

HMC MANAGEMENT

***Independent Auditor's Report
And
Financial Statements***

Years Ended September 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
HMC Management

Report on the Financial Statements

We have audited the accompanying financial statements of HMC Management which comprise the balance sheets, as of September 30, 2020 and 2019, and the related statements of revenues, expenses changes in members' equity and cash flows for the years 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and the maintenance of internal control relevant to the preparation and fair presentation of the 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 our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HMC Management as of September 30, 2020 and 2019, 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on pages 12 and 13 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, 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. Information in the required supplementary 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.

Hearthstone CPA Group

Hearthstone CPA Group
Bremerton, WA
July 23, 2021

**HMC MANAGEMENT
BALANCE SHEETS**

	September 30,	
	2020	2019
ASSETS		
Cash		
Operating account	\$ 461,048	\$ 198,677
Water account	54,823	46,891
	<u>515,871</u>	<u>245,568</u>
Investments - designated	944,706	697,291
Assessments receivable (Notes 2, 3 and 4)		
General operating assessments	115,415	89,868
Special loan assessment receivable - Water	1,218,550	1,242,739
Special loan assessment receivable - Dolphins	497,057	505,639
Prepaid expenses	50,226	33,873
Capital assets, net of depreciation (Note 5)	<u>3,510,516</u>	<u>3,648,992</u>
Total assets	<u>\$ 6,852,341</u>	<u>\$ 6,463,970</u>
LIABILITIES AND MEMBERS' EQUITY		
Accounts payable	\$ 10,655	\$ 33,677
Accrued liabilities	240,195	21,952
Interest payable	5,500	5,590
Prepaid member assessments	61,775	54,094
Deposits	14,518	13,513
SBA PPP Loan	114,200	-
Notes payable - USDA: Water System (Note 7)	1,180,507	1,203,837
Notes payable - USDA: Dolphins (Note 7)	480,769	487,877
Total liabilities	<u>2,108,119</u>	<u>1,820,540</u>
Members' equity		
Undesignated	2,083,909	2,197,761
Board Designated		
Reserve for major repairs and maintenance	944,706	697,291
Special loan assessments receivable	1,715,607	1,748,378
Total members' equity	<u>4,744,222</u>	<u>4,643,430</u>
Total liabilities and members' equity	<u>\$ 6,852,341</u>	<u>\$ 6,463,970</u>

The accompanying notes are an integral part of these financial statements

HMC MANAGEMENT
STATEMENTS OF REVENUES, EXPENSES AND MEMBERS' EQUITY

	Years Ended September 30,	
	2020	2019
REVENUES		
General assessments	\$ 905,822	\$ 750,944
Special assessment - Dolphin project		
Option 2 - finance	13,862	14,061
Special assessment - Water project	30,842	31,437
Special assessment - Shipyard	118,248	-
Ferry fees	215,160	221,899
Water	93,027	106,853
Investment income	6,615	14,988
Other income	51,742	31,749
	<u>1,435,318</u>	<u>1,171,931</u>
EXPENSES		
Operating expenses		
Ferry	718,546	630,355
General and administrative	202,480	263,500
Water system	159,642	159,448
Piles, dolphins and ferry ramps	167,588	141,127
Parks	29,890	29,158
Roads	32,284	138,191
	<u>1,310,430</u>	<u>1,361,779</u>
Excess (deficiency) of revenues over expenses from operations	<u>124,888</u>	<u>(189,848)</u>
Non-operating expenses		
Write-off bad debt assessments	<u>(24,096)</u>	<u>(54,268)</u>
Excess (deficiencies) of revenues over expenses	100,792	(244,116)
Beginning members' equity	<u>4,643,430</u>	<u>4,887,546</u>
Ending members' equity	<u>\$ 4,744,222</u>	<u>\$ 4,643,430</u>

The accompanying notes are an integral part of these financial statements

**HMC MANAGEMENT
STATEMENTS OF CASH FLOWS
SEPTEMBER 30, 2020 AND 2019**

	Years Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 100,792	\$ (244,116)
Adjustments to reconcile excess of revenues over expenses to net cash provided (used) by operating activities		
Depreciation	136,176	136,176
Gain on sale of land	(13,169)	-
Change in operating assets and liabilities		
General assessments receivable	(25,547)	19,139
Loan special assessment receivable - water	24,189	23,493
Loan special assessment receivable - dolphin	8,582	7,361
Prepaid expenses	(16,353)	31,589
Accounts payable	(23,022)	10,200
Accrued liabilities	218,243	14,338
Interest payable	(90)	(79)
Prepaid member assessments	7,681	(11,307)
Deposits	1,005	1,983
Net cash provided (used) by operating activities	<u>418,487</u>	<u>(11,223)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Designated investments	(247,415)	76,609
Proceeds from sale of land	15,469	-
Net cash provided (used) by investing activities	<u>(231,946)</u>	<u>76,609</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
USDA note payable - dolphins	(7,108)	(6,917)
USDA note payable - water system	(23,330)	(22,758)
SBA PPP loan	114,200	-
Net cash provided (used) by financing activities	<u>83,762</u>	<u>(29,675)</u>
Net increase in cash and cash equivalents	270,303	35,711
Cash and cash equivalents at beginning of year	245,568	209,857
Cash and cash equivalents at end of year	<u>\$ 515,871</u>	<u>\$ 245,568</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for loan origination fees and interest		
USDA water distribution note interest	\$ 29,947	\$ 30,520
Dolphin project interest	13,188	13,559
	<u>\$ 43,135</u>	<u>\$ 44,079</u>

The accompanying notes are an integral part of these financial statements

**HMC MANAGEMENT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Association and Activities

HMC Management (the Association) was incorporated on May 1, 1958, in the State of Washington, as a not-for-profit corporation. The Association operates and maintains the common property (including roads, parks, and water service) on Herron Island and the associated private ferry service and wharfs.

Basis of Accounting

The Association prepares its financial statements in accordance with generally accepted accounting principles. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments whose original maturity is three months or less to be cash equivalents.

Investments

Reserve assets have been invested in the Vanguard Treasury Money Market Fund (the fund) and are not considered a cash equivalent because management intends to hold these for more than one year. The fund invests solely in U.S. Treasury Securities which are backed by the full faith and credit of the U.S. Government. The average maturity typically ranges from 30-60 days and the fund maintains a dollar-weighted average maturity of 60 days, and the fund maintains a dollar-weighted average life of 120 days or less.

Capital Assets and Depreciation

The Association's policy for capitalizing assets in its balance sheet is to recognize (a) certain real and personal property to which it has title. The Association recognizes as capital assets the ferry, docks, equipment, and roads. It is the Association's responsibility to preserve and maintain the common property.

The Association owns certain lots that are for common use by the Association and by members. Original acquisition costs were not available therefore the Association used lowest assessed values for 2001 through 2005 to fairly value the property. Additionally, HMC Management owns four tracts of land and beach front property for common use, but valuations are unknown. Capitalized assets, except land, are being depreciated over their estimated useful lives using the straight-line method of depreciation.

Member Assessments

The Association's members are subject to annual assessments for years ended September 30, 2020 and 2019, in the amounts of \$2,398 and \$1,992 per assessable unit (AU), respectively. The annual base assessment for water for years ended September 30, 2020 and 2019, was \$216 for both years. Assessments are used for general operating expenses, future capital acquisitions, and major repairs and replacements.

If assessments are not sufficient, the Board of Directors, subject to the limitations of their authority described in the Association's governing documents, may have to increase regular assessments, or pass special assessments. As of January 1st 2020, a special operating assessment of \$312 a unit was assessed for shipyard expense.

**HMC MANAGEMENT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes

Homeowners' associations' may be taxed either as homeowners' associations' (Form 1120H) or as a regular corporation (Form 1120) by selecting the tax form that will yield the lowest tax. For the year ended September 30, 2020 and 2019 the Association filed Form 1120.

In 2020 the Association had no taxable income and in 2019 was taxed at a rate of 21%. For the year ended September 30, 2019, there was net taxable income of \$659 resulting in a \$138 tax liability.

The Association has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Association has analyzed tax positions taken for filing with the Internal Revenue Service and all states where it operates. The Association believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Association's financial condition, results of operations or cash flows. Accordingly, the Association has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at September 30, 2020.

The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits in any tax periods in progress. The Association believes it is no longer subject to income tax examinations for fiscal years prior to fiscal year end 2016.

Subsequent Events

The Association evaluated its September 30, 2020, financial statements for subsequent events through the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen. The extent of these uncertainties is unknown at this time.

The Association's shipyard expense was substantially higher than anticipated. The work was performed during September and October 2020. The portion accrued at year end and expensed as of September 30, 2020, was \$228,434. The remaining \$192,776 will be recognized as an expense as of September 30, 2021.

NOTE 2 – GENERAL ASSESSMENTS RECEIVABLE

The Association's policy is to retain legal counsel and place liens on the properties of homeowners' whose assessments are delinquent in accordance with the Association's by-laws and delinquent policies. It is the opinion of the board of directors that the Association will ultimately prevail against the homeowners whose assessments are delinquent unless the property is in foreclosure. In 2020 the Board of Directors determined that \$24,096 of assessments were in foreclosure and written off to bad debt expense and in 2019, \$54,268 of assessments were in foreclosure and were written off to bad debt expense.

The Association's member assessments receivables were as follows:

	2020	2019
Member assessments - current	\$ 98,524	\$ 89,868
Member assessments - delinquent	16,891	0
	\$ 115,415	\$ 89,868

**HMC MANAGEMENT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 3 – SPECIAL ASSESSMENT RECEIVABLE – WATER SYSTEM CAPITAL PROJECT

During 2012, the Board set up a special assessment to provide necessary funding in order to meet their semi-annual loan obligations on the USDA loan for the water system capital project. The special assessment included two options as follows:

Option 1

Members could pay a one-time cash fee of \$4,475 per each assessable unit (AU). A total of 92 members chose this option totaling \$411,700.

Option 2

Members could make installment payments of \$44.55, payable quarterly, which includes interest 2.5%, over the life of the USDA loan of 40 years. There were 304 members that elected to finance under this option totaling \$1,329,650.

The Association's member special assessment receivables were as follows:

	2020	2019
Member special assessments - current	\$ 24,652	\$ 24,221
Member special assessments - long-term	1,193,898	1,218,518
	\$ 1,218,550	\$ 1,242,739

NOTE 4 – SPECIAL ASSESSMENT RECEIVABLE - DOLPHIN CAPITAL PROJECT

During 2018, the Board set up a special assessment to provide necessary funding in order to meet their semi-annual loan obligations on the USDA loan for the Dolphin Project which was completed in May of 2018. The special assessment included two options as follows:

Option 1

Members could pay a one-time cash fee of \$2,299 per each assessable unit (AU). A total of 157 members chose this option totaling \$360,943.

Option 2

Members could make installment payments of \$48.03, payable semi-annually, which includes interest at 2.75%, over the life of the USDA loan of 40 years. There were 221 members that elected to finance under this option totaling \$513,000.

The Association's member special assessment receivables were as follows:

	2020	2019
Member special assessments - current	\$ 7,571	\$ 7,367
Member special assessments - long-term	489,486	498,272
	\$ 497,057	\$ 505,639

**HMC MANAGEMENT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 5 – CAPITAL ASSETS

Capital assets in the financial statements consist of the following:

	Estimated Useful Lives	Years Ended September 30,	
		2020	2019
Land		\$ 53,300	\$ 55,600
Ferry and docks	15-60 years	3,660,614	3,660,614
Water system	40-80 years	1,826,357	1,826,357
Small boat docks	5-40 years	269,944	269,944
Roads	10-20 years	127,948	127,948
Office equipment	3-6 years	43,165	43,165
		<u>5,981,328</u>	<u>5,983,628</u>
Less accumulated depreciation		<u>(2,470,812)</u>	<u>(2,334,636)</u>
		<u><u>\$ 3,510,516</u></u>	<u><u>\$ 3,648,992</u></u>

Depreciation expense for the year ended September 30, 2020 and 2019, totaled \$136,176 per year. Depreciation expense has been allocated to the departmental categories reported on the statement of revenues, expenses, and members' equity.

NOTE 6 – PPP LOAN (PAYCHECK PROTECTION PROGRAM)

On April 16, 2020, the Association (the "Borrower"), received loan (the "Loan") proceeds in the amount of \$114,020 from Keybank under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") that was established on March 27, 2020, provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan, if any, is payable over 18 months at an interest rate of 1.0%, with a deferral of payments for the first six months. The Association intends to use the proceeds for purposes consistent with the PPP.

NOTE 7 - USDA NOTES PAYABLE

Water Distribution System

The Association signed a promissory note on March 22, 2013, with USDA Natural Resources for financing a new water distribution system to comply with state regulations. The note is payable semiannually (beginning September 2013) at 2.5% interest over 40 years. The amount payable semiannually is \$26,639 which includes interest and principle. The note as of September 30, 2020 and 2019, was \$1,180,507 and \$1,203,837, respectively.

The loan is secured by the Association's property which includes land, roads, and improvements. Such property is recorded as community property and does not have an associated value in Pierce County public assessor records. Therefore, this property does not appear on the Association's financial statements.

**HMC MANAGEMENT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 7 - USDA NOTES PAYABLE (continued)

Dolphin Project

The Association signed a promissory note on April 25, 2018, in the amount of \$494,794 with USDA Natural Resources for financing of the ferry landing dolphins. The note is payable semiannually (beginning October 2018) at 2.75% interest over 40 years. The amount payable semi-annually is \$10,238 which includes interest and principal. The note payable is secured by the Association's ferry named the Charlie Wells.

Future principal maturities of the note's payable are as follows for both USDA loans:

Years Ending September 30,

	Water	Dolphin	Total
2021	\$ 23,920	\$ 7,300	\$ 31,220
2022	24,520	7,510	32,030
2023	25,140	7,710	32,850
2024	25,770	7,920	33,690
2025	26,420	8,150	34,570
Thereafter	1,054,737	442,179	1,496,916
	<u>\$ 1,180,507</u>	<u>\$ 480,769</u>	<u>\$ 1,661,276</u>

NOTE 8 – CONCENTRATION OF CREDIT AND LABOR RISK

The Association maintains its cash balances in one financial institution. The cash on deposit is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Association may at times exceed the insured amounts however management does not believe it is not exposed to any significant credit risk to cash.

The Association has a collective bargaining agreement with the Inlandboatmen's Union of the Pacific effective April 1, 2020 to March 31, 2022. It covers all full-time and regular part-time employees employed in the operation of its ferry system.

NOTE 9 – FAIR VALUE INSTRUMENTS

All investments are stated at estimated fair value based upon current market quotes. Gains and losses are included in investment income.

NOTE 10 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association contracted with Association Reserves to conduct an "update no-site-visit reserve study" to estimate 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. The report dated April 18, 2019, covers the period beginning October 1, 2019 and expiring on September 30, 2020. The Association funds major repairs and replacements over the estimated useful lives of the components. Actual expenditures may vary from the estimated future expenditures and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. Approximate reserve amounts set aside by the board for the ferry is \$503,645 and for the water system is \$310,242.

HMC MANAGEMENT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 11 – RETIREMENT PLAN

The Association maintains a qualified 401(k) Profit Sharing Plan and Trust (the Plan) covering all employees who satisfy certain eligibility requirements. The Plan provides for those eligible employees to defer their salaries up to the statutory limits. The Association makes non-elective matching contributions on the first 2% of compensation deposited as elective contributions. In addition to the non-elective matching contributions, the Plan provides for elective discretionary contributions. During the year ended September 30, 2020 and 2019 the Association made matching contributions totaling \$23,821 and \$22,104, respectively.

NOTE 12 – FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). The Association believes that this ASU does not apply to them as the individual members are not considered customers.

Significant Judgments

For those revenue items recognized over time, the Association generally utilizes the input method of measurement, where revenue is recognized based on the Association's efforts towards the satisfaction of a performance obligation. For operating fund amounts, revenue is recognized as time elapses and the Association performs routine maintenance, protection and management of the common area property. For replacement fund amounts, the Association recognizes revenue at the time when the assessment is invoiced.

NOTE 13 – OTHER NEW ACCOUNTING GUIDANCE

On January 11, 2016, the Financial Accounting Standards Board (FASB) released Accounting Standards Update (ASU) 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, which makes targeted improvements in the recognition, measurement, presentation, and disclosure of financial instruments. The ASU affects all entities that hold financial assets or owe financial liabilities. Under ASU 2016-01, financial assets are measured and classified as currently required by GAAP with the exception of investments in equity securities. With certain exceptions, investments in equity securities are measured at fair value with subsequent changes recognized in net income. Likewise, financial liabilities generally follow current GAAP for classification and measurement models. The ASU is effective for nonprofit organizations for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Organization adopted this ASU during the current year without any change in how investment income has been reported.

On November 17, 2016, the Financial Accounting Standards Board (FASB) released Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash - It provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows, thereby reducing the diversity in practice. It is effective for fiscal years beginning after December 15, 2018 for nonpublic and other entities; early adoption is permitted. It should be applied on a retrospective basis. The Organization adopted this ASU during the current year.

HMC MANAGEMENT
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
SEPTEMBER 30, 2020 AND 2019
(Unaudited – Water Reserves)

#	Water	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
Capacity / Storage				
901	Well Pumps/Motors - Replace	30	23	\$ 19,100
904	Well Controls - Replace	30	23	5,305
910	Storage Tank, Concrete - Replace	80	66	225,500
912	Storage Tank, Interior - Clean	10	0	4,240
914	Storage Tank, Exterior - Clean	5	0	3,390
Boost				
920	Booster Pumps, 5 HP - Replace	20	13	16,950
922	Booster Pump, 15 HP - Replace	40	33	23,300
924	Booster Pumps VFD Control - Replace	20	13	16,950
Distribution				
940	Distribution Lines, 6"-8" - Replace	70	63	1,105,000
941	Distribution Lines, 2" - Replace	40	33	71,600
945	Service Connect/Lines - Replace	40	33	273,500
946	Service Meters - Replace	10	3	134,500
947	Service Meter Box/Setters - Replace	20	13	134,500
950	Pressure Reducing Valves - Replace	20	13	13,400
954	Blow-Out/Isolation Valves - Replace	30	23	40,350
958	Hydrants - Replace	40	33	167,500
Buildings / Site				
964	Building Roofs - Replace	40	34	3,500
967	Storage Shed, Vinyl - Replace	20	14	2,870
969	Building Electrical - Replace	30	23	11,160
970	Chain Link Fence - Replace	35	29	18,350
Systems / Equipment				
980	Generator, Emergency - Replace	50	5	53,050
999	Meter Reader System - Replace	6	0	5,700
Financial / Professional				
1006	SWSMP- Update	6	0	3,190
				<u>\$ 2,352,905</u>

23 Total Funded Components

HMC MANAGEMENT
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
SEPTEMBER 30, 2020 AND 2019
(Unaudited – Management Reserves)

#	Component	Useful Life (yrs)	Useful Life (yrs)	Current Average Cost
Site/Grounds/Recreation				
200	Asphalt Roads - Repair/Resurface	25	23	\$ 30,000
204	Gravel Roads/Lots - Maintain/Repair	5	4	58,000
350	Play Equipment -North Beach- 2007 Replace	20	8	6,000
352	Play Equipment -North Beach-2017 Replace	20	18	6,000
354	Play Eq. Goodpastor- Partial Replace	5	4	8,000
356	Basketball Court - Repair/Replace	30	24	20,000
370	Pavilion - Replace Roof	25	9	9,900
Small Boat Marina				
302	Small Boat Docks/Floats-Replace	30	12	135,200
306	Small Boat Dock Pilings - Replace	50	42	225,000
320	Small Boat Trestle/Ramp - Replace	30	12	94,500
336	Small Boat Gangway - Replace	30	12	8,500
Community Building				
410	Community Building Siding-Replace	50	36	28,000
430	Community Building Roof - Replace	40	23	21,600
460	Community Building Septic - Replace	50	13	11,000
Equipment				
540	Dust/Water Truck - Replace	12	10	19,000
Ferry System				
700	Ferry Terminals - Inspect/Repair	4	3	22,500
702	Ferry Terminals - Paint	12	8	195,000
704	Ferry Terminal Cables - Replace	5	0	42,500
706	Ferry Terminal Wood Decks - Replace	24	20	190,000
707	Ferry Terminal Structures - Replace	60	32	2,530,000
708	Ferry Ramp Dolphins-Future Replace	50	48	1,275,000
712	Ferry Ramp Generators - Replace	20	8	39,900
740	Ferry Vessel - Shipyard	2	1	130,000
744	Ferry Vessel - Overhaul Engines	5	4	35,000
746	Ferry Vessel - Replace Engines	50	44	178,000
755	Ferry Vessel-Overhaul Transmissions	7	1	16,000
757	Ferry Vessel-Replace Transmissions	28	22	36,000
760	Ferry Vessel - Replace	60	30	1,685,000
Professional/Special Projects				
940	Legal Contingency Fund	0	0	35,000
				<u>\$ 7,090,600</u>

29 Total Funded Components