

MAMMOTH ESTATES CONDOMINIUMS, INC.
REVIEWED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors and Members
Mammoth Estates Condominiums, Inc.

I have reviewed the accompanying financial statements of Mammoth Estates Condominiums, Inc., which comprise the balance sheet as of June 30, 2023, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year 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 Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and 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.

I am required to be independent of Mammoth Estates Condominiums, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

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 is presented for purposes of additional analysis, and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management. I have not audited, reviewed, or compiled the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on it.

Gregory V. Villard

La Mesa, California

March 7, 2024

MAMMOTH ESTATES CONDOMINIUMS, INC.
BALANCE SHEET
JUNE 30, 2023

<u>ASSETS</u>	Operating Fund	Replacement Fund	Contingenc y Fund	Total
Cash & Cash Equivalents	\$ 302,281	\$ 364,512	\$ 94,955	\$ 761,748
Assessments Receivable	12,453	-	-	12,453
Allowance for Doubtful Account	(5)	-	-	(5)
Land	-	42,345	-	42,345
Total Assets	\$ 314,729	\$ 406,857	\$ 94,955	\$ 816,541
<u>LIABILITIES</u>				
Accounts Payable	\$ 143,451	\$ -	\$ -	\$ 143,451
Prepaid Assessments	23,237	-	-	23,237
Snow Damage Insurance Claim	563,324	-	-	563,324
Total Liabilities	730,012	-	-	730,012
<u>FUND BALANCES</u>	(415,283)	406,857	94,955	86,529
Total Liabilities and Fund Balances	\$ 314,729	\$ 406,857	\$ 94,955	\$ 816,541

See accompanying notes and independent accountant's review report.

MAMMOTH ESTATES CONDOMINIUMS, INC.
STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	Operating	Replacement	Contingency	
	Fund	Fund	Fund	Total
<u>REVENUES</u>				
Regular Assessments	\$ 426,607	\$ 118,393	\$ 10,000	\$ 555,000
Water Assessment	35,000	-	-	35,000
Interest	-	357	-	357
Cable/Internet Service	54,200	-	-	54,200
Emergency Assessment	312,500	-	-	312,500
Other Member Charges	569	-	-	569
Total Revenues	828,876	118,750	10,000	957,626
<u>EXPENSES</u>				
Maintenance				
Pool, Jacuzzi & Sauna	11,972	-	-	11,972
Landscaping Maintenance	10,540	-	-	10,540
Snow Removal	816,774	-	-	816,774
Area Repairs & Supplies	23,476	-	-	23,476
Total Maintenance	862,762	-	-	862,762
Utilities				
Gas & Electricity	51,183	-	-	51,183
Water & Sewer	41,329	-	-	41,329
Trash Removal	28,298	-	-	28,298
Cable TV	53,036	-	-	53,036
Total Utilities	173,846	-	-	173,846
General and Administrative				
Legal/Review/Tax Preparation	20,232	-	-	20,232
Management & Accounting	120,033	-	-	120,033

See accompanying notes and independent accountant's review report.

Insurance	73,895	-	-	73,895
STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND BALANCES				
FOR THE YEAR ENDED JUNE 30, 2023				
Office & Administrative	2,711	-	-	2,711
Telephone	657	-	-	657
	Operating	Replacement	Contingency	
Total Administrative	217,528	-	-	217,528
Major Repair and Replacements	-	81,445	-	81,445
Total Expenses	1,254,136	81,445	-	1,335,581
Excess (Deficiency) of Revenues over Expenses	(425,260)	37,305	10,000	(377,955)
Prior Period Adjustment	-	317,563	-	317,563
Beginning Fund Balances	19,621	42,345	84,955	146,921
Interfund Transfers (Net)	(9,644)	9,644	-	-
Ending Fund Balances	\$ (415,283)	\$ 406,857	\$ 94,955	\$ 86,529

See accompanying notes and independent accountant's review report.

MAMMOTH ESTATES CONDOMINIUMS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Operating Fund	Replacement Fund	Contingency Fund	Total
Cash Flows from Operating Activities				
Excess (Deficiency) of Revenues over Expenses	\$ (425,260)	\$ 37,305	\$ 10,000	\$ (377,955)
Adjustments to Reconcile Excess (Deficiency) of Revenues over Expenses to Net Cash Provided (Used) by Operating Activities:				
(Increase) Decrease in: Assessments Receivable	(11,461)	-	-	(11,461)
Prepaid Insurance	2,047	-	-	2,047
Increase (Decrease) in: Accounts Payable	123,465	(10,384)	-	113,081
Prepaid Assessments	14,682	-	-	14,682
Snow Damage Insurance Claim	563,324	-	-	563,324
Net Cash Provided (Used) by Operating Activities	266,797	26,921	10,000	303,718
Net Increase (Decrease) in Cash	266,797	26,921	10,000	303,718
Cash at Beginning of Year	45,128	327,947	84,955	458,030
Interfund Transfers (Net)	(9,644)	9,644	-	-
Cash at End of Year	\$ 302,281	\$ 364,512	\$ 94,955	\$ 761,748
Supplemental Disclosure: Income Taxes Paid	\$ 1,244	\$ -	\$ -	\$ 1,244

See accompanying notes and independent accountant's review report.

MAMMOTH ESTATES CONDOMINIUMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. ORGANIZATION

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, Bylaws, and Declaration of Covenants, Conditions and Restrictions. The Bylaws were amended in 2021 and 2022, and the Declaration of Covenants, Conditions and Restrictions were amended and restated in 2021.

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

Basis of Accounting

The Association's accounting records are maintained on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The accompanying financial statements and the Association's corporate income tax returns have also been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association.

MAMMOTH ESTATES CONDOMINIUMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

Contingency Funds – The Fund is used to account for financial resources with the contingency expenditures.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association.

Personal property and equipment acquired by the Association, if material, are recorded at cost. These assets, if significant in amount, are capitalized and depreciated over their estimated useful lives using the straight-line method of depreciation.

Statement of Cash Flows

According to FASB ASC 230-10 regarding the Statement of Cash Flows, certificates of deposits and securities with original maturities of three months or less are classified as cash equivalents. Certificates of deposit and securities with original maturities over three months are considered short-term investments. The Association's policy is to treat all cash, cash equivalents, and short-term investments together as cash funds.

Interest Income

Interest income is allocated to the operating and replacement funds in proportion to the interest bearing deposits of each fund.

Estimates

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

NOTE 3. INCOME TAXES

For the year ended June 30, 2023, the Association filed its tax returns as a homeowners association under IRC Section 528 and State Revenue & Tax Code 23701T, whereby the Association is generally taxed on non-membership income, such as interest earnings. There were no Federal or California income tax expenses for the year. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates, if any, are appropriate based on the current facts and circumstances. Further, the Association has concluded that as of June 30, 2023, there are no uncertain tax positions taken that would require recognition of a liability or disclosure in the financial statements. The Association's income tax returns are subject to examination by the Internal Revenue Service generally for three years and the California Franchise Tax Board generally for four years after the returns were filed.

MAMMOTH ESTATES CONDOMINIUMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4. MEMBER ASSESSMENTS & REVENUE RECOGNITION

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. The annual budget and assessments of members are determined by the Board of Directors, who are elected by the owners. The association records both the Operating and Replacement Funds assessments as revenue when due, which is in compliance with FASB ASC 606.

NOTE 5. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's policy is to accumulate funds for future major repairs and replacements. Accumulated funds are held in separate interest-bearing accounts and are generally not available for operating purposes.

The Association engaged an independent consultant who conducted a study in May 2023 to estimate the remaining useful lives and the replacement costs of the common property components. The table included in the compiled Supplementary Information on Future Major Repairs and Replacements is based on this study.

The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs. If additional funds are needed, however, the Association has the right, subject to its governing documents, to increase regular assessments, levy special assessments, or delay major repairs and replacements until funds are available.

NOTE 6. ASSESSMENTS RECEIVABLE

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments and charges from unit owners. The Association's governing documents provide for various collection methods for delinquent assessments and other charges, including filing of liens on an owner's unit, foreclosing on the unit owner, and obtaining a legal judgement on an owner's other assets. As of June 30, 2023, there are \$12,453 in assessments and charges due from homeowners and \$23,237 of assessments have been paid in advance.

MAMMOTH ESTATES CONDOMINIUMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7. FAIR VALUE MEASUREMENTS

Fair values are measured along the following criteria:

- Level 1 input: Quoted prices in active markets for identical assets
- Level 2 input: Significant observable inputs
- Level 3 input: Significant unobservable inputs

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Cash and cash equivalents: The carrying amount approximates fair value because of the short maturities.
- Certificates of deposit: The fair value of certificates of deposit is determined based on quoted market prices.

Fair values of the Association's financial instruments at June 30, 2023 are as follows, and all values are classified as Level 1 inputs:

Financial Assets:	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$761,748	\$761,748

NOTE 8. EMERGENCY ASSESSMENT

In April 2023, the Association levied a emergency assessment of \$312,500 for snow removal.

NOTE 9. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 7, 2024, the date that the financial statements were available to be issued.

MAMMOTH ESTATES CONDOMINIUMS, INC.
SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS

JUNE 30, 2023
(unaudited)

The Association engaged an independent consultant to estimate the remaining useful lives and the replacement costs of the components of common property as of June 30, 2023. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacements.

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

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Designated Components of Fund Balance at June 30, 2023</u>
General Common Area	0 to 22	\$ 439,850	\$ 95,814
Building Exteriors	0 to 28	1,190,900	259,417
Pool Area	0 to 15	72,550	15,804
Clubhouse Interiors	0 to 17	<u>164,450</u>	<u>35,822</u>
Total		<u>\$ 1,867,750</u>	<u>\$ 406,857</u>

According to the study, the annual replacement funding requirement and accumulated replacement funding requirement are \$132,240 and \$1,069,646, respectively. The study determined the funding program to be 34.1% funded as of June 30, 2023.

MAMMOTH ESTATES CONDOMINIUMS, INC.
See Independent Auditor's Review Report
SUPPLEMENTARY INFORMATION REQUIRE
MAJOR REPAIRS AND REPLACEMENTS