Town & Country Village Homeowners Association, Inc.

Financial Report

August 31, 2020

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Haynie & Company
Certified Public Accountants
& Management Consultants

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Independent Accountant's Report

Members of the Board of Directors
Town & Country Village Homeowners Association, Inc.

We have audited the accompanying financial statements of Town & Country Village Homeowners Association, Inc. (a Colorado non-profit corporation), which comprise the balance sheet as of August 31, 2020, and the related statements of revenues, expenses, and changes in fund balances, statements of comprehensive income/(loss) and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Town & Country Village Homeowners Association, Inc. as of August 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Reserve Study on Future Major Repairs and Replacements on pages 13-15 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Haynie & Company

Littleton, Colorado
December 2, 2020

Basic Financial Statements

Town & Country Village Homeowners Association, Inc.
Balance Sheets
For the Year Ended August 31, 2020

	Operating Fund	Replacement Fund	Total
Assets			
Cash and cash equivalents	$ 263,552	90,642	$ 354,194
Certificates of deposit	-	56,687	56,687
Investments in equity securities	-	457,481	457,481
Investments in debt securities	-	280,489	280,489
Assessments Receivable	9,096	-	9,096
Prepaid expenses	229,210	-	229,210
Total current assets	501,858	885,299	1,387,157
Fixed assets, net of accumulated depreciation	298,994	-	298,994
Total assets	800,852	885,299	1,686,151
Liabilities			
Accounts payable	46,706	-	46,706
Other accrued expenses	1,784	-	1,784
Deferred revenue	61,069	-	61,069
Total liabilities	109,559	-	109,559
Fund Balances	691,293	880,129	1,571,422
Accumulated Other Comprehensive Income	-	5,170	5,170
Total Fund Balances	691,293	885,299	1,576,592
Total Liabilities and Fund Balances	$ 800,852	$ 885,299	$ 1,686,151

The accompanying notes are an integral part of these financial statements.

Town & Country Village Homeowners Association, Inc.

Statements of Revenues, Expenses and Changes in Fund Balances

For the Year Ended August 31, 2020

	Operating Fund	Replacement Fund	Total
Revenues			
Member assessments	$ 1,295,949	$ 252,552	$ 1,548,501
Interest and investment income	362	36,582	36,944
Rental income	-	23,550	23,550
Other income	27,909	-	27,909
Total revenues	1,324,220	312,684	1,636,904
Expenses			
Operating expenses:			
Utilities	609,670	-	609,670
Insurance	265,565	-	265,565
Grounds maintenance	228,038	-	228,038
Management/payroll expenses	97,056	-	97,056
Building maintenance	48,109	-	48,109
Pool maintenance	16,341	-	16,341
Professional fees	17,293	-	17,293
Administrative expenses	19,575	-	19,575
Office Rent	10,584	-	10,584
Depreciation	5,836	-	5,836
Income tax expense	12,490	-	12,490
Replacement fund expenses:			
19606 Rosewood Court	-	6,052	6,052
Pool	-	2,250	2,250
Concrete and fences	-	90,517	90,517
Other	-	19,333	19,333
Total expenses	1,330,557	118,152	1,448,709
Excess (Deficit) of Revenues over Expenses	(6,337)	194,532	188,195
Transfer of assets to operating fund	297,743	(297,743)	-
Fund Balances, September 1	399,887	983,340	1,383,227
Fund Balances, August 31	$ 691,293	$ 880,129	$ 1,571,422

The accompanying notes are an integral part of these financial statements.

Town & Country Village Homeowners Association, Inc.

Statements of Other Comprehensive Income / (Loss)

For the Year Ended August 31, 2020

	Operating Fund	Replacement Fund	Total
Excess (Deficit) of Revenues over expenses	$ (6,337)	$ 194,532	$ 188,195
Other Comprehensive Income:			
Cumulative effect of adoption of ASU 2016-01		(10,546)	(10,546)
Net change in unrealized gain on investments	-	1,240	1,240
Comprehensive Income (Loss)	$ (6,337)	$ 185,226	$ 178,889

The accompanying notes are an integral part of these financial statements.

Town & Country Village Homeowners Association, Inc.

Statements of Cash Flows

For the Year Ended August 31, 2020

	Operating Fund	Replacement Fund	Total
Cash Flows From Operating Activities			
Cash received from members	$ 1,297,714	$ 252,552	$ 1,550,266
Interest and dividend income	362	36,582	36,944
Other cash receipts	27,909	23,550	51,459
Cash paid for goods and services	(1,523,868)	(118,152)	(1,642,020)
Transfers from Replacement fund	297,743	(297,743)	-
Net Cash From Operating Activities	99,860	(103,211)	(3,351)
Cash Flows From Investing Activities			
Purchase of marketable securities	-	(884,537)	(884,537)
Proceeds from sale of marketable securities	-	703,666	703,666
Purchase of fixed assets	(46,731)	-	(46,731)
Net Cash From Investing Activities	(46,731)	(180,871)	(227,602)
Net Change in Cash	53,129	(284,082)	(230,953)
Cash Balances—Beginning of Year	210,423	374,724	585,147
Cash Balances—End of Year	$ 263,552	$ 90,642	$ 354,194
Excess (Deficiency) of Revenues over Expenses	$ 291,406	$ (103,211)	$ 188,195
Adjustments to reconcile excess (deficiency) of support and revenue over expense to net cash from operating activities:			
Depreciation expense	5,836	-	5,836
Change in assets and liabilities:			
Accounts receivable	(9,037)	-	(9,037)
Accounts payable	(40,017)	-	(40,017)
Other accrued expenses	(2,566)	-	(2,566)
Deferred revenue	10,802	-	10,802
Prepaid expenses	(156,564)	-	(156,564)
Total Adjustments	(191,546)	-	(191,546)
Net Cash From Operating Activities	$ 99,860	$ (103,211)	$ (3,351)

The accompanying notes are an integral part of these financial statements.

1. Definition of Reporting Entity

Town & Country Village Homeowners Association, Inc. (the "Association") is a single family home association incorporated on December 23, 1982 as a Colorado non-profit corporation. The primary function of the Association is to maintain and preserve common areas of the development consisting of 501 single family homes situated in Parker, Colorado.

2. Summary of Significant Accounting Policies

The more significant accounting policies of the Association are described as follows:

The Association's financial statements are presented in accordance with the Audit and Accounting Guide for Common Interest Realty Associations published by the American Institute of Certified Public Accountants. The Association follows the accrual method of accounting whereby assessments and revenues are recorded when due and expenses are recorded when incurred.

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:

<u>Operating Fund</u>—This fund is used to account for financial resources available for the general operations of the Association. Disbursements from this fund are generally made at the discretion of Association management, with the approval of the Board of Directors.

<u>Replacement Fund</u>—This fund is used to accumulate financial resources designated for future major repairs and replacements. Disbursements from this fund are made at the discretion of the Board of Directors.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purpose of the statement of cash flows, cash and cash equivalents includes all cash and demand deposits. The composition of cash and cash equivalents as of August 31, 2020 consists of checking and saving account held at the same financial institution.

2. Summary of Significant Accounting Policies (continued)

Investments in Debt and Equity Securities

The Association's marketable debt investments are classified as available-for-sale based on management's intent. The Association reports investments in equity securities with readily determinable fair values and all investments in debt securities at fair value.

Fair Value Measurement of Financial Instruments

The carrying amounts reflected in the balance sheets for cash and cash equivalents and accounts receivable approximate the respective fair values due to the short maturities of those instruments.

Assessment Income and Receivables

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Special assessments for common expenses may be levied whenever it is necessary or advisable to do so for the cost of construction, reconstruction, repair and replacement of common areas or for any other purpose deemed necessary. Accounts receivable at the balance sheet date represent assessments and when applicable, late fees and fines, due from unit owners. Balances are stated net of an allowance for doubtful accounts. The Association records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses. Individual uncollectible accounts are written off against the allowance when collection efforts have been exhausted. As of August 31, 2020, the Association had no uncollectible accounts. The Association allocates specific funds from the budget for replacement reserves. As of August 31, 2020 17% of total assessments were designated to the replacement fund. Any additional income after the payment of normal operating expenses is retained for use in future periods.

In accordance with the Declaration of the Association, the Association may impose a reasonable charge for late payment of assessments, and after notice and hearing, recover reasonable attorney's fees and other legal costs for the collection of assessments and other actions to enforce the power of the Association, whether or not the suit was initiated by the Association. The Association may also levy reasonable fines for violations of the Declaration, By-laws and Rules of the Association.

Interest income

The Board's policy is to not allocate interest earned between funds, but rather report such interest in the fund in which it was earned.

2. Summary of Significant Accounting Policies (continued)

Tax Status

Condominium associations may elect, annually, to be taxed as a regular corporation or as a homeowner's association. The Association elected to be taxed as a homeowner's association for the year ended August 31, 2020. Under this option, the Association is taxed on its nonexempt function income, such as interest earnings. Exempt function income, which consists of member assessments, is not taxable. The Association does not believe that it has any uncertain tax positions. Tax returns are generally subject to examination by the IRS for three years after the return is filed.

Property and equipment

The Association capitalizes all property and equipment to which it has title or other evidence of ownership with the exception of real property and all common property associated with the units. Title to the common area has been deeded to the Association by the developer.

The disposition of common property is restricted by the Association's governing documents, but the Association may decide to dispose of the capitalized property by approval of the unit owners.

Property and equipment are stated at cost, net of depreciation. Depreciation is calculated using the modified accelerated cost recovery system. The Association method uses tax depreciation for the book depreciation.

The following schedule presents estimated useful lives, and cost of assets carried in the financial statements:

	Years	
19606 Rosewood Court	15	$ 182,583
Pool Building	15	35,852
Furnishings and Equipment	17-19	126,920
Construction in progress	Not depreciated	150,094
Land	Not depreciated	17,761
Total Fixed Assets		513,210
Less: Accumulated Depreciation		(214,216)
Total Fixed Assets, net of accumulated depreciation		$ 298,994

Depreciation expense was $5,836 for the year ended August 31, 2020.

Concentration of Credit Risk

Financial instruments that potentially subject the Association to credit risk include cash deposits maintained at one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of August 31, 2020, the total uninsured balance in these accounts is $7,318.

2. Summary of Significant Accounting Policies (continued)

Contingencies

The Association is a party to various legal actions normally associated with homeowners' associations, such as the collection of delinquent assessments and covenant compliance matters, the aggregate effect of which, in management's opinion, would not be material to the future financial condition of the Association.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 (Topic 606), Revenue from Contracts with Customers. The objective of this update is to provide a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidelines. This new standard will primarily apply to exchange transactions for non-profit organizations. A delay in the adoption of the standard was approved in 2020 therefore, this update is effective in annual reporting periods beginning after December 15, 2019 (fiscal 2021 for the Organization). The Association is evaluating the impact of this update on the Association's financial statements.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments – Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities, and subsequently issued related ASU 2018-03, Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10). These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in an entity's income statement.

The Company adopted this standard on September 1, 2019, using the modified retrospective method and reclassified $10,546 from accumulated other comprehensive income into retained earnings. The adoption of these standards resulted in fair value changes of certain equity securities being recognized in investment income rather than in other comprehensive income. During the year ended August 31, 2020, the Company recognized $9,610 of net unrealized gains on equity securities in investment income under the new standards that would have been recognized in other comprehensive income under the prior standards.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. A delay in the adoption of the standard was approved in 2020 therefore, this update is effective for fiscal years beginning after December 15, 2021 (fiscal 2023 for the Organization).

2. Summary of Significant Accounting Policies (continued)

A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Association is currently evaluating the impact of the pending adoption of this new standard on its financial statements.

Subsequent Events

The Association has evaluated subsequent events through December 2, 2020, the date which the financial statements were available to be issued. During this period, the Association is not aware of any material recognizable subsequent evets expect as noted below.

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which may negatively impact operations of the Association. Other financial impact could occur, though such potential impact is unknown at this time.

3. Fair values of financial instruments

In accordance with the Fair Value Measurements of FASB Accounting Standards Codification (ASC) 820-10, assets and liabilities are grouped in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

These levels are:

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market.

Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

3. Fair values of financial instruments (continued)

In accordance with the Fair Value Measurements and Disclosures topic of the ASC, the Association bases fair values on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements for assets and liabilities where there exists limited or no observable market data and, therefore, are based primarily upon the Association's estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors.

Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future values.

The following is a description of valuation methodologies used for assets and liabilities recorded at fair value and for estimating fair value for financial instruments not recorded at fair value:

- Cash and cash equivalents, accounts receivable, accounts payable. The carrying amount approximates fair value due to the short maturity of these instruments.

- Short-term and long-term debt. The carrying amount approximates fair value based on discounting the projected cash flows using market rates available for similar maturities.

- Debt and equity securities. Debt and equity securities are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Level 1 securities include those traded on an active exchange as well as other U.S. government securities that are traded by dealers or brokers in active over-the-counter markets.

3. Fair values of financial instruments (continued)

As of August 31, 2020, investment securities were valued as follows:

		Fair Value Measurement		
	Fair Value	Level 1	Level 2	Level 3
Equities and options	$ 182,026	$ 182,026	$ -	$ -
Exchange traded funds	151,489	151,489	-	-
Mutual funds	180,652	180,652	-	-
Municipal bonds	56,687	-	56,687	-
Certificates of deposits	223,802	223,802	-	-
	$ 794,656	$ 737,969	$ 56,687	$ -

4. Investments in Debt and Equity Securities

In fiscal year 2020, available-for-sale debt securities are reported at fair market value based on quoted prices in active markets. The cost of debt securities and their approximate fair values at August 31, 2020 are as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Municipal bonds	$ 56,064	$ 623	$ -	$ 56,687
	$ 56,064	$ 623	$ -	$ 56,687

Net unrealized holding gains (losses) for debt securities for the year ended August 31, 2020 of $1,240 have been included in accumulated other comprehensive income, displayed in the statement of other comprehensive income/(loss).

Net unrealized holding gains (losses) recognized during the year ended August 31, 2020 for equity still held at the reporting date is $21,147, and is included in interest and investment income in the statements of revenues, expenses, and changes in fund balances.

4. Investments in Debt and Equity Securities (continued)

The following is a summary of maturities of investments classified as municipal bonds:

	Cost	Fair Value
Amounts maturing in:		
One year or less	$ 30,111	$ 30,247
After one year through five years	25,953	26,440
	$ 56,064	$ 56,687

Net investment income for the year ended August 31, 2020 consisted of the following:

	Amount
Interest income	$ 14,980
Dividends earned	455
Unrealized gains (losses)	21,147
	$ 36,582

4. Commitments and Contingencies

Leasing Activities

In November 2019, the Association entered into a lease agreement to rent office space through October 31, 2021. The lease agreement requires monthly payments of $882 through October 2020 and $926 through October 2021. The rent expense for this lease is being recorded on the straight-line basis in accordance with ASC guidance. Annual rent expense for the year ended August 31, 2020 was $10,584.

Future lease obligations as of August 31, 2020, are as follows:

Year ending August 31,	
2021	$ 11,024
2022	1,852
	$ 12,876

The Association leases a residence at Rosewood Court to a tenant under an operating lease with a term of one year ending August 31, 2020. Income received on this rental for the year ended August 31, 2020 was $23,550.

Town & Country Village Homeowners Association, Inc.
Supplementary Information on Future
Major Repairs and Replacements
August 31, 2020 (unaudited)

Association Reserves conducted a study dated, March 23, 2020, to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. The study assumes an inflation rate of 3%.

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

Component	Estimated Year for Replacement	Future Average Replacement Costs
Asphalt-Resurface	2020	$ 599,000
Site Rail: Metal-Repair/Paint	2020	5,500
Retaining Walls-Repair/Replace	2020	7,500
Pool Fence-Repair/Paint	2020	2,200
Retaining Walls-Repair/Replace	2021	7,725
Wood siding-Repair/Repaint	2021	1,069,449
Retaining Walls-Repair/Replace	2022	7,957
Pool-Resurface	2022	33,418
Concrete Walkways-Repair-5%	2023	48,845
Retaining Walls-Repair/Replace	2023	8,195
Pool Filter-Replace	2023	1,530
Driveway Concrete-Repair- 5%	2024	53,912
Asphalt-Seal/Repair	2024	55,882
Site Rail: Metal-Replace	2024	44,458
Retaining Walls-Repair/Replace	2024	8,441
Sign/Monument-Refurbish/Replace	2024	26,562
Site Pole Lights-Replace	2024	60,777
Bollard Lights-Replace	2024	21,610
Pool Fence-Replace	2024	18,683
Pool Heater-Replace	2024	6,190
Community Garden-Refurbish	2025	1,507
Site Rail: Metal-Repair/Paint	2025	6,376
Retaining Walls-Repair/Replace	2025	8,695
Mule/Gator-Replace	2025	10,318
Pool Fence-Repair/Paint	2025	2,550
Deck-Resurface	2025	3,246
Site Fencing:Wood-Replace (Ph 1)	2026	180,003
Retaining Walls-Repair/Replace	2026	8,955
Pool Deck Furniture-Replace	2026	13,373
Site Fencing:Wood-Replace (Ph 2)	2027	185,403
Retaining Walls-Repair/Replace	2027	9,224
Pool/Spa Pumps-Repair/Replace	2027	1,230
Concrete Walkways-Repair-5%	2028	56,625
Asphalt-Seal/Repair	2028	62,895
Site Fencing:Wood-Replace (Ph 3)	2028	190,966
Retaining Walls-Repair/Replace	2028	9,501
Wood siding-Repair/Repaint	2028	1,315,287
Driveway Concrete-Repair- 5%	2029	62,499
Site Fencing:Wood-Replace (Ph 4)	2029	196,695
Retaining Walls-Repair/Replace	2029	9,786

Town & Country Village Homeowners Association, Inc.
Supplementary Information on Future
Major Repairs and Replacements (continued)
August 31, 2020 (unaudited)

Component	Estimated Year for Replacement	Future Average Replacement Costs
Surveillance System-Upgrade/Replace	2029	$ 11,743
Site Rail: Metal-Repair/Paint	2030	7,392
Retaining Walls-Repair/Replace	2030	10,079
Pool Fence-Repair/Paint	2030	2,957
Retaining Walls-Repair/Replace	2031	10,382
Asphalt-Seal/Repair	2032	70,789
Retaining Walls-Repair/Replace	2032	10,693
Concrete Walkways-Repair-5%	2033	65,643
Retaining Walls-Repair/Replace	2033	11,014
Driveway Concrete-Repair- 5%	2034	72,453
Retaining Walls-Repair/Replace	2034	11,344
Pool-Resurface	2034	47,647
Community Garden-Refurbish	2035	2,025
Site Rail: Metal-Repair/Paint	2035	8,569
Retaining Walls-Repair/Replace	2035	11,685
Wood siding-Repair/Repaint	2035	1,617,638
Mule/Gator-Replace	2035	13,866
Pool Fence-Repair/Paint	2035	3,428
Deck-Resurface	2035	4,362
Asphalt-Seal/Repair	2036	79,674
Retaining Walls-Repair/Replace	2036	12,035
Pool Deck Furniture-Replace	2036	17,973
Pool Heater-Replace	2036	8,826
Retaining Walls-Repair/Replace	2037	12,396
Roof: Composition Shingle-Replace	2037	4,491,283
Gutters/Downspouts-Replace	2037	571,803
Concrete Walkways-Repair-5%	2038	76,099
Retaining Walls-Repair/Replace	2038	12,768
Mailbox Kiosks-Replace	2038	77,290
Driveway Concrete-Repair- 5%	2039	83,993
Retaining Walls-Repair/Replace	2039	13,151
Surveillance System-Upgrade/Replace	2039	15,782
Asphalt-Seal/Repair	2040	89,673
Site Rail: Metal-Repair/Paint	2040	9,934
Site Fencing: Split Rail-Replace	2040	13,546
Pool Fence-Repair/Paint	2040	3,973
Retaining Walls-Repair/Replace	2041	13,952
Retaining Walls-Repair/Replace	2042	14,371
Wood siding-Repair/Repaint	2042	1,989,490
Pool/Spa Pumps-Repair/Replace	2042	1,916
Concrete Walkways-Repair-5%	2043	88,219
Retaining Walls-Repair/Replace	2043	14,802
Pool Filter-Replace	2043	2,763
Driveway Concrete-Repair- 5%	2044	97,371
Asphalt-Seal/Repair	2044	100,928
Retaining Walls-Repair/Replace	2044	15,246
Site Fencing: Split Rail-Replace	2044	18,803
Bathrooms-Remodel	2044	18,295

Town & Country Village Homeowners Association, Inc.
Supplementary Information on Future
Major Repairs and Replacements (continued)
August 31, 2020 (unaudited)

Component	Estimated Year for Replacement	Future Average Replacement Costs
Community Garden-Refurbish	2045	$ 2,722
Asphalt-Resurface	2045	1,254,173
Site Rail: Metal-Repair/Paint	2045	11,516
Retaining Walls-Repair/Replace	2045	15,703
Pool Fence-Repair/Paint	2045	4,606
Mule/Gator-Replace	2045	18,635
Deck-Resurface	2045	5,863
Site Fencing:Wood-Replace (Ph 1)	2046	325,106
Retaining Walls-Repair/Replace	2046	16,174
Pool Deck Furniture-Replace	2046	24,154
Pool-Resurface	2046	67,933
Site Fencing:Wood-Replace (Ph 2)	2047	334,859
Retaining Walls-Repair/Replace	2047	16,660
Concrete Walkways-Repair-5%	2048	102,270
Asphalt-Seal/Repair	2048	113,596
Site Fencing:Wood-Replace (Ph 3)	2048	344,905
Retaining Walls-Repair/Replace	2048	17,159
Pool Heater-Replace	2048	12,584
Driveway Concrete-Repair- 5%	2049	112,879
Site Fencing:Wood-Replace (Ph 4)	2049	355,252
Retaining Walls-Repair/Replace	2049	17,674
Wood siding-Repair/Repaint	2049	2,446,822
Surveillance System-Upgrade/Replace	2049	21,209
Total		**$ 20,025,486**

The Association is using the "Directed Cash Flow Calculation Method" for funding replacements. This method does not fund for each component separately, rather the reserve funds are in a common pool to be used to meet the disbursement requirements of any component as it is forecasted by the remaining life.

5. Future Major Repairs and Replacements

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate to $885,299 at August 31, 2020 are generally not available for operating purposes.

The Association engaged Association Reserves to conduct a study in March 2020 to estimate the remaining useful lives and the replacement of future costs of the common property components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on this evaluation and the property management company's recommendations. Actual expenditures, however, may vary from the estimated future expenditures and the variations may be material. Therefore, amounts designated for future repairs and replacements may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

Supplementary Information