mountain Lakes Association, Inc. The Association has the right to file a lien on the property of any owner who fails to pay dues and assessments.

NOTE 3. PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Dam repairs	\$ 173,289	\$ 173,289
Machinery and equipment	1,050,329	1,012,971
Buildings and fixtures	1,787,819	1,785,494
Land and improvements	<u>191,368</u>	<u>191,368</u>
	3,202,805	3,163,122
Less accumulated depreciation	<u>(1,558,703)</u>	<u>(1,452,645)</u>
	<u>\$ 1,644,102</u>	<u>\$ 1,710,477</u>

BEECH MOUNTAIN LAKES ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 3. PROPERTY AND EQUIPMENT - continued:

Depreciation has been provided by use of the straight-line method over the estimated useful lives of the assets as follows:

Machinery and equipment	5-15 years
Buildings	50 years

NOTE 4. TURNOVER AGREEMENT:

The Association began operations under the terms of a turnover agreement with the developer, Beech Mountain Lakes Corporation, dated January 7, 1998. Under the agreement, the developer transferred and conveyed substantially all common areas and sports facilities within the development, certain fixtures, materials, supplies, inventory, accounts receivable, vehicles and equipment as described in the agreement.

The Association agreed to lease certain office space to the developer for two years at an annual gross rental of \$1 per year.

NOTE 5. INCOME TAXES:

The Association can elect annually to file its federal income tax return as a regular corporation under Code Section 277 or to be treated under Section 528 of the Internal Revenue Code as a homeowner's association. Under the provisions of Section 277, all income received from members is excluded from taxable income. All non-member income (i.e., interest and property sales) net of non-member expenses are taxable. For the years ended December 31, 2021 and 2020, the Association has elected to file under Section 277. Under this method, it is taxed only on net income from sources derived from non-members, primarily interest. The Association is exempt from state income taxes.

NOTE 6. FUTURE MAJOR REPAIRS AND REPLACEMENTS:

The Association retained \$754,958 in replacement funds at December 31, 2021. A study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future was conducted in 2015. The study has identified \$3,422,117 in total replacement costs. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. When replacement funds are needed to meet future needs for major repairs and replacements, the Association has the right to increase regular assessments, pass special assessments, or delay replacements until funds are available.

NOTE 7. PAYCHECK PROTECTION PROGRAM LOAN:

On April 23, 2020, the Association qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (U.S. S.B.A.) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), from Landmark Community Bank (the "PPP Lender"), for an aggregate principal amount of \$88,700 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, it has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal Association's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Association.

This loan was forgiven by the U.S. S.B.A. in 2021 and the proceeds were recorded as income.

BEECH MOUNTAIN LAKES ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 8. CONTINGENCIES AND COMMITMENTS:

The Beech Mountain Lake dam is a Category 1 (High Hazard) Class B Dam (DEP #40-225). The Pennsylvania Department of Protection is currently completing reassessments for these dams in the Commonwealth. As part of this initiative, Department engineers have reassessed the dam's spillway capacity using updated Probable Maximum Precipitation and Probable Maximum Flood criteria. Using this approach, the spillway's capacity has been determined to be seriously inadequate. A dam with deficiencies of such nature that if not corrected could result in the failure of the dam with subsequent loss of lives and/or substantial property damage is designated as "Unsafe". The Department may require the reservoir to be partially or completely drained as a risk reduction measure until corrective actions have been taken.

A meeting (telephone conference) was held on Monday, February 7, 2022 with members of Pennsylvania DEP, BMLA staff & Board members and Pennoni Engineering to review and discuss the issue. At the conclusion of discussion, the following action plan was agreed upon:

- Pennoni would issue a letter withdrawing the current dam modification documentation from further review due to the change in the method of analysis (complete – 4/4/2022).
- Pennoni would be retained by BMLA to prepare an updated Alternative Analysis for the dam (complete – Board approved Pennoni Proposal #: BLMAX21005 on March 30, 2022).
- Alternative Analysis will be submitted to DEP in September, 2022. Order of magnitude cost estimates will be available at this time.
- Negotiations to reach an agreement between the parties are then anticipated to occur over the next several months (4th quarter – 2022).
- Final design and actual completion of the corrective modifications are anticipated to occur in 2023 and 2024.

NOTE 9. COVID-19 CRISIS:

Management continues to analyze the ongoing financial impact of the pandemic on the Association.

**SUPPLEMENTARY
INFORMATION**

BEECH MOUNTAIN LAKES ASSOCIATION, INC.
DETAIL STATEMENT OF SELECTED REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Other Revenue:		
Renters fee	\$ 10,588	\$ 9,500
Late charges	19,088	26,024
Resale certificate income	14,250	10,350
Transfer fee income	57,450	39,600
ACC filing fees and income	3,510	6,825
Other miscellaneous fees and revenues	10,640	11,999
Newsletter advertising	1,610	2,195
Security revenue	<u>717</u>	<u>49</u>
Total Other Revenue	<u>\$ 117,853</u>	<u>\$ 106,542</u>
Security Expenses:		
Security contract	\$ 195,048	\$ 198,655
Office and supplies	<u>2,442</u>	<u>2,140</u>
Total Security Expenses	<u>\$ 197,490</u>	<u>\$ 200,795</u>
Recreational Expenses:		
Labor & related expense	\$ 54,621	\$ 48,329
Office supplies	1,710	1,175
Pest control	1,956	1,084
Operating supplies	19,325	16,463
Fire alarm systems	2,596	3,043
Food and beverage	<u>4,854</u>	<u>4,875</u>
Total Recreational Expenses	<u>\$ 85,062</u>	<u>\$ 74,969</u>
Maintenance Expenses:		
Labor & related expense	\$ 99,751	\$ 91,579
Landscaping	26,234	24,243
Building upkeep	31,504	25,182
Vehicle upkeep	2,053	3,064
General maintenance and repairs	8,468	8,385
Miscellaneous expense	944	199
Dam inspection	<u>2,400</u>	<u>2,400</u>
Total Maintenance Expenses	<u>\$ 171,354</u>	<u>\$ 155,052</u>
General and Administrative Expenses		
Labor and related expense	\$ 140,619	\$ 114,736
Printing and stationery	6,039	3,695
Other expenses	1,313	516
Bank service fees	4,966	3,852
Postage	1,947	2,308
Rental expense	1,743	1,799
Member meeting and entertainment	859	267
Operating supplies	<u>1,526</u>	<u>1,629</u>
Total General and Administrative Expenses	<u>\$ 159,012</u>	<u>\$ 128,802</u>

BEECH MOUNTAIN LAKES ASSOCIATION, INC.
DETAIL STATEMENT OF SELECTED REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Restaurant Expenses:		
Labor and related expense	\$ 124,867	\$ 104,804
Food and beverage costs	104,797	79,606
Repairs and maintenance	4,971	1,914
Operating supplies	11,961	10,019
Licenses	3,076	5,152
Advertising	37	-
Entertainment	8,900	5,250
Miscellaneous expenses	<u>9,145</u>	<u>11,214</u>
Total Restaurant Expenses	<u>\$ 267,754</u>	<u>\$ 217,959</u>
Campground Expenses:		
Repairs and maintenance	<u>\$ 1,116</u>	<u>\$ 150</u>
Total Campground Expenses	<u>\$ 1,116</u>	<u>\$ 150</u>
Pool Expenses:		
Propane	\$ 4,502	\$ 7,544
Supplies	4,833	2,590
Professional expense	<u>5,691</u>	<u>1,110</u>
Total Pool Expenses	<u>\$ 15,026</u>	<u>\$ 11,244</u>
Professional Expense:		
Collection expense	\$ 178	\$ 6,327
Legal fees	14,554	10,301
Miscellaneous	<u>26,726</u>	<u>25,745</u>
Total Professional Expense	<u>\$ 41,458</u>	<u>\$ 42,373</u>

**BEECH MOUNTAIN LAKES ASSOCIATION, INC.
 REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
 REPAIRS AND REPLACEMENTS (UNAUDITED)
 DECEMBER 31, 2021**

The Association conducted a professional Full Reserve Study in December of 2015. This study was completed by Yingst Engineers and Associates who has certified that the study is in compliance with and exceeds the standards set forth by Community Association Institute (CAI) and the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Full Reserve Study". The Reserve Study is a budget planning tool that identifies the current status of the reserve fund and a stable and equitable Reserve Funding Plan to offset the anticipated future major common area expenditures. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study and were adjusted for inflation.

The following information is based on the full 2015 study and presents significant information about the components of common property. Components:

<u>Components</u>	<u>Estimated Future Replacement Cost</u>	<u>Useful Life Range</u>	<u>Estimated Annual Reserve Requirement</u>
Site Components	\$ 1,950,511	2 to 25	\$ 87,266
Exterior Systems	349,801	2 to 45	18,663
Interior System	210,108	2 to 25	7,469
Mechanical Systems	248,703	10 to 25	9,647
Community Features	<u>662,994</u>	1 to 30	<u>24,348</u>
	<u>\$ 3,422,117</u>		<u>\$ 147,393</u>

At December 31, 2021, the Association had a total of \$348,165 in its reserve fund.