

# Mammoth Estates Condominiums, Inc.

## Financial Statements and Supplementary Information Year Ended June 30, 2020

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**Mammoth Estates Condominiums, Inc.  
Balance Sheets**

	June 30, 2020			June 30, 2019	
	Operating Fund	Replacement Fund	Contingency Fund	Total	Total
<b>Assets:</b>					
Cash and Cash Equivalents (Note 11)	\$63,844	\$204,772	\$42,672	\$311,288	\$199,568
Investments (Note 9)		98,540		98,540	94,444
Current Owner Assessments Rec. (Note 5)	2,632			2,632	622
Allowance for Doubtful Accounts (Note 5)	(221)			(221)	(100)
Vending Income Receivable	81			81	37
Prepaid Insurance	1,746			1,746	1,414
Prepaid Income Taxes (Note 8)	1,674			1,674	704
Equipment, at Cost	1,606			1,606	7,722
Less Accumulated Depreciation	(1,606)			(1,606)	(7,722)
Land		42,345		42,345	42,345
<b>Total Assets</b>	<b>\$69,755</b>	<b>\$345,657</b>	<b>\$42,672</b>	<b>\$458,084</b>	<b>\$339,033</b>
<b>Liabilities:</b>					
Accounts Payable	\$19,838	\$21,924	\$	\$41,762	\$14,404
Assessments Received in Advance	8,436			8,436	9,489
Contract Liabilities (Assessments Received in Advance - Replacement Fund)		281,388		281,388	282,875
<b>Total Liabilities</b>	<b>28,274</b>	<b>303,312</b>		<b>331,586</b>	<b>306,769</b>
<b>Owners Equity:</b>					
Balance at Start of Year	(10,080)	42,345	0	32,265	117,333
Change in Unrealized Gain/(Loss) on Marketable Securities (Note 9)		2,238		2,238	1,896
Transfer Between Funds (Note 10)	(32,672)		32,672		
Revenue Less Expenses During Year	84,234	(2,238)	10,000	91,996	(86,964)
<b>Owners Equity At End of Year</b>	<b>41,481</b>	<b>42,345</b>	<b>42,672</b>	<b>126,498</b>	<b>32,265</b>
<b>Total Liabilities &amp; Owners Equity</b>	<b>\$69,755</b>	<b>\$345,657</b>	<b>\$42,672</b>	<b>\$458,084</b>	<b>\$339,033</b>

**Mammoth Estates Condominiums, Inc.**  
**Statements of Revenues and Expenses**

For the Years Ended:

	June 30, 2020			June 30, 2019	
	Operating Fund	Replacement Fund	Contingency Fund	Total	Total
<b>Revenues:</b>					
Owner Assessments (Notes 3 & 7)	\$382,443	\$121,044	\$10,000	\$513,487	\$434,287
Cable/Internet Assessments (Note 3)	52,200			52,200	77,400
Water & Sewer Assessments (Note 3)	34,500			34,500	34,000
Late Charges & Miscellaneous Income	1,402			1,402	1,051
Interest & Dividend Income	2,087			2,087	2,002
Vending Income	515			515	755
<b>Total Revenues</b>	<b>473,148</b>	<b>121,044</b>	<b>10,000</b>	<b>604,192</b>	<b>549,495</b>
<b>Administrative Expenses:</b>					
Accounting Services	10,061			10,061	9,487
Bad Debt Expense	121			121	(200)
Board & Meeting Expenses					867
Insurance	36,074			36,074	35,759
Management Fee	109,942			109,942	107,000
Office Supplies & Postage	2,091			2,091	1,541
Income Taxes (Note 8)	(60)			(60)	368
Other Taxes	1,124			1,124	1,168
Outside Consulting Services	480			480	683
Telephone					6
<b>Total Administrative Expenses</b>	<b>159,834</b>			<b>159,834</b>	<b>156,679</b>
<b>Maintenance &amp; Supplies:</b>					
Buildings	31,941			31,941	35,222
Common Area	7,742			7,742	3,318
Landscaping	2,967			2,967	12,515
Pool & Jacuzzi	10,702			10,702	13,483
Recreation Area	100			100	835
Snow Removal	31,803			31,803	162,270
Trash Removal	23,325			23,325	25,344
<b>Total Maintenance &amp; Supplies</b>	<b>108,581</b>			<b>108,581</b>	<b>252,987</b>
<b>Utilities:</b>					
Cable TV	50,414			50,414	55,023
Electricity	21,671			21,671	22,580
Propane	13,802			13,802	18,306
Water & Sewer	34,613			34,613	36,340
<b>Total Utilities</b>	<b>\$120,500</b>	<b>\$</b>	<b>\$</b>	<b>\$120,500</b>	<b>\$132,248</b>

**Mammoth Estates Condominiums, Inc.  
Statements of Revenues and Expenses**

	For the Years Ended:			
	June 30, 2020			June 30, 2019
	Operating Fund	Replacement Fund	Contingency Fund	Total
<b>Major Projects:</b>				
Clubhouse Water Heater	\$	\$	\$	\$
Door Locks		16,660		16,660
Gas Stove - Lobby		6,000		6,000
Install Copper Wiring		53,914		53,914
Painting Replacement		4,900		4,900
Paving Replacement		10,878		10,878
Refinish Spa				9,045
Roof Replacement		28,885		28,885
Slate in Entry		2,045		2,045
Water Damage - 2020 Winter				(4,714)
<b>Total Major Projects</b>		<b>123,282</b>		<b>123,282</b>
<b>Total Expenses</b>	<b>388,914</b>	<b>123,282</b>		<b>512,197</b>
<b>Excess Revenues Over Expenses (Deficit)</b>	<b>\$84,234</b>	<b>(\$2,233)</b>	<b>\$10,000</b>	<b>\$91,996</b>

**Mammoth Estates Condominiums, Inc.**  
**Statements of Cash Flows**

	For the Years Ended:				June 30, 2019
	June 30, 2020			Total	
	Operating Fund	Replacement Fund	Contingency Fund		
<b>Cash Flows From Operations</b>					
Owner Assessments Collected (Recognized in Current Year)	\$467,471	\$121,044	\$10,000	\$598,515	\$552,591
Snow Damage Insurance Claim Proceeds Received					80,137
Interest & Dividends Received	2,087			2,087	2,002
Vending Income Received	472			472	771
Cash Paid for Operating Expenditures	(384,651)			(384,651)	(545,290)
Snow Damage Insurance Claim Expenditures					(80,137)
Replacement Expenditures Paid For:					
- Clubhouse Water Heater					(5,882)
- Door Locks		(16,660)		(16,660)	
- Gas Stove - Lobby		(6,000)		(6,000)	
- Install Copper Wiring		(31,990)		(31,990)	(52,246)
- Painting Replacement		(4,900)		(4,900)	(25,280)
- Paving Replacement		(10,878)		(10,878)	(4,090)
- Refinish Spa					(9,045)
- Roof Replacement		(28,885)		(28,885)	(2,715)
- Slate in Entry		(2,045)		(2,045)	
Transfer Between Funds (Note 10)	(32,672)		32,672		
<b>Net Cash Provided (Used) by Operations</b>	<b>52,708</b>	<b>19,686</b>	<b>42,672</b>	<b>115,065</b>	<b>(89,185)</b>
<b>Cash Flows From Financing Activities</b>					
Replacement Reserve Funding		(1,487)		(1,487)	18,713
<b>Net Cash Provided (Used) by Financing</b>		<b>(1,487)</b>		<b>(1,487)</b>	<b>18,713</b>
<b>Cash Flows From Investing Activities</b>					
Investment in JP Morgan Mutual Fund		(1,858)		(1,858)	(1,945)
<b>Net Cash (Used) by Investing</b>		<b>(1,858)</b>		<b>(1,858)</b>	<b>(1,945)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>11,136</b>	<b>188,431</b>	<b>0</b>	<b>199,568</b>	<b>271,984</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$63,844</b>	<b>\$204,772</b>	<b>\$42,672</b>	<b>\$311,288</b>	<b>\$199,568</b>

**Mammoth Estates Condominiums, Inc.**  
**Statements of Cash Flows**

**Reconciliation of Excess of Revenues Over Expenses  
to Net Cash Provided (Used) by Operations**

	For the Years Ended:				
	June 30, 2020			June 30, 2019	
	Operating Fund	Replacement Fund	Contingency Fund	Total	Total
Excess of Revenues Over Expenses (Deficit)	\$84,234	(\$2,238)	\$10,000	\$91,996	(\$86,964)
Adjustments to Reconcile Excess of Revenues Over Expenses to Net Cash Provided (Used) by Operations:					
(Increase) Decrease in Assessments Receivable	(2,010)			(2,010)	3,376
Increase (Decrease) in Allowance for Doubtful Accounts	121			121	(200)
(Increase) Decrease in Vending Income Receivable	(43)			(43)	15
(Increase) Decrease in Prepaid Insurance	(332)			(332)	514
(Increase) Decrease in Prepaid Income Taxes	(970)			(970)	358
Increase (Decrease) in Accounts Payable	5,434	21,924		27,357	(4,069)
Increase (Decrease) in Assessments Received in Advance	(1,053)			(1,053)	2,499
Increase (Decrease) in State Farm Insurance Claim Advance					(4,714)
Transfer Between Funds (Note 10)	(32,672)		32,672		
Net Cash Provided (Used) by Operations	\$52,708	\$19,686	\$42,672	\$115,065	(\$89,185)

**Mammoth Estates Condominiums, Inc.**  
**Notes to Financial Statements**  
**As of June 30, 2020 and June 30, 2019**

**NOTE 1: GENERAL INFORMATION**

Mammoth Estates Condominiums, Inc., the Association, was incorporated under the laws of California on March 13, 1973 to provide for the orderly maintenance, preservation, and architectural control of the common areas within the development. Originally incorporated under the name Mammoth Estates Condominiums Units No. 1, 2, and 3, Inc., the articles of incorporation were amended in July, 1996 to change the name to Mammoth Estates Condominiums, Inc.

The Association is responsible for maintaining, repairing and replacing common area facilities which include roofs, siding, paving, pool and sauna, equipment, landscaping, and common area plumbing and electrical systems.

Mammoth Estates consists of 78 residential condominiums.

The Association derives its authority and responsibilities from its Articles of Incorporation, By Laws, and Declaration of Covenants, Conditions and Restrictions. These documents were amended and restated in June, 1996.

The Board of Directors makes most policy decisions and oversees daily operations, but major decisions are referred to the general association membership if required by the governing documents or by statute.

Membership in the Association is mandatory for homeowners. Voting members consist of all owners, who are entitled to one vote for each unit owned. Each owner is obligated to pay assessments to the Association to support its operations and purposes.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Accounting Method

The Association maintains its books and records in accordance with accounting principles generally accepted in the United States of America. 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. Operating funds are those whose disposition is at the discretion of the Board of Directors and are generally used for regular operating expenses. Replacement funds are restricted to the repair or replacement of major common area components. Contingency funds are for the Board to use to pay for unforeseen expenses.

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

B. Fiscal Year

The Association's fiscal year ends June 30.

C. Owner Assessments

Association owners are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the

*See Independent Accountant's Review Report.*

**Mammoth Estates Condominiums, Inc.**  
**Notes to Financial Statements**  
**As of June 30, 2020 and June 30, 2019**

replacement fund assessments are satisfied when these funds are expended for their designated purpose.

**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.

**E. Contract Liabilities (Assessments Received in Advance – Replacement Fund)**

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance – replacement fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to the replacement reserve assessments.

**F. Statement of Cash Flows Information**

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

**G. Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**NOTE 3: OWNER ASSESSMENTS**

Assessments are determined by the Board of Directors during the annual budget process and are allocated to each unit in accordance with the unit's percentage ownership of the common areas.

**Regular Assessments**

Regular monthly assessments during the most recent five years were as follows:

Unit Type	Year Ended				
	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16
Studio	\$ 328.15	\$ 325.42	\$ 306.09	\$ 293.00	\$ 284.00
Two Bedroom Units-1 level	\$ 491.57	\$ 471.05	\$ 445.49	\$ 431.00	\$ 418.00
Two Bedroom Units-2 level	\$ 546.05	\$ 519.59	\$ 491.96	\$ 477.00	\$ 462.00
Three Bedroom Units	\$ 763.95	\$ 713.77	\$ 677.84	\$ 660.00	\$ 640.00
Four Bedroom Units	\$ 818.43	\$ 762.32	\$ 724.31	\$ 706.00	\$ 685.00

*See Independent Accountant's Review Report.*

**Mammoth Estates Condominiums, Inc.**  
**Notes to Financial Statements**  
**As of June 30, 2020 and June 30, 2019**

On November 1, 2005, the Association entered into an arrangement with the local cable company for bulk cable service to all owners. In return for discounted cable rates, the Association has assumed the responsibility for billing individual owners and paying the cable company.

Special Assessment

In May 2017, the Board of Directors approved an emergency special assessment of \$171,840 to cover the snow removal expenses incurred during the 2016/2017 winter season. This assessment began July 1, 2017 and was billed monthly to spread the cost over one year. The total per unit assessment was as follows:

Unit Type	Total Per Unit	Per Month
Studio	\$ 1,027.00	\$ 86.00
Two Bedroom Units-1 level	\$ 1,643.00	\$ 137.00
Two Bedroom Units-2 level	\$ 1,848.00	\$ 154.00
Three Bedroom Units	\$ 2,669.00	\$ 222.00
Four Bedroom Units	\$ 2,875.00	\$ 240.00

The Association retains excess operating funds at the end of the operating year, if any, for use in future years.

**NOTE 4: COLLECTION OF OWNER ASSESSMENTS**

The Association's policy regarding collection of common area fees and the treatment of delinquent owners is as follows:

Common area assessments are due on the first day of each month and are delinquent if payment is not received on the 15th day of the month. When delinquent, a 10% late charge is assessed. When delinquent for 30 days (that is, has not paid within 30 days of the delinquent date), the delinquent owner is mailed a letter via certified mail, advising him that unless payment in full is received in 10 days, the matter will be referred to the Association's attorney or to a collection service. If the matter is referred, the attorney or collection service will, with Board concurrence, start collection action. The collection action may take the form of an assessment lien and foreclosure proceedings, and/or proceedings against the owner of the unit through court action to obtain a judgment. If an assessment lien is recorded, the owner will be sent a copy of the recorded lien via certified mail no later than 10 calendar days after the lien has been recorded. More than one method of collection may be initiated against a delinquent owner, but only one will be concluded.

The delinquent owner will be held liable for all common area fees owing, as well as for all applicable collection service fees, attorney fees, referral-for-collection fees, delinquent letter fees, late charges, interest calculated in accordance with the association's CC & R's, bank and handling charges incurred as a result of returned checks, and any other out-of-pocket expenses incurred by the association in connection with the collection action. These additional charges may be sizeable.

An owner may dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to the association's meet and confer IDR procedure, as set forth in Civil Code Section 5900 et seq. An owner may also request alternative dispute resolution with a neutral third party before the association initiates foreclosure against the owner's separate interest, except that binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

**Mammoth Estates Condominiums, Inc.**  
**Notes to Financial Statements**  
**As of June 30, 2020 and June 30, 2019**

If an owner's check is returned by the bank, the check will not be redeposited. The owner will be sent a notice stating that the association requires a replacement check which will include reimbursement for the fee charged by the bank and any handling fees associated with the returned check.

**NOTE 5: ASSESSMENTS RECEIVABLE**

Details of owner assessments receivable for the past two years are as follows:

	Year Ended:	
	06/30/20	06/30/19
Receivables 0 to 90 Days Past Due	\$1,346	\$493
Receivables Over 90 Days Past Due	1,286	129
Total Owners Receivables	\$2,632	\$622
Allowance for Doubtful Receivables at Start of Year	\$100	\$300
Additions to (Subtractions from) Allowance During Year	121	(200)
Receivables Written Off During Year	0	0
Allowance for Doubtful Receivables at End of Year	\$221	\$100

The allowance is calculated by adding 10% of all receivables from owners over 30 days past due, 50% of all receivables from owners that the Association referred to Association Lien Services or are being sued by the Association's attorney, and are in foreclosure; and 100% of all receivables from owners in bankruptcy.

The Association writes off receivable balances once all collection alternatives have been exhausted.

**NOTE 6: REPLACEMENT FUNDS AND REPLACEMENT FUNDING PROGRAM**

Replacement funds are amounts to be spent on the future major repair and replacement of selected components of the common areas. A long-term funding program is one that is based on a study that identifies specific components of the common areas, such as roofs and asphalt, the expected replacement costs and expected remaining lives of each component, and provides a plan to pay for the replacement of these components when they wear out. The preparation of such a study involves significant estimates by the persons preparing the study, and these estimates are subject to annual revision for changing prices, circumstances and assumptions.

The Association's governing documents require that funds be accumulated for future major repairs and replacements.

The Board of Directors commissioned J.D. Brooks Reserve Studies to prepare a reserve study of the major components of the common areas which the Association is responsible to maintain. J.D. Brooks Reserve Studies specializes in condominium reserve studies. This study was completed in May 2020 for the period beginning July 1, 2020.

The replacement program is designed to project what funds will be necessary and how these funds will be raised. However, there will be differences between projected and actual results because events and circumstances frequently do not occur as expected and those differences may be significant. In the event that replacement funds prove inadequate, the Association has the right to increase regular assessments, levy special assessments, or delay replacement until necessary funds become available.

*See Independent Accountant's Review Report.*

**Mammoth Estates Condominiums, Inc.**  
**Notes to Financial Statements**  
**As of June 30, 2020 and June 30, 2019**

**NOTE 7: 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). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, Real Estate – Common Interest Realty Associations, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services.

The Association adopted the requirements of new guidance as of July 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of July 1, 2019. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenue and contract liabilities related to the replacement fund, as previously described.

The adoption of the new revenue recognition guidance resulted in the following change to fund balance as of July 1, 2019:

Fund Balance, as Previously Reported, at July 1, 2019	\$315,140
Adjustment	(282,875)
Fund Balance, as Adjusted, at July 1, 2019	\$32,265

The effect of the adoption is an increase in assessments for the year ended June 30, 2020, by \$1,487, and a recording of a contract liability (assessments received in advance – replacement fund) at June 30, 2020, of \$281,388. The Association has no customer contract modifications that had an effect on the Association’s transition to new guidance.

The modified retrospective method of transition requires us to disclose the effect of applying the new guidance on each item included in the financial statement for the year ended June 30, 2020. Following are the line items from the balance sheet as of June 30, 2020, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

	Amounts That Would Have Been Reported	Effects of Applying New Guidance	As Reported
<u>Liabilities:</u>			
Contract Liabilities (Assessments Received in Advance – Replacement Reserve)	\$0	\$281,388	\$281,388
Total Liabilities	\$50,198	\$281,388	\$331,586
<u>Fund Balance:</u>			
Ending Fund Balance	\$407,886	(\$281,388)	\$126,498

*See Independent Accountant's Review Report.*

**Mammoth Estates Condominiums, Inc.**  
**Notes to Financial Statements**  
**As of June 30, 2020 and June 30, 2019**

The following are the line items from the statement of revenues, expenses, and changes in fund balances and the statement of cash flows for the year ended May 31, 2020, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance:

	Amounts That Would Have Been Reported	Effects of Applying New Guidance	As Reported
<u>Revenue:</u>			
Regular Assessments	\$512,000	\$1,487	\$513,487
Excess (Deficit) of Revenues Over Expenses	\$90,509	\$1,487	\$91,996
<u>Cash Flows:</u>			
Excess (Deficit) of Revenues Over Expenses	\$113,578	\$1,487	\$115,065
Increase (Decrease) in Contract Liabilities (Assessments Received in Advance – Replacement Reserve)	\$0	(\$1,487)	(\$1,487)

**NOTE 8: INCOME TAXES**

Federal Income Taxes:

Homeowners' associations may be taxed either as homeowner associations or as regular corporations. For the year ended June 30, 2019 the Association chose to be taxed as a homeowner association.

As a homeowner association, membership income is exempt from taxation and the association is taxed only on its non-membership income, such as interest income, at homeowner association rates.

As of the date of this report, a decision has not been made as to the filing method for the fiscal year ended June 30, 2020. The tax provision for the year ended June 30, 2020 assumes that the method chosen will be consistent with the prior year.

As of June 30, 2020, the tax years that remain subject to examination by Federal taxing authorities begin with the year ended June 30, 2017.

California Income Taxes:

The Association has applied for and received a continuing exemption from regular California corporate income taxes. Accordingly, the Association pays California tax only on its non-membership income at corporate rates excluding the minimum tax.

As of June 30, 2020, the tax years that remain subject to examination by California taxing authorities begin with the year ended June 30, 2016.

**Mammoth Estates Condominiums, Inc.**  
**Notes to Financial Statements**  
**As of June 30, 2020 and June 30, 2019**

Income Tax Expense:

Income tax expense and income taxes (prepaid) at year end were as follows:

<u>Year Ended June 30, 2020</u>	<u>Federal</u>	<u>Calif.</u>	<u>Total</u>
Income tax (estimated)	\$14	(\$74)	(\$60)
Payments & credits	(1,198)	(416)	(1,614)
Income tax (prepaid)	(\$1,184)	(\$490)	(\$1,674)
<u>Year Ended June 30, 2019</u>	<u>Federal</u>	<u>Calif.</u>	<u>Total</u>
Income tax (estimated)	\$272	\$96	\$368
Payments & credits	(570)	(502)	(1,072)
Income tax (prepaid)	(\$298)	(\$406)	(\$704)

**NOTE 9: INVESTMENTS**

The Association had the following investments, which are considered to be available for sale. These investments are listed on the balance sheet at their market or fair value for each reporting period. Unrealized gains and losses on changes in their market value are recorded as a separate component of the replacement fund and recorded in the equity section of the balance sheet. Investment income from these securities is reported in the income statement.

<u>As of June 30, 2020</u>			
<u>Type &amp; Description</u>	<u>Amortized Cost</u>	<u>Gross Unrealized Gain (Loss)</u>	<u>Fair Market Value</u>
JP Morgan Bond Fund	\$97,699	\$841	\$98,540
<u>As of June 30, 2019</u>			
<u>Type &amp; Description</u>	<u>Amortized Cost</u>	<u>Gross Unrealized Gain (Loss)</u>	<u>Fair Market Value</u>
JP Morgan Bond Fund	\$95,635	(\$1,192)	\$94,444

**NOTE 10: TRANSFER BETWEEN FUNDS**

During the year ended June 30, 2020, the Board voted to permanently transfer \$32,672 savings from snow removal from the operating fund to the contingency fund.

**NOTE 11: CONCENTRATION OF CREDIT RISK**

The Association maintains its cash balances at three financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per Company per financial institution. There were no FDIC uninsured balances for the years ended June 30, 2020 and 2019.

**NOTE 12: DATE OF MANAGEMENT'S REVIEW**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 16, 2021, the date that the financial statements were available to be issued.

**LYDIA E. JENSEN**  
CERTIFIED PUBLIC ACCOUNTANT  
297 Juniper Drive  
Crowley Lake, CA 93546  
Telephone (919) 649-4212  
[lydia@lejensen-cpa.com](mailto:lydia@lejensen-cpa.com)

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of Mammoth Estates Condominiums, Inc.

I have reviewed the accompanying financial statements of Mammoth Estates Condominiums, Inc., which comprise the balance sheets as of June 30, 2020 and June 30, 2019, and the related statements of revenues and expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

### **Management's (the Board's) Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

### **Accountant's Conclusion on the Financial Statements**

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **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 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, 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. I have compiled the supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA; however, I have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on it.



Crowley Lake, California

June 16, 2021

# Mammoth Estates Condominiums, Inc.

## Supplementary Information On Future Major Repairs and Replacements

As of June 30, 2020

The Board of Directors commissioned J.D. Brooks Reserve Studies to prepare a reserve study of the major components of the common areas which the Association is responsible to maintain. J.D. Brooks Reserve Studies specializes in condominium reserve studies. This study was completed in May 2020 for the period beginning July 1, 2020.

Excerpts from this study are reproduced on the following pages.

## RESERVE STUDY SUMMARY

### ASSOCIATION INFORMATION:

Name of Association: **MAMMOTH ESTATES CONDOMINIUMS**  
 Location: **MAMMOTH LAKES, CA**  
 Number of Units: **78**  
 Approximate Age of Complex: **50**

**This report recommends contributions for Budget Year:**

Beginning: **JULY 1, 2020**  
 Ending: **JUNE 30, 2021**

Reserve Study Report Date: **MAY 14, 2020**  
 Current Fiscal Year End: **JUNE 30, 2020**

### CURRENT FUNDS SUMMARY:

Projected Reserve Balance at Current Fiscal Year End: **\$330,000**  
 Ideal Reserve Balance at Current Fiscal Year End: **\$1,094,603**

**PERCENT FUNDED:     30%**

### CURRENT RESERVE CONTRIBUTIONS:

	Annual	Monthly	Monthly Avg Per Unit
2020 Budgeted Reserve Contribution:	\$116,076	\$9,673	\$124.01

## RECOMMENDATIONS FOR BUDGET YEAR 2021

### RESERVE CONTRIBUTION MODELS:

2021 J.D. Brooks Recommendation in Box

	Annual	Monthly	Monthly Avg Per Unit
2020 Reserve Contribution + 3%:	\$119,558	\$9,963	\$127.73
2021 Straight-Line Contribution:	\$101,807	\$8,484	\$108.77
2021 Deficit Reduction Contribution:	\$199,383	\$16,615	\$213.02
2021 Cash-Flow (Minimum) Contribution:	\$103,958	\$8,663	\$111.07

**J.D. BROOKS**  
 RESERVE STUDIES

**MAMMOTH ESTATES CONDOMINIUMS**

**RESERVE COMPONENT INVENTORY**

CURRENT FISCAL YEAR END: JUNE 30, 2020  
 NUMBER OF UNITS: 78

CATEGORY	UNIT	UNIT COST	REPAIR / REPLACE COST	USEFUL LIFE	RMNG. LIFE	STRAIGHT-LINE ANNUAL CONTRIBUTION @F.Y.E.2020	IDEAL BALANCE @F.Y.E.2020	PROJECTED BALANCE @F.Y.E.2020	DEFICIT	DEFICIT REDUCTION ANNUAL CONTRIBUTION	
RESERVE COMPONENT	QUANTITY	TYPE	COST	LIFE	LIFE	CONTRIBUTION	BALANCE	BALANCE	DEFICIT	CONTRIBUTION	
<b>ROOFING</b>											
COMPOSITION SHINGLE	24,000	SQFT	7.50	180,000	30	12	6,000	114,000	-	(114,000)	15,500
COMPOSITION SHINGLE	16,000	SQFT	7.50	120,000	30	15	4,000	64,000	-	(64,000)	8,267
COMPOSITION SHINGLE	7,500	SQFT	7.50	56,250	30	17	1,875	26,250	-	(26,250)	3,419
COMPOSITION SHINGLE	3,300	SQFT	7.50	24,750	30	25	825	4,950	-	(4,950)	1,023
COMPOSITION SHINGLE	2,800	SQFT	7.50	21,000	30	26	700	3,500	-	(3,500)	835
COMPOSITION SHINGLE	9,500	SQFT	7.50	71,250	30	29	2,375	4,750	-	(4,750)	2,539
COMPOSITION SHINGLE	3,300	SQFT	7.50	24,750	30	30	825	825	-	(825)	853
WOOD SHAKE	3,500	SQFT	7.50	26,250	30	1	875	26,250	26,250	-	875
WOOD SHAKE	3,500	SQFT	7.50	26,250	30	2	875	25,375	25,375	-	875
FLAT MINERAL CAP	1,800	SQFT	4.70	8,460	15	1	564	8,460	8,460	-	564
BYLIN MELT STRIP GUTTERS	1	ALLOW	20000	20,000	20	14	1,000	7,000	-	(7,000)	1,500
BYLIN MELT STRIP GUTTERS	2	ALLOW	79000	158,000	20	4	7,900	134,300	-	(134,300)	41,475
<b>GUTTERS ANNUAL OPERATING MAINTENANCE EXPENSE</b>											
<b>PAINTING</b>											
WOOD SIDING & TRIM -P1	55,000	SQFT	0.96	52,800	6	1	8,800	52,800	52,800	-	8,800
WOOD SIDING & TRIM -P2	55,000	SQFT	0.96	52,800	6	2	8,800	44,000	44,000	-	8,800
PAINT-SUN EXPOSURES	1	ALLOW	10800	10,800	3	2	3,600	7,200	7,200	-	3,600
PAINT-FRONT DOORS	1	ALLOW	5800	5,800	3	1	1,933	5,800	5,800	-	1,933
WOOD REPLACEMENT	1	ALLOW	10800	10,800	3	1	3,600	10,800	10,800	-	3,600
STAIRS/RAILING REPLACE	1	ALLOW	5400	5,400	3	1	1,800	5,400	5,400	-	1,800
<b>INTERIORS &amp; FENCE PAINTING ANNUAL OPERATING MAINTENANCE EXPENSE</b>											
<b>PAVING / FLOORING</b>											
ASPHALT PATCHING 20%	56,000	SQFT	1.65	18,480	3	3	6,160	6,160	2,872	(3,288)	7,256
ASPHALT OVERLAYMENT	56,000	SQFT	1.65	92,400	30	10	3,080	64,680	-	(64,680)	9,548
<b>OUTDOOR CARPETING ANNUAL OPERATING MAINTENANCE EXPENSE</b>											
<b>FENCING / DOORS</b>											
METAL FENCING	1	ALLOW	8870	8,870	25	18	355	2,838	-	(2,838)	512
METAL FENCING	1	ALLOW	13530	13,530	25	23	541	1,624	-	(1,624)	612
FRONT DOORS UNITS	78	ALLOW	1870	145,860	30	17	4,862	68,068	-	(68,068)	8,866
FRONT MONUMENT SIGN	1	ALLOW	2650	2,650	30	5	88	2,297	-	(2,297)	548
RETAINING BLOCK WALLS	1	ALLOW	22440	22,440	20	13	1,122	8,976	-	(8,976)	1,812
<b>POOL AREA</b>											
POOL HEATER	1	UNIT	3840	3,840	12	9	320	1,280	-	(1,280)	462
POOL FILTER	1	UNIT	1360	1,360	12	1	113	1,360	1,360	-	113
POOL REPLASTER	1,400	SQFT	8.20	11,480	12	1	957	11,480	11,480	-	957
SPA HEATER	1	UNIT	3840	3,840	10	5	384	2,304	-	(2,304)	845
SPA FILTER	1	UNIT	1360	1,360	12	1	113	1,360	1,360	-	113
SPA RE-SURFACE	1	ALLOW	9200	9,200	10	9	920	1,840	-	(1,840)	1,124
POOL / SPA PUMPS	5	UNIT	880	4,400	8	1	550	4,400	4,400	-	550
PATIO FURNITURE	22	UNIT	205	4,510	7	1	644	4,510	4,510	-	644
POOL DECKING	3,200	SQFT	23.00	73,600	25	18	2,944	23,552	-	(23,552)	4,252

5/14/2020

**MAMMOTH ESTATES CONDOMINIUMS**

**RESERVE COMPONENT INVENTORY**

CURRENT FISCAL YEAR END: JUNE 30, 2020  
NUMBER OF UNITS: 78

CATEGORY	UNIT	UNIT	REPAIR /	USEFUL	RMNG.	STRAIGHT-LINE	IDEAL	PROJECTED	DEFICIT	DEFICIT
RESERVE COMPONENT	QUANTITY	COST	REPLACE COST	LIFE	LIFE	ANNUAL CONTRIBUTION	BALANCE @F.Y.E.2020	BALANCE @F.Y.E.2020	DEFICIT	REDUCTION ANNUAL CONTRIBUTION
<b>CLUBHOUSE</b>										
REMODEL BATHROOMS	2	126500	253,000	30	19	8,433	101,200	-	(101,200)	13,760
TILE FLOORING	1	12500	12,500	30	19	417	5,000	-	(5,000)	680
SAUNA HEATER	1	2500	2,500	25	17	100	900	-	(900)	153
CARPET	1	5700	5,700	8	1	713	5,700	5,700	-	713
LOBBY GAS STOVE	1	6000	6,000	20	20	300	300	-	(300)	315
WATER HEATER	1	4280	4,280	15	14	285	571	-	(571)	326
<b>MANAGERS UNIT</b>										
CARPET / FLOORING	1	3860	3,860	10	4	386	2,702	-	(2,702)	1,062
INTERIOR PAINTING	1	3320	3,320	10	5	332	1,992	-	(1,992)	730
KITCHEN APPLIANCES	1	2920	2,920	20	1	146	2,920	2,920	-	146
CABINETS	1	4280	4,280	20	1	214	4,280	4,280	-	214
<b>LIGHTING</b>										
UNIT PATIO LIGHTS	72	122.5	8,820	18	12	490	3,430	-	(3,430)	776
CLUBHOUSE & OTHER LIGHTING ANNUAL OPERATING MAINTENANCE EXPENSE										
<b>TREE MANAGEMENT</b>										
	1	5500	5,500	2	1	2,750	5,500	5,500	-	2,750
<b>SEWER REPAIRS</b>										
	1	36400	36,400	10	8	3,640	10,920	-	(10,920)	5,005
<b>ELECTRICAL RETROFIT</b>										
COPPER WIRING & PATCH	1	40000	41,000	50	1	820	41,000	41,000	-	820
COPPER WIRING & PATCH	1	40000	41,000	50	2	820	40,180	40,180	-	820
COPPER WIRING & PATCH	1	40000	41,000	50	3	820	39,360	18,353	(21,007)	7,822
COPPER WIRING & PATCH	1	40000	41,000	50	4	820	38,540	-	(38,540)	10,455
COPPER WIRING & PATCH	1	40000	41,000	50	5	820	37,720	-	(37,720)	8,364
PLUMBING & ELECTRICAL ANNUAL OPERATING MAINTENANCE EXPENSE										
CONTINGENCY: 0%										
<b>TOTALS:</b>			1,847,260			101,807	1,094,603	330,000	(764,603)	199,383

NET INTEREST ON RESERVE SAVINGS :	1%
INFLATION RATE :	2%
INCREASE TO ANNUAL RESERVE CONTRIBUTION:	3%

**LYDIA E. JENSEN**  
CERTIFIED PUBLIC ACCOUNTANT  
297 Juniper Drive  
Crowley Lake, CA 95546  
Telephone (919) 649-4212  
[lydia@lejensen-cpa.com](mailto:lydia@lejensen-cpa.com)

June 16, 2021

To: Ann Cooper, Treasurer  
Mammoth Estates Condominiums, Inc.

Re: My Review of the Annual Financial Statements and Your Representation Letter

Enclosed are the draft annual financial statements for the year ended June 30, 2020 and my accountant's report on these statements.

Also enclosed is a representation letter from you to me which I ask that you review, sign, and return to me.

The California State Board of Accountancy requires me to obtain a signed representation letter from management (the Board) before I can authorize the distribution of the reviewed financial statements and accountant's report.

The American Institute of Certified Public Accountants, Accounting and Review Services Committee (ARSC) has issued Statements on Standards for Accounting and Review Services (SSARS). Recently issued SSARS No. 21, which applies to financial statements for periods ended December 31, 2015 and thereafter, requires specific representations from management (the Board). The enclosed representation letter includes those specific representations.

The primary reasons for obtaining a representation letter in a review engagement are as follows:

1) Management (the Board) is being asked to acknowledge its primary responsibility for the financial statements. Even if the accountant drafted the statements prior to reviewing them, they are the primary responsibility of the Board. The representation letter does not change or add to the Board's fundamental responsibilities, nor does it relieve the accountant of his responsibilities. It simply clarifies the traditional roles that each perform.

2) The representation letter avoids misunderstandings, serves as a memory jogger, and provides a list of important matters that may affect the financial statements.

Lydia E. Jensen, CPA

Mammoth Estates Condominiums, Inc.

To Lydia E. Jensen, CPA

I am providing this letter in connection with your review of the financial statements of Mammoth Estates Condominiums, Inc., which comprise the balance sheets as of June 30, 2020 and June 30, 2019, and the related statements of revenues and expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of obtaining limited assurance as a basis for reporting whether you are aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person using the information would be changed or influenced by the omission or misstatement.

I confirm, to the best of my knowledge and belief, as of June 16, 2021, the following representations made to you during your review.

- 1) The Board has fulfilled its responsibility for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, as set out in the terms of the engagement.
- 2) The Board acknowledges its responsibility for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements, including its responsibility to prevent and detect fraud.
- 3) The Board has provided you with all relevant information and access, as agreed upon in the terms of the engagement.
- 4) The Board has responded fully and truthfully to all of your inquiries
- 5) That all material transactions have been recorded and are reflected in the financial statements.
- 6) The Board has disclosed to you its knowledge of fraud or suspected fraud affecting the Association.
- 7) The Board has disclosed to you its knowledge of any allegations of fraud or suspected fraud communicated by employees, former employees, regulators, or others.
- 8) The Board has disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 9) The Board believes that the effects of uncorrected misstatements are immaterial, individually and in the aggregate, to the financial statements as a whole.
- 10) The Board has disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements, and it has appropriately accounted for and disclosed such litigation and claims in accordance with the applicable reporting framework.
- 11) The Board believes that significant assumptions used by it in making accounting estimates are reasonable.
- 12) The Board has disclosed to you the identity of the Association's related parties and all of the related party relationships and transactions of which it is aware and it has appropriately accounted for and disclosed such relationships and transactions.
- 13) All events occurring subsequent to the date of the financial statements and for which the applicable financial reporting requires adjustment or disclosure have been adjusted or disclosed.
- 14) The Board has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 15) The Board has made no guarantees, whether written or oral, under which the Association is contingently liable to a bank or other lending institutions, and has made no commitments to purchase or sell investments or agreements to repurchase assets previously sold.
- 16) There were no transfers of fund balances or inter-fund borrowings that were not properly authorized and approved and are not reflected in the financial statements.
- 17) The Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 18) The Board is in agreement with adjusting journal entries and account classifications that you have recommended, if any.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Ann Cooper, Treasurer