

Draft

**Hidden Valley Village Owners
Association, Inc.**

**Forecasted Statement of Revenues
and Expenses for the Year
Ending December 31, 2023**

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**Assessment and Reserve Funding
Disclosures and Insurance
Disclosure as of September 27, 2022**

Hidden Valley Village Owners Association, Inc.
Forecasted Statement of Revenues and Expenses
For the Year Ending December 31, 2023

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	Operating Fund	Contingency Fund	Replacement Fund	Total
Revenues:				
Common Area Assessments	\$342,600	\$	\$184,890	\$527,490
Late Charges	1,000			1,000
Interest Income	0		1,100	1,100
Vending Machine Income	500			500
Total Revenues	344,100	0	185,990	530,090
Administrative Expenses:				
Accounting Services	13,000			13,000
Board & Meeting Expenses	200			200
Insurance	28,500			28,500
Legal Services	2,000			2,000
Management Fee	141,450			141,450
Office Supplies & Postage	1,500			1,500
Taxes	50			50
Telephone	4,800			4,800
Total Administrative Expenses	191,500	0	0	191,500
Maintenance & Supplies:				
Truck Expense	5,500			5,500
Buildings	11,000			11,000
Landscaping	3,500			3,500
Pool, Jacuzzi & Sauna	5,100			5,100
Tools & Equipment	500			500
Total Maintenance & Supplies	25,600	0	0	25,600
Utilities:				
Cable TV/Internet (Manager's Unit)	0			0
Snow Removal	20,000			20,000
Electricity	21,000			21,000
Propane	25,000			25,000
Trash Removal	20,000			20,000
Water & Sewer	41,000			41,000
Total Utilities	127,000	0	0	127,000
Major Projects/Replacements:				
Annual Touch Up Painting			5,150	5,150
Two Spa Filters			3,914	3,914
Pool and Spa Pumps			3,502	3,502
Balcony/Stairway Inspection Required			23,250	23,250
Front Door Replace 10/Year			15,450	15,450
Water Heater-Replace One per Year			1,030	1,030
Unscheduled Capital Expense			10,300	10,300
Roof Preventative Maintenance			2,575	2,575
Chimney Chase Rebuild-6 Year Plan			15,450	15,450
Sewer Line Clean Out-Building H			5,000	5,000
Refurbish Managers Unit			12,500	12,500
Total Major Projects/Replacements	0	0	98,121	98,121
Total Expenses	344,100	0	98,121	442,221
Excess Revenues Over Expenses	0	0	87,869	87,869
Forecasted Fund Balance at Start of Year	120,000	60,000	626,700	806,700
Forecasted Fund Balance at End of Year	120,000	60,000	714,569	894,569

Hidden Valley Village Owners Association, Inc.
Notes To Forecasted Statement of Revenues and Expenses

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SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS

This financial forecast presents, to the best of the Board of Directors knowledge and belief, the Association's expected results of operations and changes in operating and replacement fund balances for the forecast period. Accordingly, the forecast reflects the Board's judgement as of September 27, 2022, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that the Board believes are significant to the forecast. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

A. Income and Owner Assessments

Owner assessments for the year ending December 31, 2023, will remain the same from the prior year.

Owner assessments are the major source of Association income. In the event that actual expenses are significantly higher than those forecasted, it may be necessary to increase assessments or levy a special assessment during the forecast period.

Interest income is assumed to be earned at less than 1% of the average cash balances.

B. Expenses

Insurance and on-site management are two of the most significant expenses of the Association. The Board anticipates an increase in the insurance cost, and a 5% increase for management expense in June 2023.

Snow removal expense is difficult to forecast. With consideration of the past 12 years, the average loader hours have been approximately 80 hours at \$200 per hour. We anticipate the same hours needed for this year and have estimated \$16,000 for loader hours with an additional \$4,000 cushion for heavy storms that may require ground shovelers. Accordingly, the board has decreased the Snow Removal budget by \$17,481. However, an unusually severe winter could necessitate a special assessment to pay for snow removal.

Replacements and or major repairs to the common area components are based on the Board's plans for these items during the forecast period.

Other expenses are based on prior year's actual costs adjusted for minimal anticipated changes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial forecast has been prepared on the basis of the generally accepted accounting principles expected to be used in the financial statements covering the forecast period as described below.

A. Accounting Method

The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future repairs and replacements, be classified separately for accounting and reporting purposes.

Disbursements from the operating fund are generally at the discretion of the Board of Directors and the property manager. Disbursements from the replacement fund and the contingency fund are designated by the Board of Directors only.

Hidden Valley Village Owners Association, Inc.
Notes To Forecasted Statement of Revenues and Expenses

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B. Operating Fund

The Board's policy is to allocate to the operating fund all income tax expense, and all delinquent or uncollectible receivables.

C. Replacement Fund

Effective with this forecast, the Board's policy is to allocate all interest earned to the replacement fund.

D. Recognition of Assets and Depreciation Policy

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statement because those properties are owned by the individual unit owners in common and not by the Association. Any real or personal property purchased by the Association to which the Association holds title, and which could be disposed of for cash or claims to cash is capitalized at cost and depreciated over its estimated useful life using the straight-line method of depreciation. Personal property purchased for the replacement fund is expensed in the year of acquisition. The association also maintains an inventory of major property.

**Hidden Valley Village Owners Association, Inc.
Assessment and Reserve Funding Disclosures
As of September 27, 2022**

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A. Current Assessments

As mentioned on Page 2, the monthly common area assessments will remain at their current levels listed below:

Unit Type	Monthly Amount
Studio	\$485.00
Studio & Loft	\$523.00
One Bedroom	\$523.00
Two Bedroom	\$551.00
One Bedroom & Loft	\$567.00

There are no other additional, special or emergency assessments that have already been scheduled to be imposed and/or that have been approved by the Board and/or members at this time.

B. Reserve Study

The Board of Directors commissioned a study of the major components of the common areas in September 2021. The study was performed by Stone Mountain Corporation, a firm that specializes in reserve studies. The list of major components, estimated replacement cost of each component and total and remaining useful life of each component data which appear on pages 6 and 7 is based on that study and updated information based on experience. A copy of the full study is available to any owner upon request.

C. Projected Reserve Account Balances and Funding Policies

Based upon the most recent reserve study, projected reserve account balances will be sufficient at the end of each year to meet the association's obligation to repair and/or replace the major components of the common areas without additional assessments. The Board will continue to review the recommended funding, the need to raise common area fees and possible transfers of surplus funds from the operating fund each year to avoid special assessments.

D. Replacement Fund Components

The major components of the common areas which have been identified for funding through the replacement fund are listed on pages 6 and 7. The replacement costs of the major components are increased approximately 3% annually to reflect increases in construction and materials costs.

There are no components which have been identified, that are not included in the funding data listed above. There may be components of the common areas which were not included in the reserve study because no replacement or major repair of the item is contemplated in the next thirty years.

At this time, the Board does not plan to defer the repair or replacement of any major components that are in need of replacement.

**Hidden Valley Village Owners Association, Inc.
Assessment and Reserve Funding Disclosures
As of September 27, 2022**



E. Current Funding Levels

As of December 31, 2022 the projected replacement fund balance is \$626,700. As of the same date, the balance required in these funds to be 100% funded would be \$2,419,016. Therefore, the replacement fund is 26% funded (\$626,700/\$2,419,016). The unfunded liability per unit is approximately \$21,337.

The estimated percent funded for the next five years is listed below and assumes an increase in annual funding of 3% per year.

Fiscal Year Ending:	2023	2024	2025	2026	2027
Estimated Amount to be 100% Funded	\$2,589,867	\$2,666,228	\$2,852,283	\$3,147,646	\$3,438,585
Projected Replacement Fund Cash	\$714,569	\$906,106	\$1,103,356	\$1,306,490	\$1,515,685
Projected Percent Funded Estimate	28%	34%	39%	42%	44%

This information should not be construed to require the Board to fund reserves to any specific level.

F. Outstanding Loans

As of the above date, the association does not have any outstanding third party loans.

Notes:

- A. "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.
- B. The data included herein contains projected costs thirty years into the future. There will be differences between these projected costs and actual costs because circumstances do not always occur as expected.
- C. For the purposes of this report, the amount of reserves needed to be accumulated for a component at a given time is computed as the future cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component.

Hidden Valley Village Owners Association, Inc.
Forecasted Replacement Fund Activity
For The Year Ending December 31, 2023

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Component (Year in Service)	Useful Life (Yrs.)	Remaining Life (Yrs.)	Replacement Cost	Annual Expense	Replacement Liability	Replacement Fund Cash	Unfunded Liability	Per Unit Unfunded Liability	Percent Funded
Roofs: #A,B,C Bldgs (2013)	30	21	97,850	3,262	29,355				
Roofs: #D,E Bldgs (2012)	30	20	66,950	2,232	22,317				
Roofs: #F Bldg (2010)	30	18	32,960	1,099	13,184				
Roofs: #G,H,I,J,K, Office (2005)	30	13	220,420	7,347	124,905				
Roofs: Pool Bldg (2014)	20	11	14,832	742	6,674				
Roof Preventative Maintenance (2018)	1	0	2,575	2,575	2,575				
*Chimney Chase Rebuild (6/year)	1	0	15,450	15,450	15,450				
Chimney Caps/Spark Arresters	30	9	28,119	937	19,683				
Painting w/doors #A,B,G,H,I,K	6	1	99,910	16,652	83,258				
Painting w/doors #C,D,E,F,J,Off,Pool	6	1	95,790	15,965	79,825				
Annual Paint Touch-Up	1	0	5,150	5,150	5,150				
Asphalt Sealcoat (May 2020)	2	2	8,000	4,000	-				
Asphalt Patch (Partial Areas)	22	8	22,969	1,044	14,617				
Asphalt Re-Pave (2015/16)	25	18	496,460	19,858	139,009				
Asphalt Paths - Repave (2016)	25	18	3,708	148	1,038				
Pool Resurface & Re-Tile (2018)	16	11	33,269	2,079	10,397				
Pool Heater (2021)	12	10	5,253	438	876				
Pool Filter (2018)	12	7	1,957	163	815				
Upper Spa Resurface (2018)	10	5	12,669	1,267	6,335				
Lower Fiberglass Spa Replace (2004)	22	22	30,900	1,405	-				
Concrete Pool/Spa Decks (2)	30	30	46,500	1,550	-				
Spa Heaters (2) (1 every 4 years)	4	0	5,253	1,313	5,253				
Spa Filter (2) (2013, 2014)	12	0	3,914	326	3,914				
Pool & Spa Pumps (Phased Repl)	2	0	3,502	1,751	3,502				
Pool & Spa Skimmers - Replace	30	28	6,386	213	426				
Pool Wood Deck - Replace	25	17	23,896	956	7,647				
Iron Lower Spa Area Fence	25	17	9,373	375	2,999				
Pool Wood Fence Enclosure	20	1	11,073	554	10,519				
Saunas Refurbish (2014)	20	11	26,162	1,308	11,773				
Pool Bldg Int/Ext Refurbish (2014)	20	11	66,950	3,348	30,128				
Lower Spa Area Refurbish (2014)	20	11	149,350	7,468	67,208				
Pool Furniture (2019)	10	6	2,678	268	1,071				
Balconies: "A" Building (2012)	45	34	83,430	1,854	20,394				
Balconies: "B,H" Buildings (2011)	45	33	158,620	3,525	42,299				
Balconies: "CDFI" Building (2010)	45	32	363,590	8,080	105,037				
Balconies: "E,G" Building (2009)	45	31	155,530	3,456	48,387				
Balconies: "J,K" Building (2008)	45	30	190,550	4,234	63,517				
Balcony/Stairway Inspection Req.	9	0	23,250	2,583	23,250				
Walkways/Entries: (2012 Group)	45	34	110,210	2,449	26,940				
Walkways/Entries: (2011 Group)	45	33	579,890	12,886	154,637				
Walkways/Entries: (2010 Group)	45	32	525,300	11,673	151,753				
Walkways/Entries: (2009 Group)	45	31	585,040	13,001	182,012				
Walkways/Entries: (2008 Group)	45	30	93,730	2,083	31,243				

**Hidden Valley Village Owners Association, Inc.
Forecasted Replacement Fund Activity
For The Year Ending December 31, 2023**

Component (Year in Service)	Useful Life (Yrs.)	Remaining Life (Yrs.)	Replacement Cost	Annual Expense	Replacement Liability	Replacement Fund Cash	Unfunded Liability	Per Unit Unfunded Liability	Percent Funded	
Walkways/Entries: (2006/7 Group)	45	29	404,790	8,995	143,925					
Front Doors: Replace 10/year	1	0	15,450	15,450	15,450					
Siding: Progressive Replace	5	2	72,100	14,420	43,260					
Water Heaters Replace (1 ev 3 yrs)	3	0	1,030	343	1,030					
Building Electrical Panels #G-K	45	6	46,350	1,030	40,170					
Office & Poll Electrical Panels	45	6	10,300	229	8,927					
Manager's Unit - Carpet	15	11	2,575	172	687					
Manager's Unit - Appliances	12	8	3,605	300	1,202					
Manager's Unit - Interior Paint	10	6	3,090	309	1,236					
Manager's Unit - Renovate	25	21	32,960	1,318	5,274					
Asst Mgr's Unit - Carpet	15	11	1,442	96	385					
Asst Mgr's Unit - Appliances	12	8	3,605	300	1,202					
Asst Mgr's Unit - Interior Paint	10	6	1,545	155	618					
Asst Manager's Unit - Renovate	25	0	12,500	500	12,500					
Residential/Common Light Fixtures	25	22	26,368	1,055	3,164					
Snowblowers (2019)	6	2	6,798	1,133	4,532					
Snowplow - Replace (Nov 2013)	15	5	10,918	728	7,279					
2005 Chevy 3/4 Ton Pickup (used)	15	4	25,750	1,717	18,883					
Copper Plumbing - "ABCDEF, Pool"	50	31	279,130	5,583	106,069					
Copper Plumbing - "GHIJK, Office"	50	7	296,640	5,933	255,110					
Water Main - Replace (2005)	40	22	350,200	8,755	157,590					
Sewer Line Cleanout (2011)	2	0	5,000	2,500	5,000					
Custom "Hidden Valley" Sign 2013	22	12	12,875	585	5,852					
Unscheduled Capital Expense	1	0	10,300	10,300	10,300					
Forecasted Balance at 12/31/22					2,419,016	-	626,700	= 1,792,316	21,337	26%
Annual Wear & Tear				268,972	268,972	-	-	= 268,972		
Budgeted Additions During Year:			Common Area Assessments		-	-	185,990	= (185,990)		
Budgeted Reductions During Year:			Annual Touch Up Painting		(5,150)	-	(5,150)	= -		
			Two Spa Filters		(3,914)	-	(3,914)	= -		
			Pool and Spa Pumps		(3,502)	-	(3,502)	= -		
			Balcony/Stairway Inspection Required		(23,250)	-	(23,250)	= -		
			Front Door Replace 10/Year		(15,450)	-	(15,450)	= -		
			Water Heater-Replace One per Year		(1,030)	-	(1,030)	= -		
			Unscheduled Capital Expense		(10,300)	-	(10,300)	= -		
			Roof Preventative Maintenance		(2,575)	-	(2,575)	= -		
			Chimney Chase Rebuild-6 Year Plan		(15,450)	-	(15,450)	= -		
			Sewer Line Clean Out-Building H		(5,000)	-	(5,000)	= -		
			Refurbish Managers Unit		(12,500)	-	(12,500)	= -		
Forecasted Balance at 12/31/23					2,589,867	-	714,569	= 1,875,298	22,325	28%