

Mammoth Estates Condominiums, Inc.

Financial Statements and Supplementary Information Year Ended June 30, 2019

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Mammoth Estates Condominiums, Inc.
Balance Sheets

	June 30, 2019			June 30, 2018	
	Operating Fund	Replacement Fund	Contingency Fund	Total	Total
Assets:					
Cash and Cash Equivalents (Note 10)	\$11,136	\$188,431	\$	\$199,568	\$271,984
Investments (Note 8)		94,444		94,444	90,603
Current Owner Assessments Rec. (Note 5)	622			622	3,998
Allowance for Doubtful Accounts (Note 5)	(100)			(100)	(300)
Vending Income Receivable	37			37	53
Prepaid Insurance	1,414			1,414	1,928
Prepaid Income Taxes (Note 7)	704			704	1,062
Equipment, at Cost	7,722			7,722	7,722
Less Accumulated Depreciation	(7,722)			(7,722)	(7,722)
Land		42,345		42,345	42,345
Total Assets	\$13,813	\$325,220	\$0	\$339,033	\$411,672
Liabilities:					
Accounts Payable	\$14,404	\$	\$	\$14,404	\$18,473
Assessments Received in Advance	9,489			9,489	6,990
Advance on State Farm Insurance Claim					4,714
Total Liabilities	23,894			23,894	30,177
Owners Equity:					
Balance at Start of Year	47,456	306,507	27,531	381,495	154,116
Change in Unrealized Gain/(Loss) on Marketable Securities (Note 8)		1,896		1,896	(1,346)
Transfer Between Funds (Note 9)	35,865		(35,865)		
Revenue Less Expenses During Year	(93,401)	16,817	8,333	(68,251)	228,724
Owners Equity At End of Year	(10,080)	325,220	0	315,140	381,495
Total Liabilities & Owners Equity	\$13,813	\$325,220	\$0	\$339,033	\$411,672

Mammoth Estates Condominiums, Inc.
Balance Sheets

	June 30, 2019			June 30, 2018
	Operating Fund	Replacement Fund	Contingency Fund	Total
Assets:				
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Investments (Note 8)		94,444		94,444
Current Owner Assessments Rec. (Note 5)	622			622
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Vending Income Receivable	37			37
Prepaid Insurance	1,414			1,414
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Total Assets	\$13,813	\$325,220	\$0	\$339,033
Liabilities:				
Accounts Payable	\$14,404	\$	\$	\$14,404
Assessments Received in Advance	9,489			9,489
Advance on State Farm Insurance Claim				4,714
Total Liabilities	23,894			23,894
Owners Equity:				
Balance at Start of Year	47,456	306,507	27,531	381,495
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Total Liabilities & Owners Equity	\$13,813	\$325,220	\$0	\$339,033

Mammoth Estates Condominiums, Inc.
Statements of Revenues and Expenses

	For the Years Ended:				
	June 30, 2019				June 30, 2018
	Operating Fund	Replacement Fund	Contingency Fund	Total	Total
Revenues:					
Owner Assessments (Note 3)	\$328,592	\$116,075	\$8,333	\$453,000	\$432,175
Cable/Internet Assessments (Note 3)	77,400			77,400	69,024
Water & Sewer Assessments (Note 3)	34,000			34,000	34,000
Snow Special Assessment (Note 3)					171,840
Late Charges	1,051			1,051	2,528
Interest & Dividend Income	2,002			2,002	1,322
Vending Income	755			755	633
Total Revenues	443,799	116,075	8,333	568,208	711,521
Administrative Expenses:					
Accounting Services	9,487			9,487	9,727
Bad Debt Expense	(200)			(200)	300
Board & Meeting Expenses	867			867	738
Insurance	35,759			35,759	33,719
Management Fee	107,000			107,000	94,600
Management Bonus					4,730
Office Supplies & Postage	1,541			1,541	1,545
Income Taxes (Note 7)	368			368	24
Other Taxes	1,168			1,168	1,050
Outside Consulting Services	683			683	2,880
Telephone	6			6	21
Total Administrative Expenses	156,679			156,679	149,335
Maintenance & Supplies:					
Buildings	35,222			35,222	29,916
Common Area	3,318			3,318	1,280
Landscaping	12,515			12,515	7,410
Pool & Jacuzzi	13,483			13,483	8,813
Recreation Area	835			835	654
Snow Removal	162,270			162,270	27,469
Trash Removal	25,344			25,344	22,683
Total Maintenance & Supplies	252,987			252,987	98,225
Utilities:					
Cable TV	55,023			55,023	72,268
Electricity	22,580			22,580	21,178
Propane	18,306			18,306	15,669
Water & Sewer	36,340			36,340	35,949
Total Utilities	\$132,248	\$	\$	\$132,248	\$145,065

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

	For the Years Ended:				
	June 30, 2019				June 30, 2018
	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Contingency Fund</u>	<u>Total</u>	<u>Total</u>
Major Projects:					
Clubhouse Water Heater	\$	\$5,882	\$	\$5,882	\$
Install Copper Wiring		52,246		52,246	59,414
Painting Replacement		25,280		25,280	6,800
Paving Replacement		4,090		4,090	15,040
Refinish Spa		9,045		9,045	
Roof Replacement		2,715		2,715	
Sewer Line Replacement					4,122
Spa Heater Replacement					4,796
Water Damage - 2019 Winter	(4,714)			(4,714)	
Total Major Projects	<u>(4,714)</u>	<u>99,258</u>		<u>94,544</u>	<u>90,172</u>
Total Expenses	<u>537,201</u>	<u>99,258</u>		<u>636,459</u>	<u>482,797</u>
Excess Revenues Over Expenses (Deficit)	<u>(\$93,401)</u>	<u>\$16,817</u>	<u>\$8,333</u>	<u>(\$68,251)</u>	<u>\$228,724</u>

Mammoth Estates Condominiums, Inc.
Statements of Cash Flows

	For the Years Ended:				
	June 30, 2019				June 30, 2018
	Operating Fund	Replacement Fund	Contingency Fund	Total	Total
Cash Flows From Operations					
Owner Assessments Collected	\$446,895	\$116,075	\$8,333	\$571,304	\$691,833
Snow Damage Insurance Claim Proceeds Received	80,137			80,137	157,819
Interest & Dividends Received	2,002			2,002	1,322
Vending Income Received	771			771	704
Cash Paid for Operating Expenditures	(545,290)			(545,290)	(403,187)
Snow Damage Insurance Claim Expenditures	(80,137)			(80,137)	(138,191)
Replacement Expenditures Paid For:					
- Clubhouse Water Heater		(5,882)		(5,882)	
- Install Copper Wiring		(52,246)		(52,246)	(59,414)
- Painting Replacement		(25,280)		(25,280)	(6,800)
- Paving Replacement		(4,090)		(4,090)	(15,040)
- Refinish Spa		(9,045)		(9,045)	
- Roof Replacement		(2,715)		(2,715)	
- Sewer Line Replacement					(4,122)
- Spa Heater Replacement					(4,796)
Transfer Between Funds (Note 9)	35,865		(35,865)		
Net Cash Provided (Used) by Operations	(59,758)	16,817	(27,531)	(70,472)	220,128
Cash Flows From Investing Activities					
Investment in JP Morgan Mutual Fund		(1,945)		(1,945)	(1,139)
Net Cash (Used) by Investing		(1,945)		(1,945)	(1,139)
Cash and Cash Equivalents at Beginning of Year	70,894	173,559	27,531	271,984	52,994
Cash and Cash Equivalents at End of Year	\$11,136	\$188,431	\$0	\$199,568	\$271,984
Reconciliation of Excess of Revenues Over Expenses to Net Cash Provided (Used) by Operations					
	For the Years Ended:				
	June 30, 2019				June 30, 2018
	Operating Fund	Replacement Fund	Contingency Fund	Total	Total
Excess of Revenues Over Expenses (Deficit)	(\$93,401)	\$16,817	\$8,333	(\$68,251)	\$228,724
Adjustments to Reconcile Excess of Revenues Over Expenses to Net Cash Provided (Used) by Operations:					
(Increase) Decrease in Assessments Receivable	3,376			3,376	(2,356)
Increase (Decrease) in Allowance for Doubtful Accounts	(200)			(200)	300
(Increase) Decrease in State Farm Insurance Receivable					91,724
(Increase) Decrease in Vending Income Receivable	15			15	71
(Increase) Decrease in Prepaid Insurance	514			514	(205)
(Increase) Decrease in Prepaid Income Taxes	358			358	14
Increase (Decrease) in Accounts Payable	(4,069)			(4,069)	(87,491)
Increase (Decrease) in Assessments Received in Advance	2,499			2,499	(15,367)
Increase (Decrease) in State Farm Insurance Claim Advance	(4,714)			(4,714)	4,714
Transfer Between Funds (Note 9)	35,865		(35,865)		
Net Cash Provided (Used) by Operations	(59,758)	\$16,817	(\$27,531)	(\$70,472)	\$220,128

Mammoth Estates Condominiums, Inc.
Notes to Financial Statements
As of June 30, 2019 and June 30, 2018

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. 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

See Independent Accountant's Review Report.

Mammoth Estates Condominiums, Inc.
Notes to Financial Statements
As of June 30, 2019 and June 30, 2018

useful life using the straight-line method of depreciation. Personal property purchased for the replacement fund is expensed in the year of acquisition.

D. 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.

E. 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 increased by approximately 1% to 7% effective July 1, 2019.

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

Unit Type	Year Ended				
	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
Studio	\$ 325.42	\$ 306.09	\$ 293.00	\$ 284.00	\$ 284.00
Two Bedroom Units-1 level	\$ 471.05	\$ 445.49	\$ 431.00	\$ 418.00	\$ 418.00
Two Bedroom Units-2 level	\$ 519.59	\$ 491.96	\$ 477.00	\$ 462.00	\$ 462.00
Three Bedroom Units	\$ 713.77	\$ 677.84	\$ 660.00	\$ 640.00	\$ 640.00
Four Bedroom Units	\$ 762.32	\$ 724.31	\$ 706.00	\$ 685.00	\$ 685.00

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

See Independent Accountant's Review Report.

Mammoth Estates Condominiums, Inc.
Notes to Financial Statements
As of June 30, 2019 and June 30, 2018

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.

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:	
	06/30/19	06/30/18
Receivables 0 to 90 Days Past Due	\$ 493	\$ 2,592
Receivables Over 90 Days Past Due	129	1,406
Total Owners Receivables	<u>\$ 622</u>	<u>\$ 3,998</u>

See Independent Accountant's Review Report.

Mammoth Estates Condominiums, Inc.
Notes to Financial Statements
As of June 30, 2019 and June 30, 2018

	Year Ended:	
	06/30/19	06/30/18
Allowance for Doubtful Receivables at Start of Year	\$ 300	\$ 0
Additions to (Subtractions from) Allowance During Year	(200)	300
Receivables Written Off During Year	0	0
Allowance for Doubtful Receivables at End of Year	<u>\$ 100</u>	<u>\$ 300</u>

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 2017 for the period beginning July 1, 2017.

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.

NOTE 7: INCOME TAXES

Federal Income Taxes:

Homeowners' associations may be taxed either as homeowner associations or as regular corporations. For the year ended June 30, 2018 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.

See Independent Accountant's Review Report.

Mammoth Estates Condominiums, Inc.
Notes to Financial Statements
As of June 30, 2019 and June 30, 2018

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, 2019. The tax provision for the year ended June 30, 2019 assumes that the method chosen will be consistent with the prior year.

As of June 30, 2019, the tax years that remain subject to examination by Federal taxing authorities begin with the year ended June 30, 2016.

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, 2019, the tax years that remain subject to examination by California taxing authorities begin with the year ended June 30, 2015.

Income Tax Expense:

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

<u>Year Ended June 30, 2019</u>	<u>Federal</u>	<u>Calif.</u>	<u>Total</u>
Income tax	\$ 272	\$ 96	\$ 368
Estimated payments & credits	(570)	(502)	(1,072)
Income tax (prepaid)	(298)	(406)	(704)
 <u>Year Ended June 30, 2018</u>	 <u>Federal</u>	 <u>Calif.</u>	 <u>Total</u>
Income tax	\$ 11	\$ 13	\$ 24
Estimated payments & credits	(581)	(505)	(1,086)
Income tax (prepaid)	(570)	(492)	(1,062)

NOTE 8: 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, 2019</u>		<u>Gross</u>	<u>Fair</u>
<u>Type & Description</u>	<u>Amortized</u>	<u>Unrealized</u>	<u>Market</u>
	<u>Cost</u>	<u>Gain (Loss)</u>	<u>Value</u>
JP Morgan Bond Fund	\$ 95,635	(\$ 1,192)	\$ 94,444
 <u>As of June 30, 2018</u>			
<u>Type & Description</u>	<u>Amortized</u>	<u>Gross</u>	<u>Fair</u>
	<u>Cost</u>	<u>Unrealized</u>	<u>Market</u>
		<u>Gain (Loss)</u>	<u>Value</u>
JP Morgan Bond Fund	\$ 93,691	(\$ 3,088)	\$ 90,603

See Independent Accountant's Review Report.

Mammoth Estates Condominiums, Inc.
Notes to Financial Statements
As of June 30, 2019 and June 30, 2018

NOTE 9: TRANSFER BETWEEN FUNDS

During the year ended June 30, 2019, the Board voted to permanently transfer \$35,865 from the contingency fund to the operating fund to cover snow removal costs incurred during the historical winter 2018/2019 winter season.

NOTE 10: CONCENTRATION OF CREDIT RISK

The Association maintains its cash balances at two financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per Company per financial institution. For the year ended June 30, 2018, the Association's FDIC uninsured balance was \$21,984. There was no FDIC uninsured balance for the year ended June 30, 2019.

NOTE 11: DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 3, 2020, 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

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, 2019 and June 30, 2018, 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.

The financial statements of the Association as of June 30, 2018 were reviewed by another accountant whose report dated October 24, 2018 stated that, based on their procedures, they are not 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.

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.



February 3, 2020

Mammoth Estates Condominiums, Inc.

Supplementary Information On Future Major Repairs and Replacements

As of June 30, 2019

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 2017 for the period beginning July 1, 2017.

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: 47

This report recommends contributions for Budget Year:

Beginning: JULY 1, 2017
 Ending: JUNE 30, 2018

Reserve Study Report Date: MAY 15, 2017
 Current Fiscal Year End: JUNE 30, 2017

CURRENT FUNDS SUMMARY:

Projected Reserve Balance at Current Fiscal Year End: \$257,200
 Ideal Reserve Balance at Current Fiscal Year End: \$757,953

PERCENT FUNDED: 34%

CURRENT RESERVE CONTRIBUTIONS:

	Annual	Monthly	Monthly Per Unit
2017 Budgeted Reserve Contribution:	\$112,692	\$9,391	\$120.40

RECOMMENDATIONS FOR BUDGET YEAR 2018

RESERVE CONTRIBUTION MODELS:

2018 J.D. Brooks Recommendation in Box

	Annual	Monthly	Monthly Per Unit
2018 Straight-Line Contribution:	\$76,394	\$6,366	\$81.62
2018 Deficit Reduction Contribution:	\$181,116	\$15,093	\$193.50
2018 Cash-Flow (Minimum) Contribution:	\$112,577	\$9,381	\$120.27

J.D. BROOKS
 RESERVE STUDIES

5/15/2017

DRAFT**MAMMOTH ESTATES CONDOMINIUMS****RESERVE COMPONENT
INVENTORY**CURRENT FISCAL YEAR END: JUNE 30, 2017
NUMBER OF UNITS: 78

CATEGORY	UNIT	UNIT	REPAIR /	USEFUL	STRAIGHT-LINE	IDEAL	PROJECTED	DEFICIT	DEFICIT		
RESERVE COMPONENT	QUANTITY	TYPE	COST	LIFE	ANNUAL	BALANCE	BALANCE	CONTRIBUTION	CONTRIBUTION		
					CONTRIBUTION@F.Y.E.2017	@F.Y.E.2017	@F.Y.E.2017	DEFICIT	ANNUAL		
ROOFING											
COMPOSITION SHINGLE	24,000	SQFT	6.00	144,000	30	15	4,800	76,800	-	(76,800)	9,920
COMPOSITION SHINGLE	16,000	SQFT	6.00	96,000	30	18	3,200	41,600	-	(41,600)	5,511
COMPOSITION SHINGLE	7,500	SQFT	6.00	45,000	30	20	1,500	16,500	-	(16,500)	2,325
COMPOSITION SHINGLE	3,300	SQFT	6.00	19,800	30	28	660	1,980	-	(1,980)	731
COMPOSITION SHINGLE	2,800	SQFT	7.60	21,280	30	29	709	1,419	-	(1,419)	758
WOOD SHAKE	1,700	SQFT	6.00	10,200	30	1	340	10,200	10,200	-	340
WOOD SHAKE	12,600	SQFT	6.00	75,600	30	2	2,520	73,080	19,820	(53,260)	29,130
WOOD SHAKE	5,300	SQFT	6.00	31,800	30	3	1,060	29,680	-	(29,680)	10,953
FLAT MINERAL CAP	1,800	SQFT	4.20	7,560	15	1	504	7,560	7,560	-	504
BYLIN MELT STRIP GUTTERS	1	ALLOW	18600	18,600	20	17	930	3,720	-	(3,720)	1,149
BYLIN MELT STRIP GUTTERS	2	ALLOW	18600	37,200	20	7	1,860	26,040	-	(26,040)	5,580
GUTTERS ANNUAL OPERATING MAINTENANCE EXPENSE											
PAINTING											
WOOD SIDING & TRIM -P1	55,000	SQFT	0.90	49,500	6	1	8,250	49,500	49,500	-	8,250
WOOD SIDING & TRIM -P2	55,000	SQFT	0.90	49,500	6	2	8,250	41,250	11,187	(30,063)	23,281
PAINT-SUN EXPOSURES	1	ALLOW	10200	10,200	3	2	3,400	6,800	1,844	(4,956)	5,878
PAINT-FRONT DOORS	1	ALLOW	5500	5,500	3	2	1,833	3,667	994	(2,672)	3,169
WOOD REPLACEMENT	1	ALLOW	10200	10,200	3	2	3,400	6,800	1,844	(4,956)	5,878
STAIRS/RAILING REPLACE	1	ALLOW	5100	5,100	3	1	1,700	5,100	5,100	-	1,700
INTERIORS & FENCE PAINTING ANNUAL OPERATING MAINTENANCE EXPENSE											
PAVING / FLOORING											
ASPHALT PATCHING 20%	56,000	SQFT	1.55	17,360	3	1	5,787	17,360	17,360	-	5,787
ASPHALT OVERLAYMENT	56,000	SQFT	1.55	86,800	30	13	2,893	52,080	-	(52,080)	6,899
OUTDOOR CARPETING ANNUAL OPERATING MAINTENANCE EXPENSE											
FENCING / DOORS											
METAL FENCING	1	ALLOW	8360	8,360	25	21	334	1,672	-	(1,672)	414
METAL FENCING	1	ALLOW	20400	20,400	25	1	816	20,400	20,400	-	816
FRONT DOORS UNITS	78	ALLOW	1750	136,500	30	20	4,530	50,050	-	(50,050)	7,053
FRONT MONUMENT SIGN	1	ALLOW	2500	2,500	30	8	83	1,917	-	(1,917)	323
RETAINING BLOCK WALLS	1	ALLOW	21300	21,300	20	16	1,065	5,325	-	(5,325)	1,398
POOL AREA											
POOL HEATER	1	UNIT	3620	3,620	12	1	302	3,620	3,620	-	302
POOL FILTER	1	UNIT	1280	1,280	12	1	107	1,280	1,280	-	107
POOL REPLASTER	1,400	SQFT	7.65	10,710	10	1	1,071	10,710	10,710	-	1,071
SPA HEATER	1	UNIT	3620	3,620	10	8	362	1,086	-	(1,086)	498
SPA FILTER	1	UNIT	1280	1,280	12	1	107	1,280	1,280	-	107
SPA PLASTER	1	UNIT	3960	3,960	10	1	396	3,960	3,960	-	396
POOL / SPA PUMPS	5	UNIT	820	4,100	8	2	513	3,588	973	(2,615)	1,820
PATIO FURNITURE	22	UNIT	190	4,180	10	7	418	1,672	-	(1,672)	657
POOL DECKING	3,200	SQFT	21.60	69,120	25	21	2,765	13,824	-	(13,824)	3,423

J.D. BROOKS
RESERVE STUDIES

See Independent Accountant's Review Report.

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DRAFT**MAMMOTH ESTATES CONDOMINIUMS**CURRENT FISCAL YEAR END: JUNE 30, 2017
NUMBER OF UNITS: 78**RESERVE COMPONENT
INVENTORY**

CATEGORY	UNIT	UNIT	REPAIR /	USEFUL	RMNG.	STRAIGHT-LINE	IDEAL	PROJECTED	DEFICIT	
RESERVE COMPONENT	QUANTITY	TYPE	COST	LIFE	LIFE	ANNUAL CONTRIBUTION@F.Y.E.2017	BALANCE @F.Y.E.2017	BALANCE @F.Y.E.2017	DEFICIT	REDUCTION ANNUAL CONTRIBUTION
CLUBHOUSE										
REMODEL BATHROOMS	2	ALLOW	29800	59,600	30	22	1,987	17,880	-	(17,880) 2,799
TILE FLOORING	1	ALLOW	11800	11,800	30	22	393	3,540	-	(3,540) 584
SAUNA HEATER	1	UNIT	1980	1,980	25	20	79	475	-	(475) 103
CARPET	1	ALLOW	5300	5,300	8	1	663	5,300	5,300	- 663
PROPANE STOVE	1	UNIT	3020	3,020	25	10	121	1,933	-	(1,933) 314
WATER HEATER	1	UNIT	3120	3,120	15	1	208	3,120	3,120	- 208
MANAGERS UNIT										
CARPET / FLOORING	1	ALLOW	3640	3,640	10	7	364	1,456	-	(1,456) 572
INTERIOR PAINTING	1	ALLOW	3120	3,120	10	8	312	936	-	(936) 429
KITCHEN APPLIANCES	1	UNIT	2700	2,700	20	3	135	2,430	-	(2,430) 945
CABINETS	1	ALLOW	3960	3,960	20	3	198	3,564	-	(3,564) 1,386
LIGHTING										
UNIT PATIO LIGHTS	72	UNIT	112.50	8,100	18	15	450	1,800	-	(1,800) 570
CLUBHOUSE & OTHER LIGHTING ANNUAL OPERATING MAINTENANCE EXPENSE										
TREE MANAGEMENT	1	ALLOW	5200	5,200	2	1	2,600	5,200	5,200	- 2,600
ELECTRICAL RETROFIT										
COPPER WIRING & PATCH	1	ALLOW	60000	60,000	50	1	1,200	60,000	60,000	- 1,200
COPPER WIRING & PATCH	1	ALLOW	60000	60,000	50	2	1,200	58,800	15,947	(42,853) 22,626
PLUMBING & ELECTRICAL ANNUAL OPERATING MAINTENANCE EXPENSE										
CONTINGENCY: 0%										
TOTALS:				1,263,670			76,394	757,953	257,200	(500,753) 181,116

NET INTEREST ON RESERVE SAVINGS :

2%

INFLATION RATE :

2%

INCREASE TO ANNUAL RESERVE CONTRIBUTION:

3%

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

February 3, 2020

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, 2019 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, 2019 and June 30, 2018, 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 February 3, 2020, 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